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Swan Group 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*

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. 1.8 billion for the year ended 31st December 2005. Assets under the management of the Swan Group amounted to Rs. 12.6 billion and the Life Assurance Fund reached Rs. 11.5 billion at 31st December 2005.

Reserves of the Swan Group stood at Rs. 609.1 million and that of the Company at Rs. 575.8 million in 2005.

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. 2.1 billion and loans on business properties totalled Rs. 218 million at 31st December 2005.

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 2005 was Rs. 788.8 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 **Wednesday 28th June 2006 at 09.30 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 2005 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 at 31st December 2005.
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company 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 elect as Directors of the Company Messrs. George John Dumbell and Peeroomal Gopallen Moorooogen. Each of the above-named shall be elected by a separate resolution.

By order of the Board of Directors



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

2nd May 2006
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 – Year ended December 31, 2005

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Insurance Company Limited for the year ended December 31, 2005, contents of which are listed below:

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This report was approved by the Board of Directors on 28th March 2006.



M.E. Cyril Mayer
Chairperson



Sulliman Adam Moollan
Director

Principal Activities - Year ended December 31, 2005

PRINCIPAL ACTIVITIES

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

The Anglo-Mauritius Assurance Society Limited	Life assurance, pensions, actuarial and investment business
Swan International Co. Limited	Reinsurance broking, consultancy and investment
Swan Properties Ltd.	Purchase, development and sale of land
Verdun Industrial Building Co. Ltd.	Rental of industrial buildings
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 Corporation
Société de la Montagne	Investment Corporation
Société de la Rivière	Investment Corporation

Directorate and Management – for the financial year 2005

DIRECTORS

Non-Executive

M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson

M. J. Cyril LAGESSE

P.Arnaud DALAIS, Diplôme Universitaire en Gestion des Entreprises

Me. Pierre DOGER DE SPÉVILLE

M.M. Hector ESPITALIER-NOËL, A.C.A.

Henri HAREL, A.C.I.S. (as from 22.03.2005)

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

Noël Adolphe VALLET

Independent Non-Executive

George John DUMBELL, A.C.I.B. (U.K.) (as from 01.01.2006)

Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 22.03.2005)

Peeroomal Gopallen MOOROOGEN, F.C.C.A., M.B.A. (Wales) (as from 01.06.2005)

Victor SEEYAVE, M.B.A. (USA), B.A. Economics (U.K.) (as from 22.03.2005)

Executive

Jean DE FONDAUMIÈRE, C.A. (Scotland) (appointed Director as from 22.03.2005) Group Chief Executive

Paul ROUSSET, A.C.I.I. (appointed Director as from 22.03.2005) Consultant

Group Chief Operations Officer

Louis RIVALLAND, B.Sc. (Hons.), F.I.A. (U.K.), F.A.S. (S.A.)

Group Company Secretary (up to 30th April 2006)

Jean Paul Chateau de Balyon

Swan Group Corporate Services Limited (as from 1st May 2006)

Secretary

(per Jean Paul Chateau de Balyon)

Consultants to the Group Chief Executive

Josie LAPIERRE, M.S.G., D.E.A., F.C.M.I. (up to 31st October 2005)

Gérald LINCOLN



Cyril MAYER



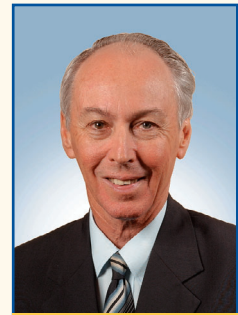
M.J. Cyril LAGESSE



P.Arnaud DALAIS



Jean DE FONDAUMIÈRE



Me. Pierre DOGER DE SPÉVILLE



George. J DUMBELL



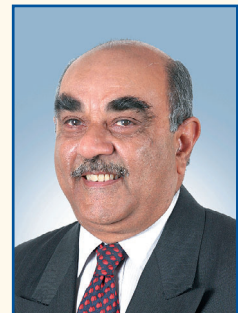
M. M. Hector ESPITALIER-NOËL



Henri HAREL



Thierry LAGESSE



Sulliman Adam MOOLLAN



P. Gopallen MOOROGEN



Paul ROUSSET



Victor SEEYAVE



Noël Adolphe VALLET

M.E. Cyril MAYER, B. Com, C.A. (S.A.)

