our vision

To be the reference in the region as
a provider of financial solutions

our values

- customer oriented
- professionalism
- competitiveness
- knowledge
- quality and security
- people focus

contents

corporate profile

The Swan Group, one of the market leaders in the insurance sector in Mauritius, operates through Swan Insurance Company Limited for short term insurance business and The Anglo-Mauritius Assurance Society Limited for life assurance, pensions, actuarial and investment business.

A full range of insurance products and services has been developed over the years to serve the needs of corporate and individual clients.

The activities of the Group date back from 1854 on the incorporation of The Mauritius Fire Insurance Company Limited and 17 years later of the Colonial Fire Insurance Company Limited. Swan Insurance Company Limited was incorporated in March 1955 to take over the activities of Mauritius Fire and Colonial Fire.

The Group caters for the insurance requirements of its clients in the region within its treaty capacities.

Swan Insurance Company Limited is the major shareholder of The Anglo-Mauritius Assurance Society Limited.

The Group's Gross Premium Income amounted to Rs.2.4 billion for the year ended 31st December 2007. Assets under the management of the Swan Group amounted to Rs.19.4 billion and the Life Assurance Fund reached Rs.17.6 billion at 31st December 2007.

Reserves of the Swan Group stood at Rs.734.5 million and that of the Company at Rs.697.2 million in 2007.

Investments are made in Mauritius and in the region in key sectors of activity namely tourism, real estate, sugar, trade and financial services.

The Group participates actively in the socio-economic development of the country by granting loans for the construction or purchase of residential and business properties. Residential loans granted to policyholders amounted to Rs.2.0 billion and loans on business properties totalled Rs.287 million at 31st December 2007.

By securing the services of AON, a leading reinsurance broker, and a panel of global reinsurers, the Group has a worldwide access to reinsurance markets and is therefore capable of offering first class security to clients.

Since December 1990, Swan Insurance Company Limited has been quoted on the Mauritian Stock Exchange. Market capitalisation at 31st December 2007 was Rs.645.4 million.

notice of annual meeting to shareholders

Notice is hereby given that the Annual Meeting of the shareholders of Swan Insurance Company Limited will be held on Thursday 26th June 2008 at 9.30 hours on the 6th floor of the Swan Group Centre, Intendance Street, Port Louis, to transact the following business:

1. To consider the Annual Report 2007 of the Company.
2. To receive the report of BDO De Chazal du Mée, the Auditors of the Company.
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2007.
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.
5. To re-elect Mr. M.J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
6. To re-elect Mr. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
7. To elect as Director of the Company Mr. Eric Espitalier-Noël in compliance with Article 21.5(a) of the Company's Constitution.
8. To elect as Director of the Company Mr. Pierre Dinan in compliance with Article 21.5(a) of the Company's Constitution and Section 138 (6) of the Companies Act 2001.
9. To elect as Director of the Company Mr. Jérôme de Chasteauneuf in compliance with Article 21.5 (a) of the Company's Constitution.
10. To elect as Director of the Company Mr. Michel Thomas in compliance with Article 21.5(a) of the Company's Constitution.

By order of the Board of Directors

Jean Paul Chasteau de Balyon
For SWAN GROUP CORPORATE SERVICES LIMITED
SECRETARY

02 May 2008

Swan Group Centre
Port Louis
Mauritius

N.B. Members entitled to attend and vote at the meeting may appoint proxies, whether members of the Company or not, to attend and vote for them. 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 hours before the day fixed for the meeting or else the instrument of proxy shall not be treated as valid.

annual report
DECEMBER 31, 2007

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Insurance Company Limited for the year ended December 31, 2007, contents of which are listed below:

This Annual Report was approved by the Board of Directors on 1st April 2008.

M.E. Cyril Mayer
Chairperson

M.J. Cyril lagesse
Director

principal activities

DECEMBER 31, 2007

The principal activity of the Company is the transaction of short term insurance business and has remained unchanged during the year. The principal activities of each subsidiary are shown hereunder and have remained unchanged during the year.

The Anglo-Mauritius Assurance Society Limited	Life assurance, pension, actuarial and investment business
Swan International Co. Ltd.	Reinsurance broking, consultancy and investment
Swan Properties Ltd.*	Purchase, development and sale of land
Verdun Industrial Building Co. Ltd.*	Rental of industrial buildings
Swan Group Corporate Services Limited	Provide secretarial services to Swan Group
Standard Property Co. Ltd.*	Rental of property
Manufacturers' Distributing Station Ltd.	Investment Company
Ilot Fortier Ltd.*	Purchase, development and sale of land (Dormant)
Investment and Administrative Co. (Mtius) Ltd.*	Investment Company (Dormant)
Themis Ltd.*	Purchase, development and sale of land (Dormant)
Pension Consultants and Administrators Ltd.	Pension and fund administration
The Anglo-Mauritius Financial Services Ltd.	Fund management and investment consulting
Société de la Croix	Investment entity
Société de la Montagne	Investment entity
Société de la Rivière	Investment entity

* These subsidiaries have been amalgamated with the subsidiary, The Anglo-Mauritius Assurance Society Limited on December 31, 2007 under Section 247 of the Companies Act 2001.

directorate & management

DIRECTORS

Non-Executive

M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson

M. J. Cyril LAGESSE

P. Arnaud DALAIS / Diplôme Universitaire en Gestion des Entreprises [up to 31.12.2007]

Jérôme DE CHASTEAUNEUF / A.C.A (UK) [as from 01.04.2008]

Pierre DOGER DE SPÉVILLE

George John DUMBELL / A.C.I.B. (UK)

M.M. Hector ESPITALIER-NOËL / A.C.A. [up to 21.11.2007]

Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK) [as from 21.11.2007]

Henri HAREL / A.C.I.S.

Thierry LAGESSE / M.B.A. (France)

Independent Non-Executive

Pierre DINAN / GOSK, B.Sc. Economics (UK), FCA (UK) [as from 01.01.2008]

Sulliman Adam MOOLLAN / C.P.A (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A (Wales)

Victor SEEYAVE / M.B.A (USA), B.A. Economics (UK)

Executive

Louis RIVALLAND / B. Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)

Paul ROUSSET / A.C.I.I. [up to 01.07.2007]

Michel THOMAS / LL.M., F.C.I.I., MCI Arb [as from 01.01.2008]

M.E. Cyril Mayer

M.J. Cyril Lagesse

Jérôme de Chasteauneuf

Pierre Doger de Spéville

George John Dumbell

Eric Espitalier-Noël

Henri Harel

Thierry Lagesse

Group Chief Executive

Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A (UK), F.A.S. (SA)

Secretary

Swan Group Corporate Services Limited
(per Jean Paul CHASTEAU DE BALYON)

Consultants to the Group Chief Executive

Gerald Lincoln [up to 31.12.2007]
Paul ROUSSET, A.C.I.I. [as from 01.07.2007]


Pierre Dinan


Peroomal Gopallen Mooroogen


Victor Seeyave


Louis Rivalland


Michel Thomas

directorate & management

DIRECTORS' PROFILE

M.E. Cyril MAYER, B.Com, CA (SA)

Managing Director of Harel Frères Limited.

Positions presently held on

(a) sugar sector private institutions:

Member of the Selling and Executive Committee of the Mauritius Sugar Syndicate

Member of the Executive Committee of the Mauritius Sugar Producers' Association

(b) other institutions:

Board Member of the Mauritius Sugar Authority

Member of the Mauritius Institute of Directors

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 of listed Companies:

- Mon Trésor and Mon Désert Ltd. (Non-executive Chairperson)
- United Docks Limited

M. J. Cyril LAGESSE

Well known entrepreneur, Mr. Cyril Lagesse, took over his father's business in 1969 (Mon Loisir S.E.) and set up the "Compagnie d'Investissement et de Développement Ltée" ("C.I.D.L.") in the early 1970's.

Directorships of listed Companies:

- Ireland Blyth Ltd.
- Mauritius Stationery Manufacturers Ltd.
- Naïade Resorts Ltd.
- Phoenix Beverages Ltd.
- Sun Resorts Ltd.
- United Basalt Products Ltd.

Non-executive Chairperson of Group Mon Loisir, he represents GML on the Board of Directors of several most prestigious companies of the country, many of which are listed on the Stock Exchange of Mauritius.

He is a former Chairperson and Director of the Mauritius Commercial Bank Ltd.

Jérôme de CHASTEAUNEUF, A.C.A (UK)

Head of Finance – Ciel Group of Companies

Director of a number of Companies in various sectors of the economy.

Pierre DOGER DE SPÉVILLE

Notary Public from August 1965 to June 1997.
Chairperson of the Médine Group of Companies

Directorship of listed Company:

- Innodis Limited

George John DUMBELL, A.C.I.B. (UK)

Chairperson, Constance Group of Companies.

Worked 34 years for the HSBC Group at senior management level in nine countries across Asia, Americas, Middle East and Europe.

Former Director of various Banking and Financial Institutions across Asia and Europe.

Directorships of listed Companies:

- Belle Mare Holding Limited (Chairperson)
- State Bank of Mauritius Ltd.

Eric ESPITALIER-NOËL, B. Soc. Sc. (SA), MBA (UK)

Executive Director of Espitalier Noël Ltd.

Directorships of listed Companies:

- Automatic Systems Ltd. (Non-executive Chairperson)
- General Investment & Development Co. Ltd.
- Mon Désert Alma Ltd.
- Rogers & Co. Ltd.
- Savannah S.E. Co. Ltd.

Henri HAREL, A.C.I.S.

Group Chief Finance Officer of Harel Frères Ltd.

Directorship of listed Company:

- Harel Frères Limited

directorate & management

Thierry LAGESSE, MBA (France)

Promoter and Executive Chairperson of Palmar Group of Companies, Companhia de Sena, Parabole Réunion S.A.

Directorships of listed Companies:

- IPRO Growth Fund Limited
- Ireland Blyth Limited
- Phoenix Beverages Limited (Non-Executive Chairperson)
- Sun Resorts Limited
- The Mauritius Stationery Manufacturers Limited
- The United Basalt Products Limited (Non-Executive Chairperson)

Member of the Mauritius Chamber of Agriculture
Former Chairperson of the Mauritius Export Processing Zone Association (MEPZA)

Pierre DINAN, GOSK, B.Sc. Economics (UK), FCA (UK)

Economic Consultant

Positions presently held:

- Member of the Monetary Policy Committee of the Bank of Mauritius
- Board member and Audit Committee Chairman of a few local companies or institutions in the manufacturing and financial services sectors
- Board Member of a UK Investment Trust Plc

Former Senior Partner at De Chazal Du Mée

Former Chairperson of the Mauritius Employers' Federation

Peroomal Gopallen MOOROOGEN, F.C.C.A., MBA (Wales)

Team Leader – Mauritius Telecom

Chairperson of the Stock Exchange of Mauritius Ltd. and Director of The Central Depository & Settlement Co. Ltd.

Victor SEEYAVE, MBA (USA), B.A. Economics (UK)

Managing Director of Altima Limited

Directorship of listed Company:

- Innodis Limited

MANAGEMENT TEAM

Senior Managers

Jean Marc CHEVREAU — Individual Business Development, Agents' Monitoring & Product Review

Guy DE GAYE — Technical

Rémi DESVAUX DE MARIGNY — Motor, Fire & Accident, Commercial, Marine

Alan GODER — Group Systems & Processes

Tse Kwong Philippe LO FAN HIN / F.C.I.I. — Reinsurance and Statistics

Vishnoo LUXIMAN / M.Sc. — Group Human Resources

Maxime REY — Group Finance

Managers

Patrick ANDRÉ — Health and Travel

Trilok BHURTUN / F.C.C.A, M.B.A, M.I.P.A — Accountant (Up to 31st May 2008)

Valérie DUVAL / L.L.B. (Hons.) — Claims (Up to 31st May 2008)

Jean Yves VIOLETTE — Claims (As from 01st June 2008)

Ishwari MADHUB / B.Sc. (Hons.), F.C.C.A., M.B.C.S, M.B.A – Systems & Processes

Gilbert MONTENOT — Maintenance

Bruno NALLETAMBY / A.C.I.I, A.C.I.S — Marine

Nasser PANCHAMEAH — Individual Business Development

Gilbert REY — Commercial

Gilbert XAVIER — Fire & Accident

senior management team profile

Louis RIVALLAND, B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)

Group Chief Executive

B.Sc. (Hons.) in Actuarial Science and Statistics
Fellow of the Institute of Actuaries, United Kingdom
Fellow of the Actuarial Society of South Africa

Louis Rivalland (37) 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 in Johannesburg, South Africa developing the investment area as well as issues relating to the healthcare area.

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. In January 2005 he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance and The Anglo-Mauritius, 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 President of the Insurers' Association of Mauritius from March 2006 to March 2008, is a Board member of the Mauritius Revenue Authority and a member of the Financial Services Consultative Council. He has played an active role in the development of risk management, insurance and pensions in Mauritius having chaired or been part of various technical committees on these areas.

He is a Director to several private and public companies and is also a member of a number of Corporate Governance and Audit Committees.

Jean Paul CHASTEAU DE BALYON

Swan Group Corporate Services Limited

Member of The Chartered Insurance Institute (C.I.I.) – UK
Member of The Association of Company Secretaries – Mauritius

Jean Paul Chasteau de Balyon (57) joined Swan Insurance in 1969 as Underwriter motor and non-motor insurance and was appointed Assistant Company Secretary in 1974. In 1976 he was appointed Company Secretary of Swan Insurance and also attributed the responsibilities of Administration and Human Resources. He was appointed Group Company Secretary of the Swan Group in January 2003.

He has been fully involved in the following key projects:

Introduction of Swan Insurance on the official market of the Stock Exchange of Mauritius in 1990

Scheme of Arrangement for the benefit of shareholders in 1991
Swan Group Centre in 1992 and 1993
Standardisation of the Swan Group Staff Handbook of conditions of employment (1979)

He is a Council Member of the Mauritius Chamber of Commerce and Industry (member of its Audit and Nomination Committees) and a Member of the Consultative Committee of the Stock Exchange of Mauritius.

He has attended a number of management development courses given by the Chartered Insurance Institute of the United Kingdom.

He has been Secretary General of the Insurers' Association and Secretary of the first consultative committee of the Swan Group. He is the Chairperson of the sub-committee of the Insurers' Association on issues linked to the World Trade Organisation (WTO).

He is a member of the Working Group on Financial Services set up by the Government on issues connected with the WTO and was part of the national delegation which took part in the WTO negotiations in Geneva in 2002 and 2003.

He acts as Director of Companies in the tourism, sugar and commercial sectors.

Directorships of Listed Companies:
The Mount Sugar Estates Co. Ltd. (member of its Governance Committee)
Naïade Resorts Limited (Alternate Director)

Jean Paul Chasteau de Balyon acts as Company Secretary and Director of Swan Group Corporate Services Ltd.

Michel THOMAS, LL.M., F.C.I.I., MCI Arb

Operations Executive

Master of Laws (LL.M) – United Kingdom (UK)
Associate Member of the Chartered Institute of Arbitrators (MCI Arb)
Fellow of the Chartered Insurance Institute (F.C.I.I.) – UK
Chartered Insurer – UK
Member of the Chartered Insurance Institute – UK, Chartered Institute of Arbitrators - UK., the British Insurance Law Association – U.K.
Council Member of The Insurance Institute of Mauritius (IIM)

Michel Thomas (48) joined Swan Insurance in 1980. From 1980 to 1982, he worked as Motor Insurance Clerk in the Motor Department. From 1983 to mid 1988, he worked as Underwriter in the Fire and Accident and Commercial Departments.

From 1988 to 1997, he was in the Claims Department as Assistant Superintendent and was later promoted to Assistant Manager of the department. He was appointed Training and Development Manager in 1997, Senior Manager of the Training and Development Department in 1999 and Senior Manager of the Group Research and Development Department in 2001. He has also been acting as Money Laundering Reporting Officer (MLRO) of the Swan Group for the period 2003 to 2007.

senior management team profile

He has twenty-seven years work experience in general insurance. He has been appointed Operations Executive of Swan Insurance since January 2005 and is responsible for the Short Term Operations of the Swan Group.

His key areas of specialisation are insurance and reinsurance contract law, general insurance underwriting, insurance claims handling and management, general insurance training, arbitration law and rules and Alternative Dispute Resolution (ADR) procedures.

He is member of the Board of Directors of Swan Insurance since January 2008.

Jean Marc CHEVREAU

Senior Manager

Jean Marc Chevreau (55) joined the Albatross Insurance Company Ltd. as Underwriter in general insurance in 1976 and was later promoted to Senior Supervisor. In 1986 he joined the Mauritian Eagle Co. Ltd. as Marketing Manager in the general insurance side.

In 1989, he participated in the setting up of La Prudence Mauricienne Assurances Ltée (La Prudence). He then acted as Manager of La Prudence with overall responsibility of the general insurance business.

He joined Swan Insurance as Senior Manager – Technical in April 2000. He was responsible for the Motor Department and for claims issues.

He has been responsible for the Motor and Fire and Accident Departments since 2003. In January 2005 he was attributed the responsibility for the Individual Business, Motor and Agents' Development. Since July 2007 he is responsible for Individual Business Development, Agents' Monitoring & Product Review.

He has been involved in several committees of the Insurers' Association (I.A.). He was also a member of the Special Committee that worked on the setting up of the "constat à l'amiable". He is currently a member of The Motor Vehicle Insurance Arbitration Committee that was set up in November 2004.

His key areas of specialisation are technical and commercial expertise in all branches of short term insurance business.

Guy de Gaye

Senior Manager

Affiliate Member of the Australian and New Zealand Institute of Insurance and Finance ANZIIF (Aff) CIP
Member of The Insurance Institute of Mauritius (IIM)

Guy de Gaye (53) joined Swan Insurance in 1974 and has more than 30 years of service with the Company working at different levels.

He started as Underwriter in the Fire and Accident Department and was then transferred in 1980 to the Commercial Department.

He was appointed Superintendent of the Commercial Department in 1985 and promoted as Manager in 1997. He has developed expertise in the underwriting of a wide range of insurance risks focusing mainly on the needs of the manufacturing and industrial sectors.

He has built up over the years a network of contacts locally and overseas with the community of insurers and reinsurers through regular communications and visits.

He was appointed Senior Manager of the Commercial Department in 2000 with the responsibility of servicing the insurances of the industrial and corporate sectors.

He was appointed Senior Manager – Technical in 2005 and also acts as Complaints Coordinator as from January 2007.

Rémi Desvaux de Marigny, Dip. C.I.I.

Senior Manager

Member of the Chartered Insurance Institute (C.I.I.) –UK
Member of The Insurance Institute of Mauritius (I.I.M)

Rémi Desvaux de Marigny (39) started his career in the insurance sector at Albatross Insurance Company Ltd in 1989 where he spent three years dealing mainly with Motor Insurance claims. In 1992, he joined Administrators and Consultants Ltd (A.C.L.) as sales and marketing representative of the Mauritius Employers' Federation Provident Association (M.E.F.P.A.).

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.

He has attended several local and overseas seminars and courses and has acquired experience 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 actually heading the Commercial, Fire and Accident, Marine and Motor departments.

Alan GODER

Senior Manager

Student Member of the Institute of Actuaries
Followed various courses in IT including Unix and Visual Basic

Alan Goder (40) 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 the Executive Director of Actuarial & Capital Management Services Ltd.

senior management team profile

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 January 2007, he is also Senior Manager to the Group Systems & Processes department.

His key areas of specialisation are pensions administration and consulting.

Tse Kwong Philippe LO FAN HIN, F.C.I.I.

Senior Manager

Fellow of the Chartered Insurance Institute (F.C.I.I.) – (UK)
Chartered Insurer – UK
Member of the Chartered Insurance Institute (C.I.I.) – UK
Member of The Insurance Institute of Mauritius (IIM)

Tse Kwong Philippe LO FAN HIN (49) has joined Swan Insurance Co Ltd in April 1979. 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.) by examination in 1991. He is a Chartered Insurer and has been promoted to Senior Manager on the 1st July 2003.

He is a member of the Society of Fellows of the Chartered Insurance Institute (CII) of London as well as a member of the Insurance Institute of Mauritius (IIM).

He has been working in the Insurance Industry for 28 years. He has been dealing with Swan's Agents and worked in various fields of insurance such as Motor, Personal lines as well as the Commercial and Industrial sectors. During the past twelve years he has been heading the Reinsurance and Statistics department of the Company.

He followed several reinsurance related courses in Mauritius, by both local and foreign lecturers. He also attended several overseas seminars with our leading Reinsurers as well as with our London Reinsurance Brokers. He has wide experience in this field, and his main responsibility is to ensure that the Company is adequately reinsured with first class security Reinsurers for all the risks emanating from our underwriting activities.

Vishnoo LUXIMAN, M.Sc.

Senior Manager

Master of Science in Human Resource Management (University of Surrey)
Diploma in Business Management (University of Surrey/ Mauritian Institute of Management)
Diploma in Personnel Management (University of Mauritius)
Member of the Singapore Human Resources Institute and of the Association of Human Resource Professionals (AHRP)-Mauritius

Vishnoo Luximan(46) 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 nominated Human Resources Manager of DRBC in 2002 and, as such, provided advice and services to 7 companies of the CIEL Group, including TPC Ltd. – (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.

He is a registered trainer, up to degree level, with the Mauritius Qualifications Authority and has been delivering courses in the field of human resource management at the Regional Training Centre since 1998.

His key areas of specialisation are labour legislation, employee resourcing, training & development, performance management, reward management and employee relations.

Maxime REY

Senior Manager

Maxime Rey (55) gained audit experience at Kemp Chatteris, in association with Touche Ross & Co., Chartered Accountants, from 1973 to 1974, and at Coopers & Lybrand (De Chazal du Mée), in association with Coopers & Lybrand (International), Chartered Accountants, from 1974 to 1977.

From 1977 to 1980, he worked as First Assistant Accountant at Deep River Beau Champ Sugar Estate Ltd.

From 1981 to 1993, he worked for Kuehne and Nagel (Pty) Ltd in Johannesburg, South Africa. That Company forms part of Kuehne and Nagel International AG, Switzerland, a worldwide transport, travel consulting and insurance broking organisation with some 400 offices in 60 countries. He held various financial positions within that Company, building up valuable experience in this international framework. He was appointed Group Financial Controller in 1989 and Director in 1992.

He joined The Anglo-Mauritius Assurance Society Ltd. in 1993 as Financial Controller, also heading the Company's then budding IT department. He was instrumental in the computerisation and modernisation of the accounting systems of the Company. He was concurrently appointed head of the Loans and Legal Departments, as well as Deputy Money Laundering Reporting Officer (M.L.R.O.), in 2003.

He was appointed Senior Manager - Group Finance in 2005, and is now heading the Finance departments of the Group.

chairperson's statement

M.E. Cyril Mayer / Chairperson

On behalf of the Board of Directors I am pleased to submit the Annual Report and Audited Financial Statements of Swan Insurance Company Limited and of the Group, for the year ended 31st December 2007.

On the economic front most of the attention was devoted to the sugar reform under negotiations with the Government. The satisfactory outcome of these negotiations prompted the application of the Multi Annual Adaptation Strategic Plan, the centrepiece reference to the key measures that have to be implemented if production of sugar is to be undertaken in the most cost-effective manner. Furthermore, it was on the basis of this strategic plan that the European Union was agreeable to release the financial grants earmarked within the framework of accompanying measures.

Another feeling of relief came from the conclusion of an Interim Economic Partnership Agreement with the European Union. This provisional instrument, which ensures duty free and quota free access of our products to the European Union market in the course of 2008, has enabled maintenance of favourable trading conditions with the European Union, any disruption of which would have resulted in considerable prejudice to our manufacturing sector. The challenge now lies in the delicate and difficult negotiations in view of the conclusion by December 2008 of a comprehensive and final Economic Partnership Agreement (EPA) with the European Union.

On the other hand, the economic, fiscal and monetary policies stated on the occasion of the budget speech, resolutely consolidated the transition initiated in 2006, with the result that signs of economic renewal were evermore noticeable, economic growth on the high and private investment more dynamic. Moreover, foreign direct investment flowed at unprecedented levels. The textile and tourism sectors have performed exceptionally well, and the sum of all this resulted in the fact that the balance of payment posted a surplus for the first time in many years. Another catalyst came from the announcement of an early reduction of the personal tax rate to 15% and the adoption of an overall flat rate of corporate tax at 15%. The Minister of Finance reiterated government's intention of opening the economy, facilitating business, investing massively in public infrastructure, broadening the scope of opportunities and restoring order in public finance. National solidarity was also stated to be a fundamental feature of the budgetary philosophy.

I am glad to report that the Group has been able to take advantage of the prevailing good macro-economic conditions by achieving very satisfactory results. In spite of the acute competitive environment, both turnover and profitability improved. Mr. Louis Rivalland who took over as Group Chief Executive on 1st January 2007, in setting clear strategies for future growth, gave a new impetus to the Group's objectives of business prosperity, people development and shareholder value.

The Anglo-Mauritius Assurance Society Limited proceeded with the amalgamation of six wholly-owned subsidiaries, namely: Standard Property Limited, Swan Properties Limited, Verdun Industrial Building Company Limited, Investment and Administrative Company (Mtius) Limited, Ilot Fortier Limited and Themis Limited. In proceeding with this amalgamation, both synergy and cost-efficiency within the Group are expected to improve.

In the course of the year three Directors expressed the wish to resign due to conflicting interests that may arise as a result of their newly acquired responsibilities.
I wish, on behalf of my colleagues of the Board, to place on record my appreciation of the longstanding and valuable contribution of Messrs. Arnaud Dalais and Hector Espitalier Noël to the development of the Group. I also wish to express my recognition to Mr. Sulliman Adam Moollan for his valuable assistance to the activities of the Board, more especially for having chaired so competently and tactfully its Audit and Risks Committee. I wish them all every success.

The Directors, acting on the recommendations of the Corporate Governance Committee, proceeded with the appointment of Messrs. Eric Espitalier-Noël, Pierre Dinan and Jérôme de Chasteauneuf as Directors of Swan Insurance and Anglo-Mauritius. Mr. Michel Thomas was also appointed as Director of Swan Insurance to be the second executive on the Board in compliance with the Code of Corporate Governance.

I would like, on behalf of my colleagues of the Board, to express my appreciation to the Group's executive and management teams and to the personnel at large who, by their dedication and hard work, contributed to the commendable performance of the Group.

In concluding, may I express my gratitude to my colleagues of the Board, more especially to those who contributed to its committees, for their valuable support and guidance throughout the year.

M.E Cyril Mayer
Chairperson

group chief executive's review

Louis Rivalland
/ Group Chief Executive

After my first year at the head of the Group, I am pleased to present you with an overview of what we have achieved in 2007.

STRATEGIC REVIEW

We started the year by identifying the main priorities of the Group and the challenges going forward over the short to medium term. Six strategic initiatives were identified. They comprise profitability, human capital, our areas of operation, synergies within the Group, the use of technology and the core processes.

Each of these priorities was then broken down into actionable items either at Group level or operational level to ensure that the projects being worked on were in line with our business plan.

Some of the projects especially the ones to do with the reorganisation of the Group are quite exciting and will yield very interesting results. We are confident that they will make a real difference to the Group over the short term.

SHORT TERM OPERATIONS

The Company has achieved good operational results despite challenging market conditions. The gross premium grew by nearly 17% while the net earned premium increased by 20%. The underwriting surplus increased by more than 50% compared to the previous year.

The profit after tax also increased substantially despite a number of non-recurring expenses which include allowances granted to retiring executives of the Group and a provision for a large doubtful debt.

In the motor class, we have put in place strict underwriting and pricing discipline as well as rigorous risk selection to address last year's adverse claims results and restore profitability. Our determination not to write business at inadequate rates has started to yield positive results. The encouraging results have been achieved against the backdrop of a highly competitive market focused on writing for volume. Our claims ratio has improved significantly and we are confident that our rating action taken during the year will continue to produce its effect enabling us to deliver profitable performance.

The Health sector whilst continuing to be an opportunity for growth remains complex and volatile. The fundamental issue is undoubtedly the escalating medical cost. We have invested considerable amount of effort in building relationship with healthcare professionals as well as in improving operational efficiency and controlling claims costs. We are reviewing our underwriting and rating approach as well as our overall strategy, exiting segments that are unprofitable and concentrating our efforts where we can achieve acceptable results.

We have benefited from another quiet cyclonic season. However, this benefit has been offset by one large sugar mill fire claim. The intense competition prevailing in commercial lines coupled with the prolonged absence of major weather-related claims have contributed to the softening of premium rates. Despite the stiff competition and the downward trend the cycle is experiencing, we have been able to retain the majority of our corporate accounts and even achieve a satisfactory growth by targeting selected risks. It is hoped that the newly promulgated solvency rules will impact positively on rates and progressively push them to levels reflecting actual risk exposures.

Our coherent and prudent underwriting approach in the personal lines of business has produced stable results. We continue to focus on increasing profitability through improvements in the quality of our underwriting and processes and through the development of our agency network.

The Marine business has this year also produced good results. This remarkable achievement in difficult market conditions reflects a strategy that combines sales performance, technical excellence, quality service and effective claims management and control. While we are looking to grow our marine book of business, our overriding commitment is to achieve sustainable levels of profitability.

The efficient claims handling and recovery processes instilled, coupled with strict cost controls have contributed markedly to the overall positive operational results achieved. A key achievement during the year has been the introduction of new technology which enabled better claims management control and effectiveness. We will pursue our efforts in the sophistication of our claims systems and processes so as to achieve further cost savings and provide superior quality service by being more responsive and transparent thus gaining a distinct competitive advantage.

The excess reinsurance capacity available together with the growing tendency of cedants to retain more of their risks have pushed the property and casualty reinsurance markets into soft market conditions. We have reviewed our reinsurance programme and restructured the level of risk we retain in classes of business having a good track record with low volatility.

We continue to focus on cultivating strong relationships with customers, agents and brokers by offering bespoke response to their needs. We also strive to create greater efficiencies through technology platforms and make it easier for customers and intermediaries to do business with us.

We are going in 2008 with strong momentum. We are committed to disciplined underwriting and continuous operational and product improvement creating a sound platform for sustainable profitable performance, and thus continuing the good results achieved in 2007.

On a more strategic level, we are continuing with our reorganisation of the Group and are working on some exciting projects which should yield some very interesting results over the short to medium term.

LONG TERM OPERATIONS

Total net premiums inclusive of annuity consideration has increased satisfactorily by around 11.3%, albeit lower than 2006. As expected, the reason for the lower rate of growth is due to the adverse fiscal changes introduced in July 2006 and which have now been in force for a full accounting year for the first time.

The abolition of tax relief on insurance premiums brings with it a window of opportunity for us. Under the old fiscal regime it was difficult to differentiate our products and services as a fair number of policyholders were more focused on the tax benefits. However, we believe that with the wide choice of individual products that we offer, ranging from the unrivalled flexibility of our unit-linked policies to our solid and very reliable conventional with-profit policies, we are well placed to meet the more demanding and ever-changing needs of prospective policyholders.

We are also investing heavily in the automation of our systems and procedures to offer a better and faster service to our clients. Coupled with the continued desire to design new and innovative products, we believe that we are positioning ourselves to add value to a new generation of more demanding policyholders.

Individual Business

Total premium income during the year under review has been affected by the fiscal measures introduced in 2006. We expect to see in the coming year the tail end of their consequences as people become increasingly conscious of the role of the Life Industry as a unique provider of financial security and a prominent player in personal savings.

During the year under review the new Insurance Act 2005 came into force bringing along considerable changes in the Industry's way of doing business. We have had to put significant resources towards its implementation. The main objective of the Act is to enhance the regulatory and supervisory framework to best international practices, and to safeguard consumers.

The abolition of tax incentives on life assurance and pension premiums has prompted us to review our strategies and products so as to ensure that policyholders receive the best possible return on their investment. A new assurance product, Anglo-Mauritius Oxygen Plan, was successfully launched in July 2007. One of the main features of Oxygen resides in its flexibility and enables the subscribers to choose their policies according to their needs — current and

group chief executive's review

forthcoming. An integrated marketing and communication strategy was developed and a national advertising campaign was carried out using communications channels and tools such as public relations events, press releases, advertising, billboards, radio and television. Since its launch, the Oxygen policies have been very popular and have helped us boost the net premium income to achieve a growth of around 24% in the unit-linked business.

We continue to look for ways of increasing and diversifying our sales. In this regard a qualitative and quantitative survey was carried out to assess the image perception and brand positioning of the Company and its products in the region of Flacq for the opening of our first branch. The Flacq branch was officially launched on the 27 October 2007. This development tallies well with our wish to reinforce our proximity with our customers.

We have worked hard to extend to all unit-linked individual policyholders the web access facility offered to our corporate pension schemes in 2006. We are pleased to report that this project is now completed and that several thousands of our clients will be able to monitor their policies from the comfort of their computer.

We remain confident that we shall continue to add value to our policyholders through the combination of the flexibility of our products, the strong investment returns and our professional and trustworthy level of service.

Corporate Business

At the end of 2007, Anglo-Mauritius provided administrative services to over 490 pension schemes. Total active membership of these schemes exceeds 19,000 lives.

Around 150 of these schemes are Defined Contribution (DC) confirming the trend towards this form of pension provision.

Members of the DC schemes have been offered the choice of two additional investment funds, namely, the Foreign Equity Fund and the Foreign Bond Fund.

With the Secure Fund, the Mixed Fund and the Equity Fund, members of DC schemes have now the choice of 5 funds where they can invest their contributions with the possibility of switching their funds once a year without any charge.

The web access service launched in 2006 has also been a success and is greatly appreciated by our DC scheme clients. We have noticed a great interest among the individual members of the schemes and a greater involvement in the investment aspect of their contributions. This is another example where our investment in technology is helping to add value for our clients.