Managing Director of Harel Frères Limited.

Positions presently held on sugar sector institutions:

Chairperson of the Mauritius Sugar Syndicate

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

Has also served on the Joint Economic Council, the Mauritius Chamber of Agriculture, the Mauritius Sugar Industry Research Institute and the Mauritius Employers' Federation.

Positions presently held on public sector institutions:

Board Member of the Mauritius Sugar Authority

Member of the National Committee on Corporate Governance

Board Member of the National Economic and Social Council

Directorships of listed Companies:

- Mon Trésor and Mon Désert Ltd. (Non-executive Chairperson)
- The Mauritius Development Investment Trust Company Limited (Alternate Director)

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" ("CIDL") in the early 1970's.

Mr. Lagesse also sits on the Board of several of the country's most prestigious companies.

Directorships of listed Companies:

- Mauritius Stationery Manufacturers Ltd.
- Naiade Resorts Limited
- Sun Resorts Limited
- The Mauritius Commercial Bank Ltd.
- United Basalt Products Ltd.

Directorate and Management (continued) – for the financial year 2005

P.Arnaud DALAIS, Diplôme Universitaire en Gestion des Entreprises

Group Chief Executive of CIEL Group.

Directorships of listed Companies:

- Ireland Blyth Limited
- Sun Resorts Limited
- Promotion and Development Limited
- Caudan Development Limited

Former Chairperson of the following private sector organisations:

- The Mauritius Chamber of Agriculture
 - The Mauritius Sugar Syndicate
 - Joint Economic Council
-

Me. Pierre DOGER DE SPÉVILLE

Notary Public from August 1965 to June 1997.

Chairperson of the Médine Group of Companies

Directorship of listed Companies:

- Happy World Foods Limited
-

George John DUMBELL, A.C.I.B. (U.K.)

Chairperson, Constance La Gaieté Company Limited

Joined the HSBC Group in August 1968 which he served at Senior Management positions in nine countries across Asia, America, Middle East and Europe.

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

Directorship of listed Companies:

- Belle Mare Holding Limited
-

M. M. Hector ESPITALIER-NOËL, A.C.A.

Chief Executive of The Espitalier-Noël Group.

Directorships of listed Companies:

- New Mauritius Hotels (Non-executive Chairperson)
- Rogers & Co. Ltd. (Non-executive Chairperson)

Former Chairperson of the following sugar sector institutions:

- The Mauritius Chamber of Agriculture
 - The Mauritius Sugar Producers' Association
 - The Mauritius Sugar Syndicate
-

Henri HAREL, A.C.I.S.

Group Chief Finance Officer of Harel Frères Ltd.

Directorship of listed Companies:

- Harel Frères Limited

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

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

Directorships of listed Companies:

- Ireland Blyth Limited (Non Executive Chairperson)
- Sun Resorts Limited
- The United Basalt Products Limited

Member of the Mauritius Chamber of Agriculture

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

Sulliman Adam MOOLLAN, C.P.A. - (Australia), Graduate in Economics (Australia)

Managing Director of ASMO Securities and Investments Ltd.

Chairperson of Central Depository & Settlement Co. Ltd.

Former Chairperson of The Stock Exchange of Mauritius Limited.

Peeroomal Gopallen MOOROGEN, F.C.C.A., M.B.A. (Wales)

Head of Residential Services Division of Mauritius Telecom

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

Victor SEEYAVE, M.B.A., (U.S.A.) - B.A. Economics, (U.K.)

Managing Director of Altima Ltd.