We have continued in our strategy to offer bundled and unbundled services in all the various aspects relating to pension scheme management in response to the needs of our clients and to the current market requirements. The independent legal structures of Pension Consultants and Administrators Limited ("PCA") and Anglo-Mauritius Financial Services Ltd ("AMFS") and our leading actuarial department have enabled us to tender for and retain key services including administration, fund management and actuarial in the unbundled market.

Pension Consultants and Administrators Limited (PCA)

PCA contributes to our corporate business through the provision of administration and setting up services for self-administered occupational pension schemes and complements the administration services offered by Anglo-Mauritius Assurance.

In 2007, PCA has reinforced its position as the market leader in the field of administration of self-administered pension schemes and process outsourcing for insurance companies. As a result, income has increased by 30% while members under administration have increased to nearly 11,000 as compared to 9,000 last year.

PCA's objective for the coming year will be to further strengthen its internal resources to maintain its position as market leader.

The Anglo-Mauritius Financial Services Ltd (AMFS)

AMFS provides investment advisory and portfolio management services to companies within the Swan Group, private investors, institutions and superannuation funds. It is also the appointed distributor of GAM funds and Blackrock Merrill Lynch international funds in Mauritius. The clients that subscribe to these funds are also offered advisory and/or portfolio management services. Although operating in a very competitive environment, the Company has improved its profits over last year and is expected to continue to grow in the coming years.

ECONOMIC HIGHLIGHTS

The World Economy

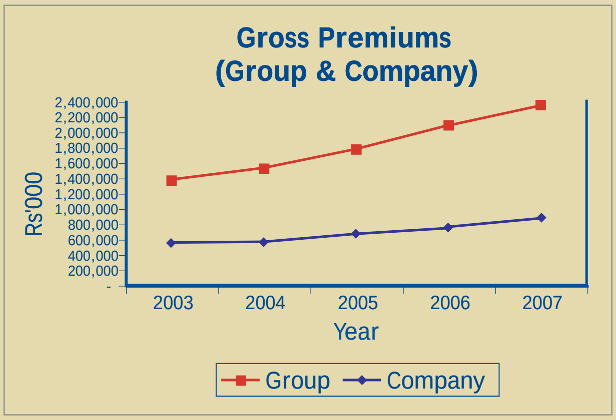
Global economic growth is projected at 4.9 per cent for 2007 amidst volatile oil prices and rising global current account imbalances. The US economy is targeted to grow at a 2.6% pace while GDP in China is expected to increase by 10%. Similarly, India is well poised to expand at a rate of 8.3%. Elsewhere, developed markets experienced large periods of slowdown whilst emerging markets registered robust growth levels.

Domestic economy

The Mauritian economy grew at a higher rate of 5.6% during the year 2007 compared to 5.0% in 2006. In 2007, GDP at basic prices was Rs. 204 billion (2006: Rs. 182 billion) derived from the services sector (68.9%), the manufacturing sector (26.6%) and the agricultural sector (4.5%). GDP per capita at basic prices is estimated at Rs. 162,098 compared to Rs. 144,959 representing an annual increase of 11.8%. Inflation rate for the year 2007 steadied at 8.8% (2006: 8.9%) while the unemployment rate is targeted to diminish to 8.8% (2006: 9.1%). The investment rate was slightly higher at 24.5% over the year compared to 24.3% in 2006 with the share of private and public sector investments increasing to 77.3% and decreasing to 22.7% respectively (2006: 68.3% and 31.7%).

The sugar industry was adversely affected over the year by a 12.8% contraction in sugar production to 440,000 tonnes (2006: 504,857). The downfall is essentially attributable to poor climatic conditions and diminishing harvested areas under the property development scheme. Moreover, revenues were lowered due to an appreciating rupee vis-à-vis its main trading currencies.

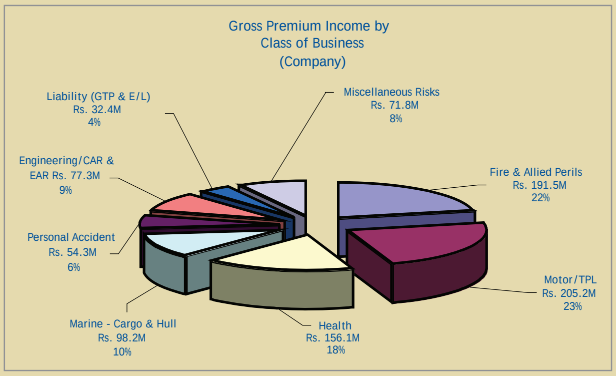
The tourism industry grew impressively in 2007 by 15.1% after the sluggish growth of 3.5% in 2006. Tourist arrivals reached a record 906,271 compared with 788,276 in 2006. The aggressive promotional campaigns launched by the government in the aftermath of 'Chikungunya' in our main markets were highly rewarding. Moreover, the opening of the air access to new carriers increased the seat capacity. Tourism receipts for the year 2007 is estimated to peak at Rs. 38.8 billion (2006: Rs. 31.9 billion).



The manufacturing sector registered another year of growth at 3.5% after 4.0% in 2006 although operating with tight margins and a higher rate of rupee vis-à-vis its main trading currencies. Competition remains fierce on the international scene especially as the global market moves towards trade liberalisation and the removal of quotas, which would benefit low-cost producers such as China and India.

The construction sector boomed by 15.0% in 2007 after the appreciable growth of 5.2% in 2006, mainly due to a mushrooming of construction and renovation projects under the Integrated Resort Scheme, hotel and textile sectors.

Financial intermediation sector grew by a consolidated 7.3% in 2007 essentially supported by growths of 7.6% and 5.1% in banks and insurance clusters respectively.



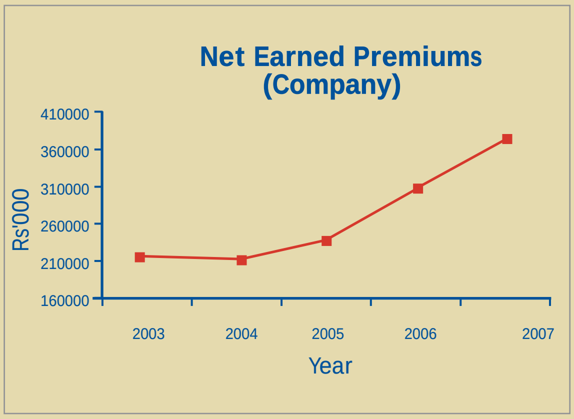
FINANCIAL HIGHLIGHTS

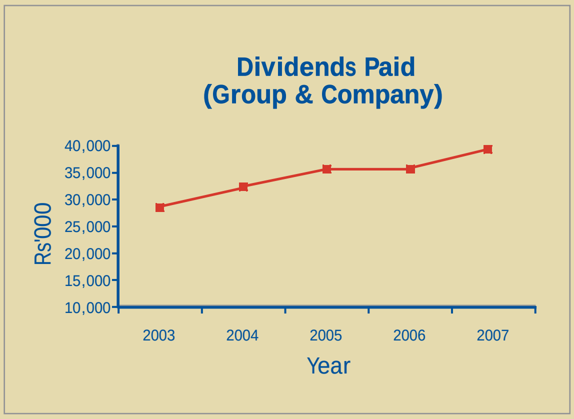
THE GROUP

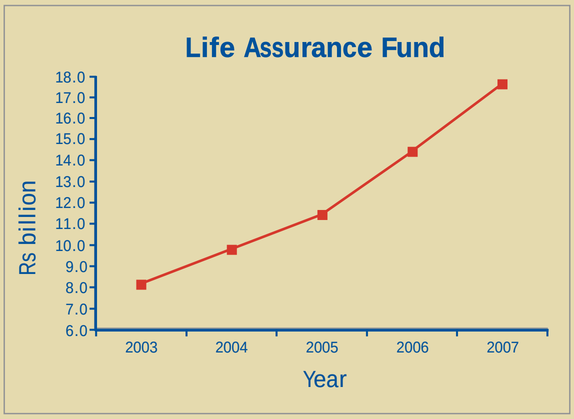
The Group's Gross Premium Income at 31st December 2007 amounted to Rs. 2,357 million, representing an increase of 12.5%(Rs.2,095 million in 2006). The Net Earned Premiums has increased from Rs.1,593 million in 2006 to Rs. 1,761 million this year representing an increase of 10.5%.

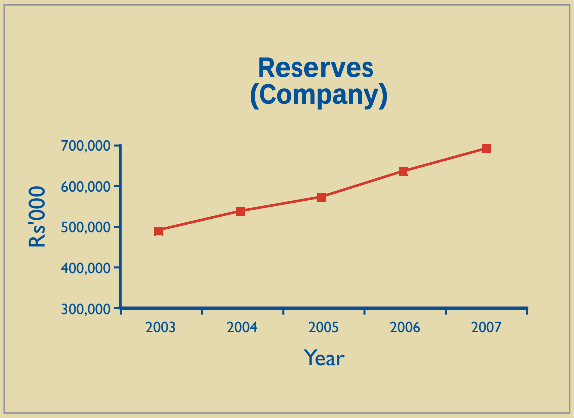
The Profit Before Tax increased to Rs. 84.5 million in 2007, representing a rise of 43.5% (Rs. 58.9 million in 2006).
Total assets under the management of the Swan Group amounted to Rs.19.4 billion at 31st December 2007 (Rs.15.8 billion in 2006) representing an increase of 22.8%.
The Life Assurance Fund amounted to Rs.17.6 billion at 31st December 2007 compared to Rs.14.4 billion in 2006, an increase of 22.2%.

group chief executive’s review









The Net Asset Value per Share amounted to Rs. 107.4 in 2007 (Rs.105.2 in 2006) and the Earnings per Share increased by 66.1% at Rs. 9.0 compared to Rs. 5.42 in 2006.

THE COMPANY

The Company’s Gross Premium Income increased by 17.1% to Rs.886.8 million in 2007 (Rs.757.2 million in 2006) while Net earned Premiums has increased by 20% to reach Rs.367.9 million (Rs.306.6 million in 2006).

The Profit Before Tax for 2007 amounted to Rs.65.2 million compared to Rs.34.1 million in 2006. Dividends paid amounted to Rs.39.4 million (Rs.35.9 million in 2006), in line with the Company’s dividend policy as stated in the Governance Report.

The Company's reserves at 31st December 2007 stood at Rs.697.1 million compared to Rs.635.3 million in 2006.

INVESTMENTS

Equity Market

The Semtri crossed a new record level and registered a remarkable gain of 59.1% over the year. This index performed positively for the 6th consecutive year averaging an annualised total return of 40.7% over the period. The local market was buoyantly traded by both local and foreign investors with a total volume of 257.6 million shares exchanging hands for a consideration of Rs. 11.7 billion in 2007. Global stockmarkets averaged a growth of 9.6% in 2007 as measured by the MSCI World Index (US Dollars). Amongst the developed markets, Europe returned 11.0% followed by the United States (US) with 3.5% whilst Asia recorded losses of 1.2% in US Dollar terms over the year.

Fixed Income Market

On the fixed income side, interest rates in Mauritius rose by 75 basis points over the year to ease excess liquidity and contain imported inflation. Over the same period the rupee appreciated vis-à-vis its main trading currencies, the US Dollar and the Euro, by 13.0% and 5.0% respectively. In the US, the Central Bank reduced its key interest rates by 100 bps in 2007 to mitigate the effects of the subprime mortgage crisis and stimulate the economy.

Company's Investment Portfolio

The investment portfolio of the Company performed well over the year. The fund was invested in a mix of 39% in equities and 61% in fixed income securities. Investment income improved due to higher prevailing interest rates, better yields on government securities and an excellent performance of 47.7% of the equity portfolio. Other income decreased slightly as the profits realised on the sale of equities were partly depleted by the unrealised losses on the foreign deposits.

Performance of The Anglo-Mauritius Funds

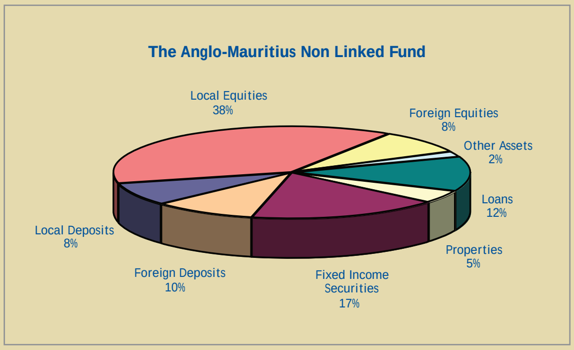
The Non-Linked Fund remains our largest fund as at 31st December 2007 with assets in excess of Rs. 15.4 billion at market value compared to Rs. 12.8 billion in the previous year. The assets are allocated at approximately 47% in fixed income instruments and 53% in shares & properties. The fund progressed satisfactorily supported by the exceptional performance of its local equity portfolio. Moreover, approximately 18% of the fund is invested in foreign assets to diversify its asset mix and optimise performance.

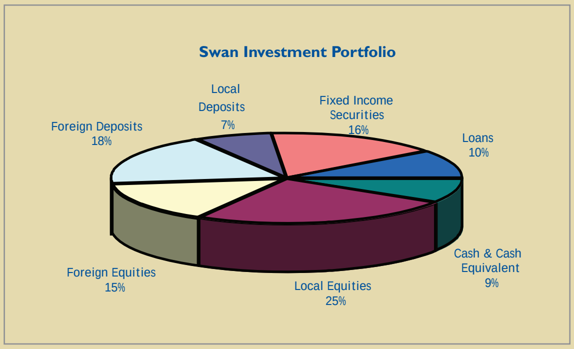
The Equity Fund (Life) was our overall best performing fund with an outstanding return of 45.1% during the year. This fund invests mainly in quoted shares on the local stock exchange, with a small exposure to foreign stock markets. Moreover, the General Fund (Life), predominantly invested in fixed income instruments, and the Mixed Fund (Pension), balanced between equity and fixed income securities, recorded annualised returns of 9.6% and 19.7% respectively.

LEGAL & REGULATORY FRAMEWORK

The Financial Services Act 2007, the Securities Act 2005 and the Insurance Act 2005 were proclaimed and came into force on 28th September 2007.

The Securities (Amendment) Act 2007 and the Insurance (Amendment) Act 2007 which amend the Securities Act 2005 and the Insurance Act 2005 respectively were also proclaimed on the same date.





Accordingly, the Financial Services Development Act 2001, the Financial Services Development (Amendment) Act 2005, the Insurance Act 1987, the Stock Exchange Act 1988 and the Unit Trust Act 1989 are repealed.

group chief executive's review

The objective of the legislation is to improve and modernise the legal framework that govern the non-bank financial services sector by simplifying processes and procedures, removing hurdles to investment, facilitating delivery of services and achieving international standards in every activity so as to be globally competitive.

The Financial Services Act aims at providing a consolidated framework for regulating global business and financial services. Its main objectives are to consolidate all amendments brought to the Financial Services Development Act since it was enacted in 2001 in one single Act; to streamline and consolidate the whole licensing framework for various non-bank financial institutions and financial service providers; and to revisit and update the conceptual approach to global business. The Financial Services Act aims at creating a level playing field amongst operators in the financial services sector whilst ensuring that the Regulator is also responsible for studying new avenues for development in the financial services sector and for achieving economic sustainability. The new law specifically provides for the independence of the Financial Services Commission as a regulatory body. The Financial Services Act which redefines the concept of global business also provides for the designation of industry associations in all financial services sectors as Self Regulatory Organisations.

The Securities (Amendment) Act 2007 has brought minor amendments to the Securities Act. It extends the scope of "securities" and "exchanges", thus enabling the Commission to approve the trading of a wider range of instruments and license Commodity and other exchanges.

The amendments that are set out in the Insurance Act are essentially to enhance the regulatory and supervisory framework for the insurance industry and to provide greater protection to policyholders. The Insurance (Amendment) Act removes certain administrative obligations on branches of foreign insurers operating in Mauritius and provides for greater flexibility in exceptional circumstances. The Act also deals with two important technical issues relating, firstly, to the definition of solvency and, secondly, to assets backing liabilities.

To complete this legislation, the Minister has made new Regulations under the Insurance Act 2005 and the Financial Services Commission has issued a set of rules under the Insurance Act 2005 relating to solvency, statutory Reinsurer and returns and under the Securities Act 2005 relating to licensing, Disclosure Obligations of Reporting Issuers and Public Offers.

In order to encourage insurers to adopt enhanced procedures in relation to consumer complaints, the Financial Services Commission has issued Guidelines for Insurance Companies on Complaints Handling, and the Company has appointed a Complaints Coordinator since January 2007.

The Borrower Protection Act 2007 which came into force in March 2007 covers credit agreements not exceeding two million rupees granted by lending institutions and makes provisions, inter alia, for prudential measures to safeguard the interests of the borrower and of the lender, the rescheduling of debt as a result of a reasonable cause of hardship, the nullity of an extortionate credit agreement and a change in the judicial process from one of sale by levy to that of a private contract or sealed offers.

The Swan Group has had the immense privilege of welcoming Mr. Mathew Beale to carry out an in-house training programme on anti-money laundering for the Group front-staff employees. Mr. Beale has been the Senior Compliance Manager of the Jersey Financial Services Commission and was also a senior lecturer for the International Compliance Association.

The workshop aimed at enhancing awareness and increasing levels of competence as well as correcting misunderstandings and misconceptions about money laundering.

HUMAN RESOURCES & ORGANISATION STRUCTURE

Human Resources

In 2007 we have focussed our efforts on the creation of an enabling environment for learning and development to take place. A needs analysis has been carried out and a plan set up. The whole Management team has also been sensitised to the importance of constantly updating one's knowledge and skills in a fast evolving business environment.

We have also reviewed our internal communication structure in order to ensure an effective flow of information downwards, upwards and sideways. We have set up innovative communication channels while reinforcing the existing ones. Our aim is to enable all employees understand the link between their key responsibility areas and the high level objectives of the Swan Group and, thus, contribute more intelligently towards their realisation. We have also popularised the concept of Management of Ideas. A structure has been set up to encourage employees at all levels to contribute ideas that can add value to the Swan Group.

We have initiated an exercise in view of ensuring that the Swan Group's culture supports the attainment of its strategic goals. This exercise, which is being carried out with the help of an external consultant, has started with an audit of the Group's leadership and culture. An action plan has been set up and is being implemented on the basis of the findings.

Retirements

Mr. Paul Rousset, Consultant to the Group Chief Executive retired from Swan Insurance on 1st July 2007 after 40 years of service with the Company. I wish to put on record his remarkable contribution to the development of the short-term business during his career with Swan Insurance. He has kindly accepted Management's request to act as part-time Consultant to the Group Chief Executive as from August 2007. This will enable the Group to benefit from his wide knowledge and long experience for some more time.

Mr. Gerald Lincoln resigned from his post of Consultant to the Group Chief Executive at the end of December 2007. Over the past 6 years, following his retirement from The Anglo-Mauritius, he has offered advice and guidance to the whole Management Team of the Swan Group. This has enabled the smooth transfer of critical business knowledge to the Management Team. I wish to seize this opportunity to thank him for his valuable contribution to the Swan Group and to wish him a long and peaceful retirement.

Organisation structure

In view of giving a boost to our short-term operations, we have decided to set up a new organisation structure in respect of the various underwriting departments of Swan Insurance. The aim of this new structure is to improve our level of service by having a smoother and coordinated approach in line with clients' and intermediaries' requirements. Thus the Motor, Fire & Accident, Commercial and Marine departments have been placed under the responsibility of Mr. Rémi Desvaux, who has been promoted to the level of Senior Manager, Underwriting, since 1st July 2007. Mr. Jean-Marc Chevreau has been entrusted with the responsibility for Individual Business Development, Agents' Monitoring & Product Review.

None of what was achieved in 2007 would have been possible without the skill and dedication of our employees for which we are thankful. We are embedding a performance culture and a forward thinking approach throughout the Company with increased focus on prompt execution and quality service to meet customers' evolving needs.

Our gratitude also goes to all our stakeholders, especially our agents and brokers who have contributed to the performance of the Group.

Louis Rivalland
Group Chief Executive

corporate governance report 2007

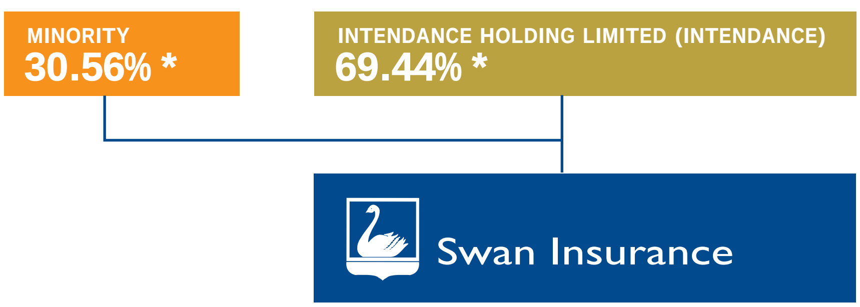
1. COMPLIANCE STATEMENT

The Group is committed to the highest standards of business integrity, transparency and professionalism. The Management of the Group's activities is exercised ethically and responsibly with the ultimate objective of enhancing shareholders' value and having regard to stakeholders at large.

During the year under review, the Group ensured that its operations yielded acceptable returns to stakeholders and were conducted in a way that displayed the following characteristics of good governance, namely discipline, transparency, independence accountability, fairness and social responsibility.

The Boards of directors ensure that the principles of good governance are followed and applied throughout the Group.

2. ULTIMATE HOLDING COMPANY



* at 31.12.07

3. COMMON DIRECTORS (at 31.12.2007)

	SWAN	INTENDANCE
M.E. Cyril Mayer	■	■
M.J. Cyril Lagesse	■	■
P.Arnaud Dalais	■	■
Eric Espitalier-Noël	■	■
Pierre Doger de Spéville	■	■

4. MAJOR SHAREHOLDERS

At April 30, 2008, the following shareholders held more that 5% of the ordinary share capital of Swan Insurance.

	Direct		Indirect	
	No. of shares	% of voting rights	No. of shares	% of voting rights
Intendance Holding Limited	4,979,627	69.44	-	-
Forward Investment & Development Enterprises Ltd	-	-	784,789	10.94
Harel Frères Limited	-	-	723,872	10.09
Excelsior United Development Companies Limited	-	-	580,624	8.10
Compagnie d'Investissement et de Développement Limitée	-	-	579,131	8.08
Deep River Beau Champ Ltd	-	-	502,942	7.01
Espitalier Noël Investment Trust	-	-	393,224	5.48
	4,979,627	69.44	3,564,582	49.70

5. DIVIDEND POLICY

The Company's objective is to provide value to its shareholders through optimum return on equity. Dividends are proposed and paid after taking into account the level of profit after taxation, technical provisions, appropriations required to statutory and other reserves for sound ongoing operational activities.

Directors ensure that dividends are authorised and paid out only if the Company shall, upon the distribution being made, satisfy the solvency test.

The dividend cover and dividend yield of the Company compare favourably with those of other listed companies operating in the local financial sector. The trend over the past five years is as shown below:

Year	Dividend Cover* (Times)	Dividend Yield** %
2007	1.53	6.11
2006	0.90	4.07
2005	2.47	4.55
2004	1.71	5.26
2003	1.61	6.56

* Dividend cover is the number of times profit for the year covers the dividends proposed and paid.

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

corporate governance report 2007

6. THE BOARD OF DIRECTORS

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, particularly the non-executive directors, is able to make an effective contribution. He monitors, with the assistance of the 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.

All directors have access to the advice and services of the 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.

(a) 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.

(b) 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 Group. In addition, the constitution of the Company does not make any provision for such a procedure. The Board believes that the complexity of the Group's operations is such that a reasonable 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.

(c) Evaluation

The Board is composed of Directors coming from a wide cross section of the sectors of our economy. Every Director has drawn from his professional background and competence in positively contributing to the Board's activities; especially those who are members of the Board Committees.

(d) Directors' interests in shares at 31 December 2007

	In the Company		In the Subsidiary (The Anglo-Mauritius Assurance Society Limited) Direct	
	No. of shares	%	No. of shares	%
M.J. Cyril Lagesse	1,249	0.017	1,250	0.050
P.Arnaud Dalais	931	0.012	-	-
Pierre Doger de Spéville	1,888	0.027	70	0.003
Thierry Lagesse	67	0.001	-	-
Louis Rivalland	4,000	0.056	-	-
	8,135	0.113	1,320	0.053

(e) Directors' dealing in shares of the Company

With regard to directors' dealings in the shares of the Company, the directors confirm that they have followed the principles of the model code on securities transactions by directors as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

7. 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 being essential for the successful leadership and effective management of the Group.

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

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

8. BOARD COMMITTEES

(a) 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. Pierre Dinan, Mr. Henri Harel, Mr. Peroomal Gopallen Mooroogen and Mr. Victor Seeyave. The Group Chief Executive attends unless a conflict of interest is likely to arise. Members of the Committee (including the Chairperson) have adequate financial awareness.

Executives, Members of the Senior Management Team, the Partner in charge of external audit and the Internal Auditors may be required to attend meetings of the Audit and Risks Committee.

The Audit and Risks 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:

- the reliability and accuracy of the financial information provided by management to the Board and other users of financial information;
- the functioning of the internal control and the risk management systems;
- the functioning of the internal auditors;
- the risk areas of the operations to be covered in the scope of the internal and external audits;
- whether the services of the current external and internal auditors should continue;
- any accounting or auditing concerns identified as a result of the internal or external audits;

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- compliance with legal and regulatory requirements with regard to financial matters;
- the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- the nature and extent of non-audit services provided by the external auditors; and
- the financial information to be published by the Board.

(b) 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), Mr. Pierre Dinan, Mr. Peroomal Gopallen Mooroogen and Mr. Victor Seeyave. The Group Chief Executive is in attendance.

The Corporate Governance Committee's terms of reference include but are not limited to:

- determining, agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;
- assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;
- putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;
- making recommendations to the Board on all new Board appointments; and
- determining the level of emoluments of executive, non-executive, independent non-executive directors and Board Committees 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 authorised to obtain, at the Group's expense, such outside legal or other independent professional advice as it considers necessary to perform its duties.

9. (a) BOARD AND COMMITTEES' ATTENDANCE IN 2007

		Board	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held during the year		4	5	2
Directors	Classification		Attendance	
M.E. Cyril Mayer (Chairperson of the Board and Corporate Governance Committee)	Non-executive	4	N/A	1
M.J. Cyril Lagesse	Non-executive	3	N/A	N/A
P. Arnaud Dalais	Non-executive	3	N/A	N/A
Pierre Doger de Spéville	Non-executive	3	N/A	N/A
George John Dumbell	Non-executive	1	N/A	N/A
M.M. Hector Espitalier-Noël (Up to 21/11/2007)	Non-executive	1	N/A	N/A
Eric Espitalier Noël (As from 21/11/2007)	Non-executive	1	N/A	N/A
Henri Harel	Non-executive	4	3	N/A
Thierry Lagesse	Non-executive	3	N/A	N/A
Sulliman Adam Moollan (Chairperson of Audit & Risks Committee – (Up to 19/09/2007)	Independent Non-executive	2	4	1
Peroomal Gopallen Mooroogen	Independent non-executive	4	5	2
Victor Seeyave	Independent non-executive	3	5	2
Louis Rivalland	Executive	4	5	2
Paul Rousset (Up to 01/07/2007)	Executive	1	N/A	N/A

(b) DIRECTORS' REMUNERATION IN 2007

	From the Company	From Subsidiary Companies
	Rs.	Rs.
Non-Executives	979,500	1,044,000
Executives	6,984,552	4,261,574

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10. SECRETARY

All directors have access to the services of the 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.

11. RELATED PARTY TRANSACTIONS

For related party transactions, please refer to Note 31 to the financial statements.

12. 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 Mauritius Stock Exchange Listing Rules.

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year under review.

14. 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.

- **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 every three years by the Audit and Risks Committee, establishes the composition, role, scope, authority, independence, reporting procedures, auditing standards and responsibilities of the Internal Auditors.

  - Reporting lines

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

- **Coverage and Risk management**

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

  - *Accessibility*

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

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

15. 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 sustained 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 risk 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 wants;
  - failure to anticipate or react to actions of competitors ;and
  - over dependence on vulnerable suppliers, etc.

  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 regulations as 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 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**

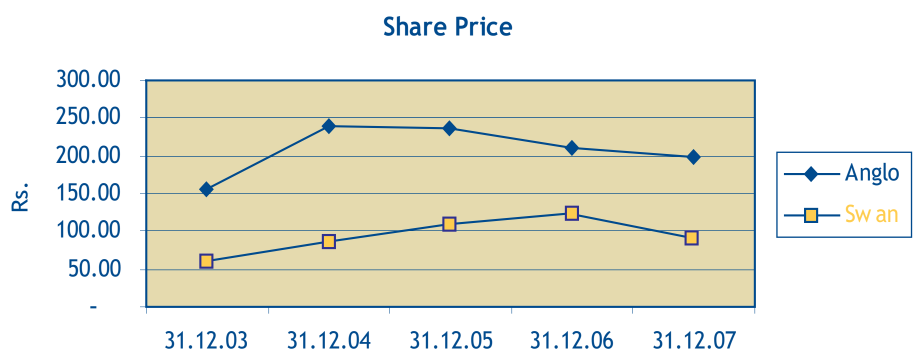
  The primary sources of financial risks within the Group are reinsurance counterparties, credit risk, inherent to insurance contracts, treasury and investment activities and premium debtors. Market risk arises from the Group's investment portfolios. Liquidity risk is considered to be low for the Group.

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

16. SHARE OPTION

The Group has no share option plan.

17. SHARE PRICE INFORMATION



Share price of the Company and its subsidiary, The Anglo-Mauritius Assurance Society Limited increased by 47% and 28% respectively over the last five years, from Rs. 61.- and Rs. 156.- per share at December 31, 2003 to Rs. 90.- and Rs. 200.- per share in 2007.

18. SHAREHOLDERS' PROFILE

The Company's shareholders' profile at year-end was as follows:-

(a)

Range of shares	No. of shareholders	No. of shares	% holding
1 - 500	632	86,520	1.21
501 – 1,000	117	89,067	1.24
1,001 – 5,000	174	394,736	5.50
5,001 – 10,000	36	245,854	3.43
10,001 – 50,000	35	631,883	8.81
50,001 – 100,000	2	176,841	2.47
100,001 – 250,000	1	247,800	3.45
250,001 – 500,000	1	319,018	4.45
Over 500,000	1	4,979,627	69.44
TOTAL	**999**	**7,171,346**	**100.00**

(b)

Category	No. of shareholders	No. of shares	% holding
Individuals	915	1,129,886	15.75
Insurance and Assurance Companies	6	125,966	01.76
Pension and Provident Funds	8	69,687	00.97
Investment and Trust Companies	8	30,799	00.43
Other Corporate Bodies	61	835,381	11.65
The Holding Company	1	4,979,627	69.44
TOTAL	**999**	**7,171,346**	**100.00**

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19. CHARITABLE DONATIONS

For charitable donations, please refer to page 89 of the Annual Report under 'Other Statutory Disclosures'

20. STAKEHOLDERS' RELATIONS AND COMMUNICATION

The Group's objective is to properly understand the information needs of shareholders and to have an open and meaningful dialogue with all its stakeholders. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the annual meeting of shareholders.

The Annual Report is sent to all shareholders and to a number of stakeholders and quarterly condensed financial statements are published in the press. The Group's website provides financial, business and other information about the Group's activities and profile.

21. CODE OF ETHICS

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

22. SUSTAINABILITY REPORTING

The Group is committed to the development and implementation of social, safety, health and environmental policies and practices, which comply with existing legislative and regulatory frameworks. In this area, the Group is 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 Group, as a corporate citizen, contributed to the development of a number of organisations in the educational, cultural, social and humanitarian fields.

23. TIME-TABLE OF IMPORTANT FORTHCOMING EVENTS

June 2008	Annual Meeting of Shareholders
August 2008	Publication of Unaudited condensed financial statements for quarter and half-year ending June 30, 2008
November 2008	Publication of Unaudited condensed financial statements for quarter ending September 30, 2008
November 2008	Board of directors meets to examine provisional results for year ending December 2008 and decide on the advisability of declaring a dividend.

Jean Paul CHASTEAU DE BALYON
For Swan Group Corporate Services Limited
Secretary

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 Group and the Company 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 records 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) applicable accounting standards have been adhered to. Any departure in the fair presentation has been disclosed, explained and quantified.

Signed on behalf of the Board of Directors

M.E. Cyril Mayer
Chairperson

M.J. Cyril Lagesse
Director

independent auditors' report

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

Report on the Financial Statements

We have audited the financial statements of Swan Insurance Company Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 44 to 86 which comprise the balance sheets at December 31, 2007, and the income statements, statements of changes in equity and cash flow statements 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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.