Directorship of listed Companies:

- Happy World Foods Ltd.
-

Noël Adolphe VALLET

Director of The Constance La Gaieté Company Limited

Promoter of L'Aventure du Sucre

Directorships of listed Companies:

- Belle Mare Holding Limited
- Sun Resorts Limited

Directorate and Management (continued) – for the financial year 2005

Management Team in 2005

Operations Executive

Michel THOMAS, LL.M., F.C.I.I., MCI Arb – Short Term Operations

Senior Managers

Jean Marc CHEVREAU – Individual Business, Motor and Agents' Development
Suzanne CHUNG TAK LUN – Group Information Technology
Guy DE GAYE – Technical
Late Gilles HERBEREAU DE LACHAISE – Marine (Up to 16th October 2005)
Philippe LO FAN HIN, F.C.I.I. – Reinsurance and Statistics
Vishnoo LUXIMAN, M.Sc.-Group Human Resources (As from January 2006)
Maxime REY – Group Finance
Pierre XAVIER – Accountant (Up to 30th June 2005)

Managers

Patrick ANDRÉ – Health and Travel
Trilok BHURTUN, F.C.C.A., M.B.A. – Accountant (As from 01st July 2005)
Sophie DECOTTER, B.Soc.Sc. – Group Human Resources (Up to 30th April 2005)
Rémi DESVAUX DE MARIGNY – Commercial
Valérie DUVAL, L.L.B. (Hons.) – Claims
Krishen GOWRY – Motor
Ishwari MADHUB, B.Sc. (Hons.), F.C.C.A., M.B.C.S – Information Technology
Gilbert MONTENOT – Maintenance
Gilbert REY – Commercial
Gilbert XAVIER – Fire & Accident

Senior Management Team Profile 2005

Jean DE FONDAUMIÈRE, C.A.

Group Chief Executive

Chartered Accountant (C.A.), Scotland

Qualified in 1980, Jean de Fondaumière (52) served in managerial positions at Price Waterhouse, Kleinwort Benson and Security Pacific, Sydney, Australia from 1981 to 1991 in the fields of audit and merchant banking.

He joined The Anglo-Mauritius Assurance Society Ltd. in 1992 as Assistant Managing Director. He was appointed General Manager and Chief Executive Officer of The Anglo-Mauritius Assurance Society Ltd. in 1993 and 1994 respectively and Group Chief Executive of the Swan Group namely Swan Insurance Company Ltd. and The Anglo-Mauritius Assurance Society Ltd. in 1997. He is the Chairperson of the Executive Management Committee of the Swan Group since January 2005.

He has been the Chairperson of the Stock Exchange of Mauritius since 2002 (Chairperson of the Corporate Governance Committee) and of Mozambique Capital Partners Ltd. since 1997, a Director of Lémuria Resorts (tourism) in Seychelles since 1998 and a Director of South Asia Regional Fund (member of its Audit Committee) since 1997.

He is a Director of the following Listed Companies:

- Belle Mare Holding Limited
- Harel Frères Limited (member of the Corporate Governance Committee)
- Ireland Blyth Limited (Chairperson of the Audit Committee)
- Naiade Resorts Limited (Member of the Audit Committee)
- Sun Resorts Ltd. (Chairperson of the Corporate Governance Committee)
- The Mauritius Development Investment Trust Co. Ltd.
- The Mount Sugar Estates Co. Ltd.
- United Docks Limited.

Paul ROUSSET, A.C.I.I.

Consultant

Associate of the Chartered Insurance Institute (A.C.I.I.) – United Kingdom (U.K.)

Paul Rousset (58) joined Swan Insurance in 1967. He spent three years from 1971 to 1973 at the Royal Insurance in United Kingdom after which period he qualified as A.C.I.I.

He was appointed Assistant General Manager of Swan Insurance in 1977 and acquired a vast experience and technical expertise in the area of the general insurance business in the ensuing twenty years.

He was appointed Executive Manager of Swan Insurance in 1997 and significantly contributed to guiding Swan Insurance through a difficult period resulting from the impact of reinsurance costs internationally. He has established a strong reputation with the international community of reinsurers and a relationship of professional trust with the Company's international reinsurance Broker.

His latest achievements are in the areas of the streamlining of the Swan Group structure and operations.