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 44 to 86 give a true and fair view of the financial position of the Group and of the Company at December 31, 2007, 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 interest in, the Company or any of its subsidiaries, other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

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

Insurance Act 2005

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

BDO DE CHAZAL DU MEE
Chartered Accountants

Port Louis,
Mauritius
01 April 2008

balance sheets

DECEMBER 31, 2007

		THE GROUP		THE COMPANY	
	Notes	**2007**	2006	**2007**	2006
		Rs'000	Rs'000	**Rs'000**	Rs'000
			Restated		
ASSETS					
Non-current assets					
Property and equipment	5	**94,942**	96,260	**94,857**	96,164
Intangible assets	6	**764**	1,857	**764**	1,857
Statutory Deposit		**-**	8,000	**-**	8,000
Investment in Subsidiary companies	7	**-**	-	**31,462**	31,462
Investment in Associated Company	8	**54,171**	80,330	**-**	-
Financial Assets	9	**391,409**	306,291	**391,409**	306,291
Loans and receivables	10	**71,356**	61,002	**71,356**	61,002
Net deferred tax assets	11	**2,773**	4,068	**2,773**	4,068
		615,415	557,808	**592,621**	508,844
Current assets					
Financial Assets	9	**43,160**	87,832	**43,160**	87,832
Loans and receivables	10	**3,817**	3,974	**3,817**	3,974
Trade and other receivables	12	**878,406**	573,637	**839,947**	513,484
Bank balances, deposits and cash	26(b)	**242,615**	224,640	**241,780**	224,279
		1,167,998	890,083	**1,128,704**	829,569
Life Business Assets	13	**17,607,922**	14,384,606	**-**	-
Total assets		**19,391,335**	15,832,497	**1,721,325**	1,338,413
EQUITY AND LIABILITIES					
Capital and reserves (attributable to equity holders of the parent company)					
Share Capital	14	**35,857**	35,857	**35,857**	35,857
Reserves	15	**734,524**	718,890	**697,151**	635,282
Equity holders' interest		**770,381**	754,747	**733,008**	671,139
Minority Interest	16	**22,890**	24,597	**-**	-
Total equity		**793,271**	779,344	**733,008**	671,139
Technical Provisions					
Life Assurance Fund	13	**17,607,922**	14,384,606	**-**	-
Outstanding claims and IBNR	20/27	**412,799**	179,256	**412,799**	179,256
Gross Unearned premiums	20/2(m)(i)	**354,213**	314,210	**354,213**	314,210
		18,374,934	14,878,072	**767,012**	493,466
Non-current liabilities					
Retirement Benefit Obligations	17	**33,965**	35,032	**33,933**	35,005
Current liabilities					
Trade and other payables	18	**185,710**	139,938	**183,933**	138,725
Current tax liabilities	19	**3,455**	111	**3,439**	78
		189,165	140,049	**187,372**	138,803
Total equity and liabilities		**19,391,335**	15,832,497	**1,721,325**	1,338,413

These financial statements have been approved for issue by the Board of Directors on 1st April 2008.

M.E. Cyril Mayer
Chairperson

M. J. Cyril Lagesse
Director

The notes on pages 49 to 86 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

income statements

FOR THE YEAR ENDED DECEMBER 31, 2007

	Notes	THE GROUP 2007 Rs'000	THE GROUP 2006 Rs'000 Restated	THE COMPANY 2007 Rs'000	THE COMPANY 2006 Rs'000
Gross premiums		**2,357,440**	2,094,712	**886,819**	757,164
Premiums ceded to Reinsurers		**(599,520)**	(461,176)	**(521,626)**	(410,029)
Change in unearned premiums	20/27(b)	**2,694**	(40,505)	**2,694**	(40,505)
Net earned premiums	1(k)	**1,760,614**	1,593,031	**367,887**	306,630
Net earned premiums relating to Life Assurance Fund		**(1,392,727)**	(1,286,401)	**-**	-
		367,887	306,630	**367,887**	306,630
Gross claims paid	27(a)	**(460,117)**	(336,866)	**(460,117)**	(336,866)
Claims recovered from Reinsurers	27(a)	**229,037**	127,325	**229,037**	127,325
Movement in claims outstanding and IBNR		**(21,265)**	(28,769)	**(21,265)**	(28,769)
Net claims incurred		**(252,345)**	(238,310)	**(252,345)**	(238,310)
Commissions receivable from Reinsurers		**112,810**	105,931	**112,810**	105,931
Commissions paid to Agents and Brokers		**(95,312)**	(84,079)	**(95,312)**	(84,079)
Net commissions		**17,498**	21,852	**17,498**	21,852
Underwriting surplus		**133,040**	90,172	**133,040**	90,172
Investment income	21	**75,702**	70,540	**64,532**	59,370
Operating profit		**208,742**	160,712	**197,572**	149,542
Other income	22	**18,182**	22,666	**17,588**	22,240
		226,924	183,378	**215,160**	171,782
Marketing and administrative expenses	23	**(143,912)**	(128,318)	**(141,732)**	(126,558)
Depreciation	5	**(7,118)**	(10,030)	**(7,107)**	(10,019)
Amortisation	6	**(1,093)**	(1,092)	**(1,093)**	(1,092)
Share of profit of associated Company	8	**9,696**	14,971	**-**	-
Profit before taxation		**84,497**	58,909	**65,228**	34,113
Taxation	19	**(4,848)**	(2,189)	**(4,831)**	(2,156)
Profit for the year		**79,649**	56,720	**60,397**	31,957
Transfer to Statutory Reserve Fund		**-**	(1,598)	**-**	(1,598)
Retained profit for the year		**79,649**	55,122	**60,397**	30,359
Attributable to:					
Equity holders of the company		**64,517**	37,289	**60,397**	30,359
Minority interest	16	**15,132**	17,833	**-**	-
		79,649	55,122	**60,397**	30,359
Earnings per share					
(Rupees and cents)	25	**9.00**	5.42	**8.42**	4.46

The notes on pages 49 to 86 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2007

(a) THE GROUP

	Notes	Share Capital	Fair Value Reserve	Revaluation & Other Reserves	Proprietors' Fund	Retained Earnings	Statutory Reserve Fund	Total	Minority Interest	Total
		(Attributable to equity holders of the parent company)								
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2007		**35,857**	**129,344**	**39,346**	**11,155**	**392,543**	**72,834**	**681,079**	**17,935**	**699,014**
- As previously stated										
Prior year adjustment :										
- Impact of equity accounting - Regional investment	8	-	-	**65,359**	-	**8,309**	-	**73,668**	**6,662**	**80,330**
- As restated		**35,857**	**129,344**	**104,705**	**11,155**	**400,852**	**72,834**	**754,747**	**24,597**	**779,344**
Net movement in fair value changes										
of available-for-sale financial assets	9	-	**40,914**	-	-	-	-	**40,914**	-	**40,914**
Release from fair value reserve		-	-	-	-	-	-	-	-	-
Net movement for the year		-	-	**(26,274)**	**(24,081)**	-	-	**(50,355)**	**(16,839)**	**(67,194)**
Profit for the year		-	-	-	-	**64,517**	-	**64,517**	**15,132**	**79,649**
Transfer effect due to Insurance Act 2005		-	-	-	-	**72,834**	**(72,834)**	-	-	-
Dividends	24	-	-	-	-	**(39,442)**	-	**(39,442)**	-	**(39,442)**
Balance at December 31, 2007		**35,857**	**170,258**	**78,431**	**(12,926)**	**498,761**	-	**770,381**	**22,890**	**793,271**
Balance at January 1, 2006		35,857	65,927	39,379	33,125	399,420	71,236	644,944	26,272	671,216
Prior year adjustment :										
- Impact of equity accounting - Regional investment		-	-	65,359	-	8,309	-	73,668	6,662	80,330
Fair value changes on available-for-sale										
financial assets	9	-	63,417	-	-	-	-	63,417	-	63,417
Consolidation adjustment		-	-	-	-	(674)	-	(674)	674	-
Exchange differences		-	-	(33)	-	-	-	(33)	-	(33)
Movement for the year		-	-	-	(21,970)	-	-	(21,970)	(19,508)	(41,478)
Profit for the year - restated		-	-	-	-	31,252	-	31,252	10,497	41,749
Transfer to Statutory Reserve Fund		-	-	-	-	(1,598)	1,598	-	-	-
Dividends	24	-	-	-	-	(35,857)	-	(35,857)	-	(35,857)
Balance at December 31, 2006 - restated		35,857	129,344	104,705	11,155	400,852	72,834	754,747	24,597	779,344

The notes on pages 49 to 86 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

(b) THE COMPANY

	Notes	Share Capital	Fair Value Reserve	Revaluation & Other Reserves	Retained Earnings	Statutory Reserve Fund	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2007		**35,857**	**129,344**	**39,288**	**393,816**	**72,834**	**671,139**
Fair value changes on available-for-sale financial assets	9	**-**	**69,549**	**-**	**-**	**-**	**69,549**
Release from fair value reserve		**-**	**(28,635)**	**-**	**-**	**-**	**(28,635)**
Profit for the year		**-**	**-**	**-**	**60,397**	**-**	**60,397**
Transfer effect due to Insurance Act 2005		**-**	**-**	**-**	**72,834**	**(72,834)**	**-**
Dividends	24	**-**	**-**	**-**	**(39,442)**	**-**	**(39,442)**
Balance at December 31, 2007		**35,857**	**170,258**	**39,288**	**487,605**	**-**	**733,008**
Balance at January 1, 2006		35,857	65,927	39,288	399,314	71,236	611,622
Fair value changes on available-for-sale financial assets	9	-	63,417	-	-	-	63,417
Profit for the year		-	-	-	31,957	-	31,957
Transfer to Statutory Reserve Fund		-	-	-	(1,598)	1,598	-
Dividends	24	-	-	-	(35,857)	-	(35,857)
Balance at December 31, 2006		35,857	129,344	39,288	393,816	72,834	671,139

The notes on pages 49 to 86 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

cash flow statements

FOR THE YEAR ENDED DECEMBER 31, 2007

	Notes	THE GROUP 2007 Rs'000	THE GROUP 2006 Rs'000	THE COMPANY 2007 Rs'000	THE COMPANY 2006 Rs'000
Operating activities					
Cash used in operations	26(a)	**(376)**	(6,837)	**(14,837)**	(17,725)
Tax paid		**(208)**	(7,569)	**(175)**	(7,569)
Net cash used in operating activities		**(584)**	(14,406)	**(15,012)**	(25,294)
Investing activities					
Purchase of property and equipment	5	**(6,869)**	(10,797)	(6,869)	(10,691)
Purchase of shares in subsidiary company		**-**	-	**-**	(500)
Disposal of property and equipment		**1,957**	1,385	**1,957**	1,385
Disposal of investment in subsidiary company		**-**	-	**-**	114
Purchase of financial assets	9	**(173,876)**	(343,722)	**(173,876)**	(343,722)
Disposal/maturity of financial assets	9	**210,640**	339,618	**210,640**	339,618
Loans granted	10	**(14,236)**	(11,370)	**(14,236)**	(11,370)
Loans recovered	10	**4,756**	3,584	**4,756**	3,584
Investment income received		**63,914**	62,030	**63,914**	62,030
Net cash generated from investing activities		**86,286**	40,728	**86,286**	40,448
Financing activities					
Dividends paid to Company's shareholders	24	**(39,442)**	(35,857)	**(39,442)**	(35,857)
Dividends paid to minority interest	16	**(14,015)**	(11,170)	**-**	-
Net cash used in financing activities		**(53,457)**	(47,027)	**(39,442)**	(35,857)
Increase/(decrease) in cash and cash equivalents		**32,245**	(20,705)	**31,832**	(20,703)
Movement in cash and cash equivalents					
At January 1,		**224,640**	226,872	**224,279**	226,523
Increase/(decrease)		**32,245**	(20,705)	**31,832**	(20,703)
Effect of foreign exchange rate changes	15/22	**(14,270)**	18,473	**(14,331)**	18,459
At December 31,	26(b)	**242,615**	224,640	**241,780**	224,279

The notes on pages 49 to 86 form an integral part of these financial statements.

Auditors' report on pages 42 and 43.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

1. GENERAL INFORMATION

Swan Insurance Company Limited 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 principal activity of the Company is the transaction of short term insurance business and has remained unchanged during the year. The activities of the subsidiary companies are detailed in note 7.

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). 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) land and buildings of certain subsidiary companies are carried at revalued amounts;
(ii) available-for-sale financial assets are stated at their fair values; and
(iii) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

Amendments to published standards, 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 2008 or later periods but which the Group has not early adopted.

Except for IFRS 8, 'Operating segments', the revised IAS 1, 'Presentation of Financial Statements' and the amendment to IAS 23 'Borrowing costs' (effective for periods on or after 1 January 2009), these standards, amendments and interpretations are not relevant to the Group's operations.

IFRS 8 and revised IAS 1 are disclosure requirements only and will not when adopted, affect the results of the Group. The amendment to IAS 23 eliminates the alternative treatment of expensing borrowings costs on qualifying assets. The revised IAS 1 affects the presentation of owner changes in equity and of comprehensive income.

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.

(b) Property and Equipment

All property and equipment is initially recorded at cost. Land and buildings of some subsidiary companies are subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation for property. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property and equipment is stated at historical cost less depreciation. 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 or Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited). All other decreases are charged to the Income Statement or Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited).

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%

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet 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 Income Statement or the Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited). On disposal of revalued assets, the amounts included in revaluation reserve are transferred to retained earnings or to the Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited).

(c) Intangible assets

Intangible assets consist of purchased goodwill in respect of customer portfolio.

Intangible assets are shown at historical cost, have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the estimated useful life of five (5) years.

(d) 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).

(e) Investment in subsidiaries

(i) Separate financial statements

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

(ii) 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 Income Statement 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.

The consolidated financial statements have been prepared in accordance with the purchase method. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement or Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited) 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.

All significant intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(f) Investment in associates

Consolidated financial statements
An associate is an entity over which the Group has significant influence but not control, or joint control. Investments in associates are accounted for by the equity method. Investments is 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.

(g) Financial assets

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

(i) Loans and receivables
Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable. They are included in current assets when maturity is within twelve months of balance sheet date or non-current assets for maturities greater than twelve months.

(ii) Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

(iii) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.
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 subsequently carried at amortised cost using the effective interest method. Available-for-sale financial assets are subsequently carried at their fair values.

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

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity and to 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 equity or in the Life Assurance Fund is included in the Income Statement 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 Income Statement or the Life Assurance Fund as gains and losses on financial assets.

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

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets 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 Income Statement. For the subsidiary The Anglo-Mauritius Assurance Society Limited, impairment loss is recognised in the Life Assurance Fund.

If there is evidence of impairment loss on loans or held-to-maturity investments carried at amortised cost, the amount of loss is measured as the difference between the asset's carrying amount and present value of estimated future cash flows (net of future credit losses), discounted at the asset's original effective interest rate. The amount of loss is recognised in the Income Statement or the Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited).

(iv) Trade and other receivables and payables

Trade receivables and payables relate to insurance contracts and are recognised when due. These include amounts due to and from reinsurers, agents, brokers and insurance contract holders.

(i) Trade and other receivables

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

(ii) Trade and other payables

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

The carrying amounts of trade receivables and payables and other receivables and payables are assumed to approximate their fair values.

(v) 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.

(h) 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 by the balance sheet 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.

The principal temporary differences arise from depreciation on property and equipment, translation gains and losses and retirement benefit obligations.

(i) 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.

(j) 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 expired. 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 damaged 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.

(k) 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 balance sheet date. 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.

(l) 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.

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 Income Statement. By virtue of their nature, risks of impairment for treaty reinsurance assets are remote.

(m) 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 balance sheet date calculated on a daily pro-rata basis (365th method). The change in this provision is taken to the Income Statement.

(ii) Claims expenses and Outstanding claims provisions

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

Outstanding claims provisions are made up of:

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

(b) the net estimated costs of claims admitted or intimated but not yet settled at balance sheet date.

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 balance sheet date. 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, as and when received, and include non-insurance assets that have been acquired by exercising rights to sell (usually damaged) property and equipment, to settle a claim (salvage) or obtain refund from third parties for some or all costs (subrogation) under the terms of the insurance contracts.

(iii) Liability adequacy test

At each balance sheet date, 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 Income Statement by establishing a provision for losses arising from liability adequacy test (the unexpired risk provision).

(n) Retirement benefit obligations

(i) Defined Benefit Plan

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

A defined benefit plan is a pension plan that defines 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 cost of providing benefits is determined using the Projected Unit Credit Method, so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of plans every three years. Cumulative actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans in excess of the greater of 10% of the value of the Plan Assets or 10% of the defined benefit obligation are spread to income over the average remaining working lives of the related employees.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has not legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

(iii) 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.

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when they are 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.

(o) Other revenues

Other revenues earned by the Group are recognised on the following bases:
• Interest income - as it accrues unless collectibility is in doubt.
• 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.

(p) 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 Income Statement 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 the subsidiary, Swan International Co. Limited holding a Global Business 1 Licence (GBL 1),which has a functional currency different from that of the presentation currency of the Company, are translated as follows:

(a) assets and liabilities are translated at the closing balance sheet date 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 'Translation Reserve', as a separate component of equity.

In the event of disposal of the above subsidiary, such translation differences are recognised in the Income Statement as part of the gain or loss on sale.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

(q) Provisions

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

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, 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.

	Outstanding claims					
	2007			2006		
Class of Business	No. of Claims	Gross	Net	No. of claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	114	183,096	11,796	111	20,314	3,418
Motor	2,576	79,458	70,552	3,201	81,774	66,538
Health	4,310	9,270	2,741	3,214	5,126	2,661
Others	548	124,475	35,485	627	59,713	30,835
	7,548	396,299	120,574	7,153	166,927	103,452
IBNR			16,500			12,329
			137,074			115,781

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 they 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 balance sheet date. The Company has ensured that liabilities on the balance sheet at year-end for existing claims whether reported or not, are adequate.

(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 balance sheet.

	2003	2004	2005	2006	2007	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
GROSS						
Estimate of ultimate claim costs:						
- At end of claim year	124,390	106,742	59,876	80,518	307,359	678,885
- one year later	27,330	62,415	16,642	24,148	-	130,535
- two years later	17,875	21,949	11,323	-	-	51,147
- three years later	6,433	18,533	-	-	-	24,966
- four years later	4,405	-	-	-	-	4,405
Current estimate of cumulative claims	502,610	303,191	256,449	331,927	701,814	2,095,991
Less Cumulative payments to date	498,205	284,658	245,126	307,779	394,455	1,730,223
Liability recognised in the Balance Sheet	4,405	18,533	11,323	24,148	307,359	365,768
Liability in respect of prior years						30,531
						396,299

	2003	2004	2005	2006	2007	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
NET						
- At end of claim year	28,604	36,570	33,070	54,281	66,914	219,439
- one year later	11,607	11,017	11,921	19,363	-	53,908
- two years later	6,317	11,276	9,028	-	-	26,621
- three years later	5,990	8,199	-	-	-	14,189
- four years later	4,022	-	-	-	-	4,022
Current estimate of cumulative claims	132,266	144,390	159,550	224,465	262,369	923,040
Less Cumulative payments to date	128,244	136,191	150,522	205,102	195,455	815,514
Liability recognised in the Balance Sheet	4,022	8,199	9,028	19,363	66,914	107,526
Liability in respect of prior years						13,020
						120,546
IBNR						16,500
Net liability at year end (notes 20/27(a))						137,046

(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.

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.

(i) Currency risk

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

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

The Group also 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 Group's balance sheets by currency is detailed below:

	Rs'000	Equivalent in Rs'000 GBP	USD	Euro	Total Rs'000
At December 31, 2007					
Non-current assets					
– Financial assets :					
• Held-to-Maturity	**80,594**	**-**	**-**	**-**	**80,594**
• Available-for-sale	**202,510**	**-**	**83,591**	**24,714**	**310,815**
• Loans and receivables	**71,356**	**-**	**-**	**-**	**71,356**
- Other non-current assets	**152,650**	**-**	**-**	**-**	**152,650**
Current assets					
- Financial assets :					
• Held-to-Maturity	**43,160**	**-**	**-**	**-**	**43,160**
• Available-for-sale	-	-	-	-	**-**
• Loans and receivables	**3,817**	**-**	**-**	**-**	**3,817**
- Trade and other receivables	**878,406**	**-**	**-**	**-**	**878,406**
- Bank balances, deposits and cash	**100,662**	**21,916**	**53,360**	**66,677**	**242,615**
TOTAL ASSETS	**1,533,155**	**21,916**	**136,951**	**91,391**	**1,783,413**
Equity and liabilities					
- Total equity	**793,271**	**-**	**-**	**-**	**793,271**
- Technical Provisions :					
• Gross unearned premiums	**354,213**	**-**	**-**	**-**	**354,213**
• Outstanding claims and IBNR	**412,799**	**-**	**-**	**-**	**412,799**
- Non-current liabilities	**33,965**	**-**	**-**	**-**	**33,965**
- Current liabilities	**189,165**	**-**	**-**	**-**	**189,165**
TOTAL EQUITY AND LIABILITIES	**1,783,413**	-	-	-	**1,783,413**

	Rs'000	Equivalent in Rs'000 GBP	USD	Euro	Total Rs'000
At December 31, 2006					
Non-current assets					
– Financial assets :					
• Held-to-Maturity	51,956	-	-	-	51,956
• Available-for-sale	136,008	8,316	77,350	32,660	254,334
• Loans and receivable	61,002	-	-	-	61,002
- Other non-current assets	190,515	-	-	-	190,515
Current assets					
- Financial assets :					
• Held-to-Maturity	87,832	-	-	-	87,832
• Available-for-sale	-	-	-	-	-
• Loans and receivables	3,974	-	-	-	3,974
- Trade and other receivables	573,638	-	-	-	573,638
- Bank balances, deposits and cash	77,893	24,187	54,906	67,654	224,640
TOTAL ASSETS	1,182,818	32,503	132,256	100,314	1,447,891
Equity and liabilities					
- Total equity	779,344	-	-	-	779,344
- Technical Provisions :					
• Gross unearned premiums	314,210	-	-	-	314,210
• Outstanding claims and IBNR	179,256	-	-	-	179,256
- Non-current liabilities	35,032	-	-	-	35,032
- Current liabilities	140,049	-	-	-	140,049
TOTAL EQUITY AND LIABILITIES	1,447,891	-	-	-	1,447,891

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.

3.2.1 Market risk (cont'd)

(i) Currency risk

Sensitivity

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

	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, 2007						
- Financial assets	**-**	**-**	**4,183**	**(4,183)**	**1,235**	**(1,235)**
- Bank balances and deposits	**1,095**	**(1,095)**	**2,668**	**(2,668)**	**3,334**	**(3,334)**
- At December 31, 2006						
- Financial assets	416	(416)	3,865	(3,865)	1,633	(1,633)
- Bank balances and deposits	1,209	(1,209)	2,970	(2,970)	3,383	(3,383)

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.

Sensitivity

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

	Impact on results	
	+1%	-1%
At December 31, 2007	Rs'000	Rs'000
- Held-to-maturity investments	**149**	**(149)**
- Loans and receivables	**53**	**(53)**
- Bank balances and deposits	**386**	**(386)**
At December 31, 2006		
- Held-to-maturity investments	136	(136)
- Loans and receivables	47	(47)
- Bank balances and deposits	223	(223)

(iii) Equity price risk

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

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

Sensitivity

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

	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2007	Rs'm	Rs'm
– Available-for-sale financial assets	**29**	**(29)**
At December 31, 2006		
- Available-for-sale financial assets	25	(25)

3.2.2 Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing 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 balance sheets are net of allowances for estimated irrecoverable amounts receivable, 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.

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. At December 31, 2007 the reinsurance assets recoverable from AON was **Rs.133m** (2006 : Rs. 98m).

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.

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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.

	Neither past due nor impaired	Financial assets that are past due but not impaired				Financial assets that have been impaired	Carrying amount at year end
		1m-3m	3m-6m	6m-1yr	>1yr		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2007							
- Financial assets	**434,569**	**-**	**-**	**-**	**-**	**-**	**434,569**
- Loans and receivables	**75,173**	**-**	**-**	**-**	**-**	**-**	**75,173**
- Trade and other receivables	**743,992**	**58,778**	**41,650**	**7,019**	**16,866**	**10,101**	**878,406**
2006							
- Financial assets	394,123	-	-	-	-	-	394,123
- Loans and receivables	64,976	-	-	-	-	-	64,976
- Trade and other receivables	445,872	60,413	38,772	7,670	20,910	-	573,637

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

3.2.4 Capital 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.

3.2.5 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. 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 balance sheet date.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

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

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 judgements;
- economic conditions;
- previously settled claims;
- 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.

(iii) Uncertainties and judgements

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 occuring;

- 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.

4.5 Impairment of other assets

At each balance sheet date, 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.

4.6 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 views of possible near-term market changes that cannot be predicted with any certainty.

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, 2007	86,391	31,172	21,457	54,581	193,601
Additions	-	3,608	73	3,188	6,869
Disposals	-	(7,963)	-	-	(7,963)
At December 31, 2007	**86,391**	**26,817**	**21,530**	**57,769**	**192,507**
DEPRECIATION					
At January 1, 2007	8,640	23,745	19,019	45,937	97,341
Charge for the year	1,728	993	443	3,954	7,118
Disposal adjustment	-	(6,894)	-	-	(6,894)
At December 31, 2007	**10,368**	**17,844**	**19,462**	**49,891**	**97,565**
NET BOOK VALUE					
At December 31, 2007	**76,023**	**8,973**	**2,068**	**7,878**	**94,942**

THE GROUP	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2006	86,391	32,191	21,225	47,967	187,774
Additions	-	3,925	232	6,640	10,797
Disposals	-	(4,944)	-	(26)	(4,970)
At December 31, 2006	**86,391**	**31,172**	**21,457**	**54,581**	**193,601**
DEPRECIATION					
At January 1, 2006	6,912	24,343	18,481	42,299	92,035
Charge for the year	1,728	4,100	538	3,664	10,030
Disposal adjustment	-	(4,698)	-	(26)	(4,724)
At December 31, 2006	**8,640**	**23,745**	**19,019**	**45,937**	**97,341**
NET BOOK VALUE					
At December 31, 2006	**77,751**	**7,427**	**2,438**	**8,644**	**96,260**

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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, 2007	86,391	31,172	21,457	54,475	193,495
Additions	-	3,608	73	3,188	6,869
Disposals	-	(7,963)	-	-	(7,963)
At December 31, 2007	**86,391**	**26,817**	**21,530**	**57,663**	**192,401**
DEPRECIATION					
At January 1, 2007	8,640	23,746	19,019	45,926	97,331
Charge for the year	1,728	994	443	3,942	7,107
Disposal adjustment	-	(6,894)	-	-	(6,894)
At December 31, 2007	**10,368**	**17,846**	**19,462**	**49,868**	**97,544**
NET BOOK VALUE					
At December 31, 2007	**76,023**	**8,971**	**2,068**	**7,795**	**94,857**

THE COMPANY	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2006	86,391	32,191	21,225	47,967	187,774
Additions	-	3,925	232	6,534	10,691
Disposals	-	(4,944)	-	(26)	(4,970)
At December 31, 2006	**86,391**	**31,172**	**21,457**	**54,475**	**193,495**
DEPRECIATION					
At January 1, 2006	6,912	24,343	18,481	42,299	92,035
Charge for the year	1,728	4,100	538	3,653	10,019
Disposal adjustment	-	(4,697)	-	(26)	(4,723)
At December 31, 2006	**8,640**	**23,746**	**19,019**	**45,926**	**97,331**
NET BOOK VALUE					
At December 31, 2006	**77,751**	**7,426**	**2,438**	**8,549**	**96,164**

6. INTANGIBLE ASSETS

THE GROUP AND THE COMPANY

	Purchased Goodwill Rs'000
COST	
At January 1, and December 31, 2007	5,463
AMORTISATION	
At January 1, 2007	3,606
Charge for the year	1,093
At December 31, 2007	**4,699**
NET BOOK VALUE	
At December 31, 2007	**764**
COST	
At January 1, and December 31, 2006	5,463
AMORTISATION	
At January 1, 2006	2,514
Charge for the year	1,092
At December 31, 2006	**3,606**
NET BOOK VALUE	
At December 31, 2006	**1,857**

7. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST

(a) THE COMPANY

	2007			2006
	DEM Quoted Rs'000	**Unquoted Rs'000**	**Total Rs'000**	Total Rs'000
At January 1,	**30,882**	**580**	**31,462**	31,039
Additions	**-**	**-**	**-**	500
Disposals	**-**	**-**	**-**	(77)
At December 31,	**30,882**	**580**	**31,462**	31,462

The market value of the subsidiary Company, The Anglo-Mauritius Assurance Society Limited based on the DEM bid price at December 31, 2007 amounted to **Rs. 354.9m** (2006: Rs.372.7m).

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

(b) The financial statements of the following subsidiary companies and entities, incorporated in Mauritius, have been included in the consolidated financial statements. The subsidiaries have a reporting date of December 31st and operate on the local market, with the exception of Swan International Co Ltd which holds a Category 1 Global Business Licence.

	Class of shares held	Nominal Value of Investment		Proportion of ownership interest and voting power held: Swan Insurance Company Limited		Proportion of ownership interest and voting power held: Other Group Company		Main Business
		2007	2006	2007	2006	2007	2006	
		Rs'000	Rs'000	%	%	%	%	
• The Anglo-Mauritius Assurance Society Limited	Ordinary	30,882	30,882	70.99	70.99	-	-	• Life assurance, pensions, actuarial and investment business
• Swan International Co Ltd	Ordinary	79	79	51	51	49	49	• Reinsurance Brokers and Consultants
• Swan Properties Ltd*	Ordinary	-	-	-	-	100	100	• Purchase, development and sale of land
• Verdun Industrial Building Co. Ltd*	Ordinary	1	1	0.01	0.01	99.99	99.99	• Rental of industrial buildings
• Swan Group Corporate Services Limited	Ordinary	500	500	50	50	50	50	• Provide Secretarial services to Swan Group
• Standard Property Ltd*	Ordinary	-	-	-	-	100	100	• Rental of property
• Manufacturers' Distributing Station Limited	Ordinary	-	-	-	-	99.80	99.80	• Invesment Company
• Ilot Fortier Ltd*	Ordinary	-	-	-	-	100	100	• Purchase, development and sale of Land (Dormant)
• Investment and Administrative Co. (Mtius) Ltd*	Ordinary	-	-	-	-	100	100	• Investment Company (Dormant)
• Themis Ltd*	Ordinary	-	-	-	-	100	100	• Purchase, development and sale of Land (Dormant)
• Pension Consultants and Administrators Limited	Ordinary	-	-	-	-	100	100	• Pension and fund administration
• The Anglo-Mauritius Financial Services Limited	Ordinary	-	-	-	-	100	100	• Fund management and investment consulting
• Société de La Croix	Parts	-	-	-	-	100	100	• Investment entity
• Société de La Montagne	Parts	-	-	-	-	100	100	• Investment entity
• Société de La Rivière	Parts	-	-	-	-	100	100	• Investment entity

* These subsidiaries have been amalgamated with the subsidiary, The Anglo-Mauritius Assurance Society Limited on December 31, 2007 under Section 247 of the Companies Act 2001.
All the shares of these companies have been cancelled, their assets and liabilities transferred to The Anglo-Mauritius Assurance Society Limited at the date of the amalgamation.

8. INVESTMENTS IN ASSOCIATED COMPANY

	THE GROUP 2007	2006
	Rs'000	Rs'000
(a) Group's share of net assets		
At January 1, as previously stated	-	-
Prior year adjustment - equity accounting for regional investment	80,330	-
As restated	80,330	-
Share of results of associated company	9,696	14,971
Dividends	(2,845)	-
Other equity movements	-	65,286
Exchange difference	(33,010)	73
At December 31,	**54,171**	80,330

(b) The Group's interest in the associated company was as follows:

Name	Year end	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest and voting rights (Indirect)
		Rs '000	Rs '000	Rs '000	Rs '000	%
2007						
State Assurance Co. Ltd (SACL)	**December 31,**	**1,135,450**	**836,655**	**171,123**	**38,963**	**18.13%**
2006						
State Assurance Co. Ltd (SACL)	December 31,	1,698,723	1,255,649	254,828	82,574	18.13%

9. FINANCIAL ASSETS

	2007 Held-to-maturity Listed	Unquoted	Total	Available-for-sale Listed	DEM Quoted	Unquoted	Total	Total	2006 Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) THE GROUP AND THE COMPANY									
At January 1,	87,834	51,955	139,789	224,158	11,519	18,657	254,334	394,123	327,307
Additions	132,356	24,235	156,591	167	-	17,118	17,285	173,876	343,722
Movement in fair value	-	-	-	25,832	618	14,464	40,914	40,914	63,417
Disposals	(180,524)	-	(180,524)	(1,718)	-	-	(1,718)	(182,242)	(339,618)
Transfer from Statutory Deposit	-	8,000	8,000	-	-	-	-	8,000	-
Accrued interest	(1,363)	1,261	(102)	-	-	-	-	(102)	(705)
At December 31,	**38,303**	**85,451**	**123,754**	**248,439**	**12,137**	**50,239**	**310,815**	**434,569**	394,123

Analysed as follows :

	2007	2006
Non-current	391,409	306,291
Current	43,160	87,832
	434,569	394,123
Disposal proceeds	210,640	339,618

(b) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and Unquoted Debenture Stocks and Treasury Bills with interest rates varying from 7.28% to 12.75%.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

9. FINANCIAL ASSETS (CONT'D)

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

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

(e) The ageing of financial assets is disclosed in note 3.2.2.

10. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs'000	Rs'000
At January 1,	**64,976**	59,149
Mortgage loans granted	**11,754**	11,370
Mortgage loans transferred from loan on call	**2,483**	-
Mortgage loans recovered	**(4,756)**	(3,584)
Accrued interest	**716**	(1,959)
At December 31,	**75,173**	64,976
Analysed as follows :		
Non-current	**71,356**	61,002
Current	**3,817**	3,974
	75,173	64,976

(a) The rates of interest on the above loans vary between 7% and 12.7% (2006: 7% and 12%).

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

(c) At December 31, 2007 and 2006, there were no overdue loans and receivables and no impairment provision made in respect of loans and receivables as these are fully secured.