Since January 2005, he is acting as Consultant in respect of the Swan Group and is a member of the Executive Management Committee.

Directorate and Management (continued) – for the financial year 2005

Senior Management Team Profile (continued)

Louis RIVALLAND, B.Sc. (Hons.), F.I.A. (U.K.), F.A.S. (S.A)

Group Chief Operations Officer

B.Sc. (Hons.) in Actuarial Science and Statistics, South Africa (S.A.)

Fellow of the Institute of Actuaries (F.I.A.), United Kingdom (U.K.)

Fellow of the Actuarial Society of South Africa (F.A.S.S.A.)

From 1994 to January 1997, Louis Rivalland (35) worked for the Commercial Union in South Africa as Manager - Product Development and was promoted Senior Manager in February 1997. From February 1998 to July 1999, he worked as Actuary and Consultant at Watson Wyatt in Johannesburg, South Africa whereby he was responsible for developing the investment area and for a number of clients on the pensions side 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. He has been appointed Group Chief Operations Officer since January 2005 and is responsible for the operations of Swan Insurance and The Anglo-Mauritius. He is a member of the Executive Management Committee of the Swan Group since January 2005.

He has been elected President of the Insurers' Association in March 2006.

He is a Director of the following Listed Companies:

- Mon Désert Alma Limited (Chairperson of the Audit Committee)
- New Mauritius Hotels (member of its Audit Committee)
- The General Investment and Development Co. Ltd. (Chairperson of the Audit Committee)

His key areas of specialisation are investment management as well as product development in insurance and pensions business.

Jean Paul CHASTEAU DE BALYON

Member of The Chartered Insurance Institute (C.I.I.) – U.K.

Member of The Association of Company Secretaries – Mauritius

Jean Paul Chasteau de Balyon (55) 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 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 World Trade Organisation (WTO) and was part of the national delegation which took part in the WTO negotiations in Geneva in 2002 and 2003.

He acts as Alternate Director of Companies in the tourism and financial sectors.

Since the 1st May 2006, Jean Paul Chasteau de Balyon acts as Company Secretary of Swan Group Corporate Services Ltd., a Company incorporated to provide secretarial services to the Swan Group.

Gerald LINCOLN

Consultant to Group Chief Executive

Gerald Lincoln (70) joined The Anglo-Mauritius as Executive in the Accounts Department in December 1971. He was appointed Accountant and Manager of the Accounts Department in July 1985 and significantly contributed to the financial and risk management of The Anglo-Mauritius in the ensuing years.

In January 1994, he was appointed Assistant to the General Manager of The Anglo-Mauritius and was promoted to Executive Manager of The Anglo-Mauritius in January 1997. In the period of eight years to the date of his retirement in December 2001 he was a key figure in the development and modernisation process of The Anglo-Mauritius.

He was re-employed in 2002 in the capacity of Consultant to Group Chief Executive and has valuable input regarding the strategy and restructuring of the Swan Group.

He is a Director and Alternate Director of a number of Companies in the sugar, tourism and financial services sectors.

He is an Alternate Director for the following Listed Companies:

- The Mauritius Development Investment Trust Co. Ltd
- The Mount Sugar Estates Co. Ltd
- United Docks Limited.

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

Operations Executive

Short Term Operations

Fellow of the Chartered Insurance Institute (F.C.I.I.) – U.K.

Chartered Insurer – U.K.

Master of Laws (LL.M) – United Kingdom (U.K.)

Associate member of the Chartered Institute of Arbitrators (MCI Arb)

Member of the Chartered Insurance Institute – U.K., Chartered Institute of Arbitrators - U.K., the British Insurance Law Association – U.K.

Michel Thomas (46) 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. Since 2003, he has been acting as Money Laundering Reporting Officer (MLRO) of the Swan Group.

He has twenty-five years work experience in short term 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.