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

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

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

11. DEFERRED TAX ASSETS

(a) Deferred taxes are calculated on all temporary differences under the liability method at 15% (2006: 22.5%)
The movement on deferred tax account is as follows:

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs'000	Rs'000
At January 1,	**4,068**	6,146
Income Statement charge (note 19)	**(1,295)**	(2,078)
At December 31,	**2,773**	4,068

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

The following amounts are shown in the Balance Sheets:

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs'000	Rs'000
Deferred tax assets	**5,090**	10,467
Deferred tax liabilities	**(2,317)**	(6,399)
Net deferred tax assets	**2,773**	4,068

11. DEFERRED TAX ASSETS (CONT'D)

(c) Deferred tax assets and liabilities, deferred tax (charge)/credit in the Income Statement are attributable to the following items:

	THE GROUP AND THE COMPANY		
	At January 1, 2007	(Charged)/ Credited to Income Statement	**At December 31, 2007**
	Rs'000	Rs'000	**Rs'000**
Deferred tax assets			
Retirement benefit obligations	7,876	(2,786)	**5,090**
Tax loss carried forward	2,591	(2,591)	**-**
	10,467	(5,377)	**5,090**
Deferred tax liabilities			
Accelerated tax depreciation	(648)	(28)	**(676)**
Unrealised exchange gain	(5,751)	4,110	**(1,641)**
	(6,399)	4,082	**(2,317)**
Net deferred tax assets	**4,068**	**(1,295)**	**2,773**

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
• Due from contract holders	**118,703**	115,902	**118,703**	115,902
• Due from brokers and agents	**75,498**	70,318	**75,498**	70,318
less impairment provision	**(10,061)**	-	**(10,061)**	-
• Due from reinsurers				
- share of claims (note 20)	**275,753**	63,475	**275,753**	63,475
- share of unearned premiums (note 20)	**175,322**	132,625	**175,322**	132,625
- commission and other receivables	**61,169**	42,078	**61,169**	42,078
• Due on portfolio transfers	**131,954**	84,231	**131,954**	84,231
• Receivable from subsidiaries	**-**	-	**618**	887
• Prepayments	**1,297**	942	**1,297**	942
• Other receivables	**12,462**	4,670	**9,694**	3,026
	842,097	514,241	**839,947**	513,484
Share of Group's and minority's interest in Life Business Assets (note 13)	**36,309**	59,396	**-**	-
	878,406	573,637	**839,947**	513,484

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

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

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

(d) Trade and other receivables are neither past due nor impaired and the Group does not hold any collateral as security for trade and other receivables.

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

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FOR THE YEAR ENDED DECEMBER 31, 2007

13. LIFE BUSINESS ASSETS

	THE GROUP	
	2007	2006
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	**155,753**	163,139
Investment property	**400,117**	393,832
Intangible assets	**25,085**	25,101
Investment in associated company	**54,171**	-
Investment in financial assets	**10,513,461**	7,318,198
Loans and receivables	**2,264,670**	2,318,957
Statutory Deposit	**-**	8,000
	13,413,257	10,227,227
Current assets		
Trade and other receivables	**140,788**	123,059
Financial assets	**1,565,981**	2,113,295
Loans and receivables	**240,708**	208,104
Short term deposits	**2,403,888**	1,854,180
Cash in hand and at bank	**34,304**	88,540
	4,385,669	4,387,178
Current liabilities		
Trade and other payables	**65,490**	63,114
Outstanding claims	**18,072**	10,101
Current tax liabilities	**6,638**	6,493
	90,200	79,708
Non-current liabilities		
Retirement benefit obligations	**63,178**	89,223
Deferred tax liabilities	**1,317**	1,472
	64,495	90,695
	17,644,231	14,444,002
Less share of Group's and minority interest's (note 12)	**(36,309)**	(59,396)
Policyholders' share - Life Assurance Fund	**17,607,922**	14,384,606

14. SHARE CAPITAL

	2007 & 2006
	Rs'000
Authorised	
9,600,000 ordinary shares of Rs.5 each	48,000
Issued and fully paid	
7,171,346 ordinary shares of Rs.5 each	35,857

15. RESERVES

Reserves are analysed as follows:

(a) THE GROUP

	Fair Value Reserve Rs'000	Revaluation and Other Reserve Rs'000	Translation Reserve Rs'000	Proprietors' Fund Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000
Balance at January 1, 2007							
- As previously stated	129,344	39,228	118	11,155	392,543	72,834	645,222
Prior year adjustment :							
- Impact of equity accounting - Regional investment	-	65,359	-	-	8,309	-	73,668
- As restated	129,344	104,587	118	11,155	400,852	72,834	718,890
Fair value changes of available-for-sale financial assets	69,549	-	-	-	-	-	69,549
Release from fair value reserve	(28,635)	-	-	-	-	-	(28,635)
Movement for the year	-	-	(26,274)	(24,081)	-	-	(50,355)
Profit for the year	-	-	-	-	64,517	-	64,517
Transfer effect due to Insurance Act 2005	-	-	-	-	72,834	(72,834)	-
Dividends	-	-	-	-	(39,442)	-	(39,442)
Balance at December 31, 2007	**170,258**	**104,587**	**(26,156)**	**(12,926)**	**498,761**	**-**	**734,524**
Balance at January 1, 2006	65,927	39,228	151	33,125	399,420	71,236	609,087
Prior year adjustment :							
- Impact of equity accounting - Regional investment	-	65,359	-	-	8,309	-	73,668
Fair value changes of available-for-sale financial assets	63,417	-	-	-	-	-	63,417
Exchange differences	-	-	(33)	-	-	-	(33)
Consolidation adjustment	-	-	-	-	(674)	-	(674)
Movement during the year	-	-	-	(21,970)	-	-	(21,970)
Profit for the year - restated	-	-	-	-	31,252	-	31,252
Transfer to Statutory Reserve Fund	-	-	-	-	(1,598)	1,598	-
Dividends	-	-	-	-	(35,857)	-	(35,857)
Balance at December 31, 2006 - restated	129,344	104,587	118	11,155	400,852	72,834	718,890

(b) THE COMPANY

	Fair Value Reserve Rs'000	Other Reserve Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000
Balance at January 1, 2007	129,344	39,288	393,816	72,834	635,282
Fair value changes of available-for-sale financial assets	69,549	-	-	-	69,549
Release from fair value reserve	(28,635)	-	-	-	(28,635)
Profit for the year	-	-	60,397	-	60,397
Transfer effect due to Insurance Act 2005	-	-	72,834	(72,834)	-
Dividends	-	-	(39,442)	-	(39,442)
Balance at December 31, 2007	**170,258**	**39,288**	**487,605**	**-**	**697,151**
Balance at January 1, 2006	65,927	39,288	399,314	71,236	575,765
Fair value changes of available-for-sale financial assets	63,417	-	-	-	63,417
Profit for the year	-	-	31,957	-	31,957
Transfer to Statutory Reserve Fund	-	-	(1,598)	1,598	-
Dividends	-	-	(35,857)	-	(35,857)
Balance at December 31, 2006	129,344	39,288	393,816	72,834	635,282

16. MINORITY INTEREST

	THE GROUP	
	2007	2006
	Rs'000	Rs'000 Restated
At January 1,	**24,597**	26,272
Share of profit/dividend receivable (page 45)	**15,132**	17,833
Share of dividend received (page 48/note 26(a))	**(14,015)**	(11,170)
Movement in Proprietors' Fund	**(2,824)**	(8,338)
	22,890	24,597

17. RETIREMENT BENEFIT OBLIGATIONS

(i) The assets of the fund are independently held and administered by The Anglo-Mauritius Assurance Society Limited.

(ii) The amounts recognised in the Balance Sheet are as follows:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**86,465**	102,850	**86,234**	102,634
Fair value of plan assets	**(49,730)**	(55,949)	**(49,487)**	(55,755)
	36,735	46,901	**36,747**	46,879
Unrecognised actuarial gains/(losses)	**(2,770)**	(11,869)	**(2,814)**	(11,874)
Liability in the balance sheet	**33,965**	35,032	**33,933**	35,005

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

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**102,850**	107,622	**102,634**	107,425
Current service cost	**3,862**	4,052	**3,835**	4,038
Interest cost	**9,612**	10,962	**9,588**	10,951
Actuarial (gains)/losses	**(8,232)**	(14,836)	**(8,196)**	(14,830)
Benefits paid	**(21,627)**	(4,950)	**(21,627)**	(4,950)
At December 31,	**86,465**	102,850	**86,234**	102,634

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

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**55,949**	52,080	**55,755**	51,894
Expected return on plan assets	**4,794**	5,407	**4,774**	5,397
Actuarial gains/(losses)	**689**	(541)	**686**	(541)
Employer contributions	**11,238**	15,453	**11,209**	15,453
Scheme expenses	**(427)**	(589)	**(426)**	(589)
Cost of insuring risks benefits	**(886)**	(1,031)	**(884)**	(1,029)
Benefits paid	**(21,627)**	(14,830)	**(21,627)**	(14,830)
At December 31,	**49,730**	55,949	**49,487**	55,755

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(v) The amounts recognised in income statement are as follows:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**3,862**	4,052	**3,835**	4,038
Interest cost	**9,612**	10,962	**9,588**	10,951
Expected return on plan assets	**(4,794)**	(5,407)	**(4,774)**	(5,397)
Net actuarial (gains)/losses recognised during the year	**178**	462	**179**	462
Scheme expenses	**427**	589	**426**	589
Cost of insuring risks benefits	**886**	1,031	**884**	1,029
Total, included in employee benefit expense (note 23)	**10,171**	11,689	**10,138**	11,672

(vi) The movement in the liability recognised in Balance Sheet.

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**35,032**	38,786	**35,005**	38,786
Effect of intercompany transfer	**-**	10	**-**	-
Total expenses as above	**10,171**	11,689	**10,138**	11,672
Employer contributions	**(11,238)**	(15,453)	**(11,210)**	(15,453)
At December 31,	**33,965**	35,032	**33,933**	35,005
Actual return on plan assets	**5,483**	4,850	**5,460**	4,850

(vii) The assets in the plan were:

	THE GROUP			
	2007	**2007**	2006	2006
	Rs'000	**%**	Rs'000	%
Local Equities	**14,918**	**30**	16,785	30
Overseas Equities	**24,865**	**50**	27,975	50
Fixed Interest	**2,487**	**5**	2,797	5
Properties	**7,460**	**15**	8,392	15
Total Market value of assets	**49,730**	**100**	55,949	100

	THE COMPANY			
	2007	**2007**	2006	2006
	Rs'000	**%**	Rs'000	%
Local Equities	**14,846**	**30**	16,727	30
Overseas Equities	**7,423**	**15**	8,363	15
Fixed Interest	**24,744**	**50**	27,877	50
Properties	**2,474**	**5**	2,788	5
Total Market value of assets	**49,487**	**100**	55,755	100

(viii) The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

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17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(ix) Expected contributions to post-employment benefit plans for the year ending December 31, 2008 are Rs. 11m.

(x) Amounts for the current year for the company are as follows:

	2007	2006
	Rs'000	Rs'000
Present value of defined benefit obligation	86,234	102,634
Fair value of plan assets	(49,487)	(55,755)
Deficit	36,747	46,879
Experience adjustments on plan	(8,197)	(4,950)
Experience adjustments on plan assets	686	(542)

(xi) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	2007	2006
	%	%
Discount rate	10.00	10.50
Expected return on plan assets	10.50	10.50
Future salary increases	8.00	8.00
Future pension increases	-	-

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000
Due on portfolio transfers (note 12)	131,954	84,231	131,954	84,231
Reinsurance liabilities	15,775	26,296	15,775	26,296
Accrued expenses	9,779	9,498	9,779	9,463
Amount payable to subsidiary company	-	-	11,235	8,572
Other payables	28,202	19,913	15,190	10,163
	185,710	139,938	183,933	138,725

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

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

19. INCOME TAX

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000
Current tax liabilities				
Current tax on the adjusted profit for the year at 15% (2006:22.5%)	3,553	33	3,535	-
Alternative minimum tax	-	78	-	78
Tax deducted at source	(98)	-	(96)	-
	3,455	111	3,439	78
Income Statement Charge				
Current tax on the adjusted profit for the year at 15% (2006:22.5%)	3,553	33	3,535	-
Alternative minimum tax	-	78	-	78
Deferred tax (note 11)	1,295	2,078	1,296	2,078
	4,848	2,189	4,831	2,156

19. 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	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**84,497**	58,909	**65,226**	34,113
Tax calculated at rate of 15% (2006:22.5%)	**12,675**	13,255	**9,784**	7,675
Income not subject to tax	**(10,683)**	(9,365)	**(9,259)**	(7,185)
Expenses not deductible for tax purposes	**2,954**	975	**2,950**	973
Share of results of associate	**(1,454)**	(3,369)	**-**	-
Effect of change in tax rate	**1,356**	615	**1,356**	615
Altenative Minimum tax	**-**	78	**-**	78
Tax charge for the year	**4,848**	2,189	**4,831**	2,156

20. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs'000	Rs'000
Gross		
- Claims reported and loss adjustment expenses	**396,299**	166,927
- Unearned premiums (page 45/note 27(b))	**354,213**	314,210
Total gross insurance liabilities	**750,512**	481,137
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses (note 12)	**275,753**	63,475
- Unearned premiums (notes 12,27(b))	**175,322**	132,625
Total reinsurers' share of insurance liabilities	**451,075**	196,100
Net		
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 27(a))	**120,546**	103,452
- Unearned premiums (note 27(b))	**178,891**	181,585
	299,437	285,037
Claims incurred but not reported IBNR (note 27(a))	**16,500**	12,329
Total net insurance liabilities	**315,937**	297,366

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21. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income				
- Quoted	**5,254**	11,413	**5,254**	11,413
- Unquoted	**24,484**	15,875	**24,484**	15,875
	29,738	27,288	**29,738**	27,288
Investment income:				
- Dividend income				
• Listed	**4,028**	3,375	**4,028**	3,375
• DEM quoted	**38,848**	38,753	**27,677**	27,583
• Unquoted	**3,088**	1,124	**3,089**	1,124
	45,964	43,252	**34,794**	32,082
	75,702	70,540	**64,532**	59,370
Total Investment income:				
Minority interest - dividend income	**11,170**	11,170	**-**	-
Interest and investment income	**64,532**	59,370	**64,532**	59,370
	75,702	70,540	**64,532**	59,370

22. OTHER INCOME

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Loss on disposal of available-for-sale financial assets	**(238)**	-	**(238)**	-
Release from fair value reserve	**28,635**	-	**28,635**	-
Profit on disposal of investment in Subsidiary Company	**-**	37	**-**	37
Profit on disposal of property and equipment	**888**	1,135	**888**	1,135
Secretarial fees	**533**	378	**-**	-
	29,818	1,550	**29,285**	1,172
Rent	**2,634**	2,610	**2,634**	2,610
Net foreign exchange (loss)/gains	**(14,270)**	18,506	**(14,331)**	18,458
	(11,636)	21,116	**(11,697)**	21,068
Total	**18,182**	22,666	**17,588**	22,240

23. MARKETING AND ADMINISTRATIVE EXPENSES

(a) Marketing and administrative expenses include:

	THE COMPANY	
	2007	2006
	Rs'000	Rs'000
- Internal auditors' fees	**489**	367
- Staff costs (see note (b) below)	**97,243**	95,691

(b) Analysis of staff costs

- Salaries and wages	**67,843**	65,902
- Retirement benefit obligation costs (note 17(v))	**10,138**	11,672
- Other costs	**19,262**	18,117
	97,243	95,691

24. DIVIDENDS PAID

	2007	2006
	Rs'000	Rs'000
Dividends paid amounted to Rs. 5.50 per ordinary share (2006: Rs.5.00 per ordinary share)	**39,442**	35,857

25. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
Earnings per share				
Profit attributable to equity holders of the Company (Rs'000)	**64,517**	38,887	**60,397**	31,957
Number of ordinary shares in issue	**7,171,346**	7,171,346	**7,171,346**	7,171,346
Basic earnings per share (Rs/cs)	**9.00**	5.42	**8.42**	4.46

26. NOTES TO THE CASH FLOW STATEMENTS

(a) Operating activities

		THE GROUP		THE COMPANY	
	Notes	**2007**	2006	**2007**	2006
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation and minority interest		**69,365**	41,076	**65,228**	34,113
Adjustments for:					
Depreciation	5	**7,118**	10,030	**7,107**	10,019
Amortisation	6	**1,093**	1,092	**1,093**	1,092
Foreign exchange gains	22	**14,270**	(18,506)	**14,331**	(18,459)
Profit on sale of property and equipment	22	**(888)**	(1,135)	**(888)**	(1,135)
Release from fair value reserve on disposal of financial assets	22	**(28,635)**	-	**(28,635)**	-
Loss on disposal of financial assets	22	**238**	-	**238**	-
Profit on disposal of investment in Subsidiary Company		**-**	-	**-**	(37)
Investment income	21	**(64,532)**	(59,370)	**(64,532)**	(59,370)
Retirement benefit obligations		**(1,067)**	(3,781)	**(1,070)**	(3,781)
Minority interest (Dividend)	16	**15,132**	17,833	**-**	-
Change in Unearned Premiums	20/27(b)	**40,003**	40,505	**40,003**	40,505
Share of results of associate		**(9,696)**	(14,971)	**-**	-
Changes in working capital:					
- Trade and other receivables		**(322,092)**	18,634	**(326,463)**	18,778
- Trade and other payables		**45,772**	(217,500)	**45,208**	(218,706)
- Outstanding claims		**233,543**	179,256	**233,543**	179,256
Cash used in operating activities		**(376)**	(6,837)	**(14,837)**	(17,725)

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term deposits	**222,532**	192,612	**222,532**	192,612
Bank balances and cash	**20,083**	32,028	**19,248**	31,667
Cash and cash equivalents	**242,615**	224,640	**241,780**	224,279

The interest rates on short-term foreign deposits ranged from **3.51%** to **6.065%** (2006: 2.215% to 5.215%) and on local deposits from **8%** to **9.65%** (2006: average of 5 % to 6.5 %).