Directorate and Management (continued) – for the financial year 2005

Senior Management Team Profile (continued)

Jean Marc CHEVREAU

Senior Manager

Individual Business, Motor and Agents' Development

Jean Marc Chevreau (53) joined the Albatross Insurance Company Ltd. as Underwriter in short term insurance in 1976 and was later promoted to Senior Supervisor. In 1986 he joined the Mauritian Eagle Co. Ltd. as Marketing Manager in the short term 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 in respect of the short term insurance business.

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

He has been responsible for the Motor and Fire and Accident Department since 2003. Since January 2005, he is responsible for the Individual Business, Motor and Agents' Development.

He has been involved in several committees of the Insurers' Association (I.A.) and more recently he was a member of the Committee working on the "constat à l'amiable". He is 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.

Suzanne CHUNG TAK LUN

Senior Manager

Group Information Technology

Suzanne Chung Tak Lun (57) joined Swan Insurance in 1979 and was appointed Senior Manager of the Information Technology Department of Swan Insurance in 2000.

Since January 2005, she has been appointed Senior Manager – Group Information Technology of the Swan Group. She has thirty-five years experience in information technology with the last five years at senior management level.

She specialises in the design and implementation of systems on different platforms, especially IBM AS400.

She has developed a wide range of experience in the implementation and support of various projects:

- Commercial Systems with Mauritius Computing Services
- Government Projects with International Computers Limited & Government of Mauritius
- Sugar Industry systems with West East Limited
- Reinsurance systems with Reinsurance Company of Mauritius
- General Insurance systems with Swan Insurance Co Ltd.

Her key areas of specialisation are systems analysis and design, large programmes and project management as well as relational database management systems.

Guy de Gaye

Senior Manager

Technical

Affiliate Member of the Australian and New Zealand Institute of Insurance and Finance (ANZIIF)

Member of The Insurance Institute of Mauritius (I.I.M.)

Guy de Gaye (51) 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 transferred in 1980 to the Commercial Department.

He was appointed Superintendent of the Commercial Department in 1985 and promoted as Manager in 1997. Whilst keeping abreast of developments in the insurance industry and through extensive training and work dedication, 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 key responsibilities to service the insurances of the industrial and corporate sectors.

He was appointed Senior Manager Technical of the Company in 2005.

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

Senior Manager

Reinsurance and Statistics

Fellow of the Chartered Insurance Institute (F.C.I.I.) – United Kingdom (U.K.)

Chartered Insurer – U.K.

Member of the Chartered Insurance Institute (C.I.I.) – U.K.

Member of The Insurance Institute of Mauritius (I.I.M.)

Tse Kwong Philippe LO FAN HIN (47) 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 (C.I.I.) of London as well as a member of the Insurance Institute of Mauritius (I.I.M.).

He has been working in the Insurance Industry for 27 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 eleven years he has been heading the Reinsurance and Statistics department of Swan Insurance Co. Ltd.

Philippe 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 at Swan is to ensure that the Company is adequately reinsured with first class security Reinsurers for all the risks emanating from our underwriting activities.

Directorate and Management (continued) – for the financial year 2005

Senior Management Team Profile (continued)

Vishnoo LUXIMAN, M.Sc.

Senior Manager, Group Human Resources (As from January 2006)

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(44) 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, in Tanzania. He cumulated the responsibility of Acting Secretary of the Mauritius Sugar Producers' Association with that of Human Resources Manager of DRBC from September to December 2005.

He 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 Group Finance

Maxime Rey (53) 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 Anglo-Mauritius. He was concurrently appointed head of the Loans and Legal Departments, as well as Deputy Money Laundering Reporting Officer (MLRO), in 2003.

He was appointed Senior Manager - Group Finance in 2005, and is now heading the Finance departments of both Swan Insurance Company Ltd. and The Anglo-Mauritius Assurance Society Ltd.

Pierre XAVIER

Senior Manager and Accountant (Up to 30th June 2005)

Pierre Xavier (60) joined Swan Insurance as Accounts Clerk in January 1965. He was appointed Accountant of the Company in 1975. In January 2000 he was promoted to Senior Manager.

During his forty years experience at Swan, he has been involved with the considerable financial development necessary to provide the framework to the growth of Swan Insurance. He actively participated in the introduction of Swan Insurance on the official market of the Stock Exchange of Mauritius in 1990.

Over the years, he developed good working relationships with individual clients and with the Financial Departments of the Corporate Clients of the Company together with those of its reinsurers and reinsurance brokers.

Since January 2005 his main focus has been the transmission of knowledge to his colleagues to ensure an efficient and successful succession plan in the Swan Insurance finance management.

He retired from the company on 1st July 2005.

Chairperson's Statement and Directors' Report

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 2005.

The mauritian economy is in a difficult transitional phase. Structural changes globally and especially the fact that bilateral and multilateral agreements, which have been fundamental to its past performance, are expiring, are significant factors that are impacting on our economy. The sugar sector is unquestionably where pressure of events from the international front is likely to be the more harmful. Huge investments will be required to complete the consolidation process of this sector where power production is also involving considerable capital outlay.

Moreover, shooting fuel price and fierce competition on our traditional export markets have overshadowed to a certain extent efforts made on the local front.

Mauritius is focusing on sectors like tourism, the seafood hub, information technology and financial services where growth potential is encouraging.

I am pleased to report however that the Group has performed well during the year under review. As more amply described in the Group Chief Executive's Review, its achievements have resulted in improved profitability and a further consolidation of its reserve base. The new organisation structure which became effective on 1st January 2005 worked satisfactorily. The synergies which were expected to be derived of it were comforting.

The Group, which has a regional ambition, has prevailed itself of an investment opportunity in the Seychelles in partnership with the Seychelles Pension Fund. Clear signals of further opening and restructuring of the Seychelles economy give us confidence that we are investing at the right time in a country currently arousing meaningful interest from foreign investors especially in the tourism sector. This partnership is also an opportunity of contributing to the development of the insurance sector in the Seychelles.

In summary, the performance of the Group continued to improve and has contributed to further anchor its goodwill and reputation in the landscape of our financial sector. Given the results, increased dividends totalling Rs.35.9M (Rs.32.3M in 2004) were declared by the Board.

On the governance side, compliance with the Code of Corporate Governance was completed in 2005.

The Directors are pleased to welcome Messrs. Peeroomal Gopallen Moorooogen and George John Dumbell as non-executive independent Directors on the Board where their contribution will undoubtedly be an added value.

I would like on behalf of my colleagues of the Board to pay tribute to the executive team and the personnel at large for the quality of their performance. The value of an organisation like ours is largely attributable to its people and how their interest coincide with those of their group. I believe that they have put emphasis on operational excellence and everyone is reaping the benefits.



M.E. Cyril Mayer
Chairperson

Group Chief Executive's Review

SHORT TERM OPERATIONS

The year under review has been a stable one with no major catastrophe losses.

Both our commercial and personal lines business achieved satisfactory results.

Our motor and liability portfolio improved favourably during the year and has been a major contributor to the company's technical profit.

The marine business continued its steady growth and also achieved satisfactory results particularly regarding cargo insurance.

The health insurance sector is suffering from the escalating cost of claims. This sector of insurance is dependent on private health service providers and the increasing cost of medical technology. We are closely monitoring the claims control and ensuring that adequate premiums for the risks are charged.

The success of our disciplined approach to underwriting coupled with efficient claims handling were demonstrated in an improved surplus from operations amounting to Rs.111.6 million compared to Rs.88.8 million for the previous year, whereas the profit before taxation amounted to Rs.93.4 million compared to Rs.60.5 million in 2004.

We are thankful to our agents and brokers with whom we have been working in full collaboration during the year and who have contributed in achieving a satisfactory growth in the premium income.

We remain committed in delivering high standard of customer service and offering excellent products at fair prices backed by high-quality reinsurances. We are confident of achieving our goal of delivering sustainable operating results.

LONG TERM OPERATIONS

Individual Business

Premium income has continued to grow in line with our expectations in 2005. Net of reinsurance, total premiums grew by 17.5% between 2004 and 2005.