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

27. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

THE COMPANY

(a) Outstanding claims

	2007			2006		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	166,927	(63,475)	103,452	189,661	(114,978)	74,683
Increase in liabilities	689,489	(441,315)	248,174	314,132	(75,822)	238,310
Cash paid for claims settled in the year (Page 45)	(460,117)	229,037	(231,080)	(336,866)	127,325	(209,541)
	396,299	(275,753)	120,546	166,927	(63,475)	103,452
Incurred but not reported (IBNR) (note 20)			16,500			12,329
At December 31,			137,046			115,781

(b) Provision for unearned premiums

	2007			2006		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	314,210	(132,625)	181,585	294,243	(153,163)	141,080
Increase during the year	40,003	(42,697)	(2,694)	19,967	20,538	40,505
At December 31,(note 20)	354,213	(175,322)	178,891	314,210	(132,625)	181,585

28. COMMITMENTS

	THE GROUP	
	2007	2006
	Rs'000	Rs'000
Outstanding commitments for loans, freehold properties and investments approved by the Board of Directors	174,900	213,800

29. SEGMENT INFORMATION - THE GROUP

(a) Primary reporting format-business segments

		General		2007
	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	1,470,621	506,820	379,999	2,357,440
Net earned premiums	1,392,727	270,380	97,507	1,760,614
Underwriting surplus	-	73,609	59,430	133,039
Investment income				75,702
Operating profit				208,741
Other income				18,182
				226,923
Marketing and Administrative expenses				(143,911)
Share of profit of Associate				9,696
Depreciation				(7,118)
Amortisation				(1,093)
Profit before taxation				84,497
Taxation				(4,848)
Profit for the year				79,649
Transfer to Statutory Reserve Fund				-
Retained profit for the year				79,649

		General			2007
	Life	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	17,607,922	616,183	222,216	945,014	19,391,335
Segment liabilities	(17,607,922)	(117,998)	(29,730)	(842,414)	(18,598,064)
Equity holders' interest					793,271
Capital expenditure	-	2,373	856	3,640	6,869
Depreciation	-	2,459	887	3,772	7,118
Amortisation	-	378	136	579	1,093

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

(b) Primary reporting format-business segments

		General		2006
	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	1,337,548	422,924	334,240	2,094,712
Net earned premiums	1,286,401	240,147	66,483	1,593,031
Underwriting surplus	-	18,610	71,562	90,172
Investment income				70,540
Operating profit				160,712
Other income				22,666
				183,378
Marketing and Administrative expenses				(128,318)
Share of profit of Associate				14,971
Depreciation				(10,030)
Amortisation				(1,092)
Profit before taxation				58,909
Taxation				(2,189)
Profit for the year				56,720
Transfer to Statutory Reserve Fund				(1,598)
Retained profit for the year				55,122

		General			2006
	Life	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	14,384,606	400,910	107,718	939,263	15,832,497
Segment liabilities	(14,384,606)	(96,943)	(13,584)	(558,020)	(15,053,153)
Equity holders' interest					779,344
Capital expenditure	-	2,990	803	7,004	10,797
Depreciation	-	2,777	846	6,407	10,030
Amortisation	-	302	81	709	1,092

30. HOLDING COMPANY

The Directors regard Intendance Holding Limited which owns 69.44% of the Company's share capital, as the Holding Company. The remaining shares are widely held. Both the Company and the Holding Company are incorporated in Mauritius and their registered offices are situated at Swan Group Centre, Intendance Street, Port-Louis.

31. RELATED PARTY TRANSACTIONS

(a) THE GROUP	Sales of services Rs'000	Investment income Rs'000	Claims paid Rs'000	Financial assets Rs'000	Loans Rs'000	Debtors Rs'000	Claims Outstanding Rs'000	Amount owed (to)/ by related parties Rs'000
2007								
Shareholders with significant influence	**123,304**	**8,635**	**119,173**	**-**	**59,445**	**-**	**178,616**	**8,572**
Enterprises that have a number of directors in common	**2,426**	**1,133**	**3,170**	**20,293**	**-**	**1,495**	**1,285**	**-**
Enterprises on which the Company and Subsidiaries exert significant influence	**36,509**	**400**	**-**	**589,298**	**35,324**	**-**	**1**	**-**
Key Management Personnel	**22,712**	**-**	**9,090**	**-**	**37,598**	**2,016**	**3,034**	**-**
	184,951	**10,168**	**131,433**	**609,591**	**132,367**	**3,511**	**182,936**	**8,572**
2006								
Shareholders with significant influence	118,911	10,467	33,012	-	72,236	2,298	14,207	8,598
Enterprises that have a number of directors in common	14,268	851	1,974	20,649	-	1,607	4,354	(542)
Enterprises on which the Company and Subsidiaries exert significant influence	35,658	524	31	388,765	23,292	-	10	-
Key Management Personnel	1,653	-	1,519	-	51,219	202	60	-
	170,490	11,842	36,536	409,414	146,747	4,107	18,631	8,056

31. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Sales of services	Investment income	Management fees paid	Claims paid	Financial assets	Loans	Debtors	Claims Outstanding	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2007									
Subsidiary companies	**7,342**	**27,328**	**304**	**4,752**	**31,039**	**-**	**4,343**	**150**	**10,920**
Shareholders with significant influence	**103,436**	**-**	**-**	**119,173**	**-**	**-**	**-**	**178,616**	**-**
Enterprises that have a number of Directors in common	**2,426**	**1,133**	**-**	**3,170**	**9,235**	**-**	**1,495**	**1,285**	**-**
Enterprises on which the Company exerts significant influence	**15**	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**-**
Key Management Personnel	**22,712**	**-**	**-**	**9,090**	**-**	**-**	**2,016**	**3,034**	**-**
	135,931	**28,461**	**304**	**136,185**	**40,274**	**-**	**7,854**	**183,086**	**10,920**
2006									
Subsidiary companies	6,431	27,238	902	3,946	31,462	-	3,872	109	8,572
Shareholders with significant influence	96,884	283	-	33,012	-	1,975	2,298	14,207	-
Enterprises that have a number of Directors in common	14,223	851	-	1,974	9,683	-	1,607	4,354	-
Enterprises on which the Company exerts significant influence	76	-	-	31	-	-	-	10	-
Key Management Personnel	1,653	-	-	1,519	-	14,804	202	60	-
	119,267	28,372	902	40,482	41,145	16,779	7,979	18,740	8,572

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short-term employee benefits	**42,621**	50,177	**20,394**	21,294
Post-employment benefits - current service cost	**2,450**	3,621	**1,632**	1,989
- others	**94**	98	**44**	49
Termination benefits	**18,104**	-	**11,008**	-
	63,269	53,896	**33,078**	23,332

32. FIVE YEAR SUMMARY

(a) THE GROUP

	2007	2006	2005	2004	2003
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
		Restated			
INCOME STATEMENTS					
Gross premiums	**2,357,440**	2,094,712	1,778,732	1,531,478	1,376,082
Net earned premiums	**1,760,614**	1,593,031	1,292,636	1,109,062	973,311
Underwriting surplus	**133,039**	90,172	111,605	88,830	99,240
Operating profit	**208,741**	160,712	175,691	151,485	158,611
Profit before taxation	**84,497**	58,909	104,392	71,592	59,937
Taxation	**4,848**	2,189	4,906	5,628	3,657
Profit for the year	**79,649**	56,720	99,486	65,964	56,280
Retained profit for the year	**79,649**	55,122	95,061	63,221	53,968
Attributable to:					
Equity holders of the Company	**64,517**	37,289	83,891	52,051	43,825
Minority interest	**15,132**	17,833	11,170	11,170	10,143
	79,649	55,122	95,061	63,221	53,968
BALANCE SHEETS					
Non-current assets	**615,415**	557,808	499,290	409,236	392,086
Current assets	**1,167,998**	890,083	984,967	758,969	782,352
Life Business Assets	**17,607,922**	14,384,606	11,473,068	9,762,358	8,117,046
	19,391,335	15,832,497	12,957,325	10,930,563	9,291,484
Equity holders' interest	**770,381**	754,747	644,944	563,298	541,644
Minority Interest	**22,890**	24,597	26,272	8,867	18,819
Life Assurance Fund	**17,607,922**	14,384,606	11,473,068	9,762,358	8,117,046
Gross unearned premiums	**354,213**	314,210	294,243	230,639	221,875
Outstanding claims & IBNR	**412,799**	179,256	201,990	221,750	249,794
Non-current liabilities	**33,965**	35,032	38,786	34,024	30,575
Current liabilities	**189,165**	140,049	278,022	109,627	111,731
	19,391,335	15,832,497	12,957,325	10,930,563	9,291,484
Dividends per share (rupees and cents)	**5.50**	5.00	5.00	4.50	4.00
Earnings per share (rupees and cents)	**9.00**	5.42	12.32	7.64	6.43
Net assets value per share (rupees and cents)	**107.42**	105.24	89.93	78.55	75.53
Number of shares used in calculation	**7,171,346**	7,171,346	7,171,346	7,171,346	7,171,346

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

32. FIVE YEAR SUMMARY

(b) THE COMPANY

	2007	2006	2005	2004	2003
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
INCOME STATEMENTS					
Gross premiums	**886,819**	757,164	676,713	583,609	577,273
Net earned premiums	**367,887**	306,630	236,468	210,575	214,565
Underwriting surplus	**133,040**	90,172	111,605	88,830	99,240
Operating profit	**197,572**	149,542	164,521	140,315	148,466
Profit before taxation	**65,228**	34,113	93,411	60,489	49,889
Taxation	**4,831**	2,156	4,906	5,628	3,657
Profit for the year	**60,397**	31,957	88,505	54,861	46,232
Retained profit for the year	**60,397**	30,359	84,080	52,118	43,920
BALANCE SHEETS					
Non-current assets	**592,621**	508,844	530,329	440,275	423,141
Current assets	**1,128,704**	829,569	894,300	727,764	722,060
	1,721,325	1,338,413	1,424,629	1,168,039	1,145,201
Equity holders' interest	**733,008**	671,139	611,622	572,372	524,853
Gross unearned premiums	**354,213**	314,210	294,243	230,639	221,875
Outstanding claims and IBNR	**412,799**	179,256	201,990	221,750	249,794
Non-current liabilities	**33,933**	35,005	38,786	34,024	30,575
Current liabilities	**187,372**	138,803	277,988	109,254	118,104
	1,721,325	1,338,413	1,424,629	1,168,039	1,145,201
Dividends per share (rupees and cents)	**5.50**	5.00	5.00	4.50	4.00
Earnings per share (rupees and cents)	**8.42**	4.46	12.34	7.65	6.45
Net assets value per share (rupees and cents)	**102.21**	93.59	85.29	79.82	73.19
Number of shares used in calculation	**7,171,346**	7,171,346	7,171,346	7,171,346	7,171,346

other statutory disclosures

FOR THE YEAR ENDED DECEMBER 31, 2007 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. M. J. Cyril LAGESSE
Mr. P. Arnaud DALAIS / Diplôme Universitaire en Gestion des Entreprises [up to 31.12.2007]
Me. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL / A.C.I.B. (UK)
Mr. M.M. Hector ESPITALIER-NOËL / A.C.A .[up to 21.11.2007]
Mr. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK) [as from 21.11.2007]
Mr. Henri HAREL / A.C.I.S.
Mr. Thierry LAGESSE / M.B.A. (France)
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Paul ROUSSET / A.C.I.I. [up to 01.07.2007]
Mr. Victor SEEYAVE / M.B.A. (USA), B.A. Economics (UK)

DIRECTORS OF SUBSIDIARY COMPANIES

The Anglo-Mauritius Assurance Society Limited

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. M. J. Cyril LAGESSE
Mr. P. Arnaud DALAIS / Diplôme Universitaire en Gestion des Entreprises [up to 31.12.2007]
Me. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL / A.C.I.B. (UK)
Mr. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK) [as from 21.11.2007]
Mr. M.M. Hector ESPITALIER-NOËL / A.C.A. [up to 21.11.2007]
Mr. Henri HAREL / A.C.I.S.
Mr. Thierry LAGESSE / M.B.A. (France)
Me. M.F.I. Jean Hugues MAIGROT
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Victor SEEYAVE / M.B.A. (USA), B.A. Economics (UK)

Swan International Co. Ltd.

Mr. M.E.Cyril MAYER / B. Com., CA (SA) – Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

Ilot Fortier Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

Investment & Administrative Co. (Mtius) Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr Jean Paul CHASTEAU DE BALYON [as from 30.10.2007]

Manufacturers' Distributing Station Limited

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Jean Paul CHASTEAU DE BALYON [as from 30.10.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

other statutory disclosures

FOR THE YEAR ENDED DECEMBER 31, 2007 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE SUBSIDIARY COMPANIES (CONT'D)

Pension Consultants and Administrators Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

Standard Property Co. Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

Swan Properties Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 31.12.2007]

Swan Group Corporate Services Limited

Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Jean Paul CHASTEAU DE BALYON

The Anglo-Mauritius Financial Services Limited

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / BSc (Hons.) (SA), F.I.A (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr. Paul ROUSSET / A.C.I.I. [up to 01.07.2007]

Themis Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr Jean Paul CHASTEAU DE BALYON [as from 30.10.2007]

Verdun Industrial Building Co. Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr Jean Paul CHASTEAU DE BALYON [as from 30.10.2007]

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	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive Directors				
— Full-time	**6,985**	11,433	**4,262**	6,062
Non-executive Directors	**979**	1,077	**1,044**	1,240
	7,964	12,510	**5,306**	7,302

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

	From the Subsidiaries	
	2007	2006
	Rs'000	Rs'000
Executive Directors		
— Full-time	**32**	3,279
Non-executive Director	**75**	105
	107	3,384

CHARITABLE DONATIONS

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Charitable donations - 18 recipients				
(2006: 14 recipients)	**943**	190	**356**	129
Others	**-**	-	**-**	-

AUDITORS' FEES

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees paid to				
- BDO De Chazal du Mée	**2,159**	1,771	**1,020**	917
- Other firms	**-**	660	**-**	37
Fees paid for other services provided by				
- BDO De Chazal du Mée	**758**	806	**440**	520
- Other firms	**-**	165	**-**	30
	2,917	3,402	**1,460**	1,504

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.

secretary's certificate

FOR THE YEAR ENDED DECEMBER 31, 2007

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.

Jean Paul CHASTEAU DE BALYON
For Swan Group Corporate Services Limited
Secretary

1st April 2008

Auditors:	BDO De Chazal Du Mée
Bankers:	AfrAsia Bank Ltd. Banque des Mascareignes Barclays Bank PLC Mauritius Post and Cooperative Bank Ltd. The Hongkong and Shanghai Banking Corporation Ltd. The Mauritius Commercial Bank Ltd. Union de Banques Suisses (Luxembourg) S.A.
Reinsurance Broker:	AON Limited
Legal Advisers:	De Comarmond-Koenig Benoit Chambers

SWAN INSURANCE COMPANY LIMITED

proxy form

I/We..

of ....

being a member/s of SWAN INSURANCE COMPANY LIMITED

hereby appoint ....

of ....

or failing him ....

of .... as my/our proxy to vote for me/us on my/our behalf at the

Annual Meeting of the Company to be held on Thursday 26th June, 2008 at 9.30 hours and at any adjournment thereof.

I/We desire my/our vote to be cast on the ordinary resolutions as follows:

	FOR	AGAINST	ABSTAIN
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2007.			
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.			
5. To re-elect Mr. M.J.Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
6. To re-elect Mr. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
7. To elect as Director of the Company Mr. Eric Espitalier-Noël in compliance with Article 21.5 (a) of the Company's Constitution.			
8. To elect as Director of the Company Mr. Pierre Dinan in compliance with Article 21.5 (a) of the Company's Constitution and Section 138 (6) of the Companies Act 2001.			
9. To elect as Director of the Company Mr. Jérôme de Chasteauneuf in compliance with Article 21.5 (a) of the Company's Constitution.			
10. To elect as Director of the Company Mr. Michel Thomas in compliance with Article 21.5 (a) of the Company's Constitution.			

Dated this .... day of .... 2008.

(S) ....

Notes:

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice (whether a member or not) to attend and vote on his/her behalf.
2. Please mark in the appropriate space how you wish to vote. If no specific instruction as to voting is given, the proxy will exercise his/her discretion as how he/she votes.
3. 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 hours before the day fixed for the meeting or else the instrument of proxy shall not be treated as valid.