We have seen particular growth in our unit-linked range of products. Between 2004 and 2005, unit-linked premiums grew by 65.9% net of reinsurance. We believe that this reflects a combination of the flexibility of our products and the strong investment returns we have delivered to our policyholders in recent years.

Our unit-linked personal pension plan has continued to be a top performer. Many of our policyholders have contributed additional optional premiums to their plans, to provide for a more comfortable retirement and to make the most of the income tax deductions available to them.

The pensions portability market remains very active. The combination of our conventional and unit-linked personal pension

plans provides our customers with an unrivalled range of options for individual retirement planning.

Launched in 2004, our unit-linked Capital Life Plan has proved particularly popular. It gave individual policyholders their first opportunity to invest in our Equity (Life) Fund, and obtained a return of 23.3% over 2005.

We remain very competitive in the loan market, giving the added flexibility to our customers to switch between variable and fixed rate terms. If interest rates continue to increase we may witness a market shift back to the certainty of fixed interest rate terms.

Our credit insurance arrangements with a number of lenders have also been affected by the general demand for loans. However, growth in this line of business over the last few years has been very strong, reflecting the competitiveness of our rates and our commitment to service.

The continual improvement of our levels of service to our clients remains a key goal. The implementation of service standards and the introduction of a number of new systems are currently being explored.

In September 2005 we held a seminar for our agents, covering a range of different topics and encouraging them to share their views on the future of the insurance industry. As our agents are often the first point of contact for our customers, we are committed to their training and development. One important topic covered at the seminar was the new Insurance Act and the Code of Business Conduct.

Corporate Business

At the end of 2005, Anglo-Mauritius provided administration services to over 440 pension schemes. Total active membership of these schemes exceeds 17,000 lives.

Over 80 of the schemes are defined contribution, reflecting the recent trend towards this form of provision. The combination of investment choice at member level, clear member communication and efficient administration makes our insured defined contribution scheme a market leader.

Together with Pension Consultants and Administrators Limited ("PCA"), which specialises in providing administration and consulting services to larger self-invested schemes, we offer the full spectrum of pension possibilities to our clients. We pride ourselves on finding the best-fit solutions for our clients.

PCA has benefited from both the growth of their existing clients and new contracts. Innovative thinking resulted in some interesting new arrangements. PCA provides administration services to pension schemes with a total membership of around 8,000 lives.

Our pensions operations are supported by one of the largest actuarial teams in Mauritius. We have two UK-qualified and eight part-qualified actuaries on our staff. The team provides actuarial advice on pensions funding and accounting issues and assists with consulting assignments.

REGIONAL DEVELOPMENT

An international tender was conducted at the end of the year under review in the context of the privatisation of State Assurance Corporation of Seychelles (SACOS) and whereby the Government of Seychelles were offering for sale shares of a newly incorporated company in Seychelles, namely State Assurance Co. Ltd (SACL) to take over the activities of SACOS. The said offer was targeting a prospective and reputable strategic investor with satisfactory experience in insurance activities outside Seychelles. SACL is the market leader in Seychelles both in long term and short term insurances.

The Group decided to prevail itself of this regional expansion opportunity and made an offer jointly with the Seychelles Pension Fund (SPF) for the acquisition of 30% of the issued share capital of SACL.

SPF is a body corporate established in Seychelles to provide financial security and social benefits to the Seychelles labour force and has under its management a significant investment fund. SPF found in this partnership an opportunity of further diversifying its investment portfolio.

This investment is also viewed from the angle of a strategic partnership supplemented by a technical support which the Group will be providing to SACL.

ECONOMIC HIGHLIGHTS

The World Economy

In 2005, the global Gross Domestic Product grew at a decelerating rate to level out at 4.3%, registering a downfall from the 5.1% mark of the previous period. The major players in the global economy registered diverse fortunes in the face of inflationary spirals and rising interest rates. Over the year, the US economy recorded a reduced growth of 3.5% (2004: 4.4%) whilst the growth rate for Euro zone rested in the vicinity of 1.2% (2004: 2.0%). On the eastern side, Asia registered an annual growth rate of 7.2% compared to 8.2% in 2004.

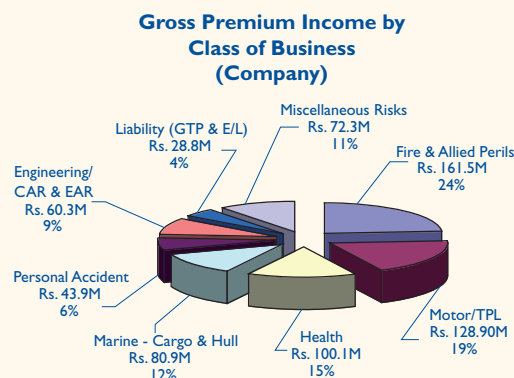
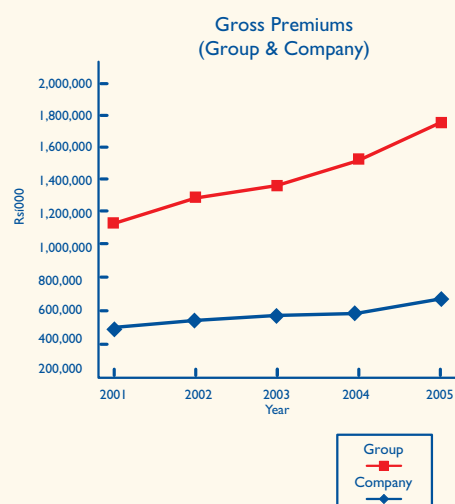
The Domestic Economy

The Mauritian economy expanded at a reduced pace of 3.0% during the year 2005 (2004: 4.2%). Growth exclusive of sugar stands at 3.6% as contrasted with 4.2% in 2004. GDP at basic prices in 2005 increased by 8.0% to reach Rs.164.1 billion compared to Rs.151.9 billion in 2004. GDP per capita at basic prices is estimated at Rs.133,133 compared to Rs.123,040 in 2004, an increase of 8.2%. Gross National Income (GNI) at basic prices reached Rs.165.4 billion in 2005 (2004: Rs.151.4 billion). GNI per capita at basic prices increased by 8.2% in 2005 to attain Rs.132,815 (2004: Rs.122,735).

The sugar sector contracted by 9.1%, after increasing by 6.5% in 2004, whilst the financial intermediation sector increased by 7.6% (2004: 4.0%) as the result of a growth of 5.0% in insurance and 8.6% in other financial intermediation activities. Within the latter, commercial banks grew at a lower rate of 3.0% (2004: 8.6%) and offshore banks recovered at the rate of 28.4% after a contraction of 6.1% in 2004. The EPZ sector further declined by 13% in 2005 compared to a contraction of 5% in 2004. The construction segment regressed by 4.3% after registering a low growth rate of

0.5% in 2004. Finally, the Tourism's contribution to GDP increased by 5.6% in 2005, as contrasted with a 2.4% growth in 2004. Tourist arrivals peaked at 761,063 in 2005 compared to 718,861 in 2004.

Investment rate decreased to 21.3% in 2005 from 21.7% in 2004. The unemployment rate for 2005 was 9.5% compared to 8.5% in 2004. The inflation rate rose to 4.9% relatively to 4.7% in 2004.



Group Chief Executive's Review (continued)

FINANCIAL HIGHLIGHTS

The Group's Gross Premium Income at 31st December 2005 amounted to Rs.1,778.7 million, representing an increase of 16.1% (Rs.1,531.5 million in 2004). The Net Earned Premiums increased from Rs.1,109.1 million in 2004 to Rs.1,292.6 million this year.

The Profit Before Tax increased to Rs.104.4 million in 2005, representing a rise of 45.8% (Rs.71.6 million in 2004)

Total assets under the management of the Swan Group amounted to Rs.12.6 billion at 31st December 2005 (Rs.10.7 billion in 2004) and thus increased by 17.8%

The Life Assurance Fund amounted to Rs.11.5 billion at 31st December 2005 compared to Rs 9.8 billion in 2004, representing an increase of 17.3%.

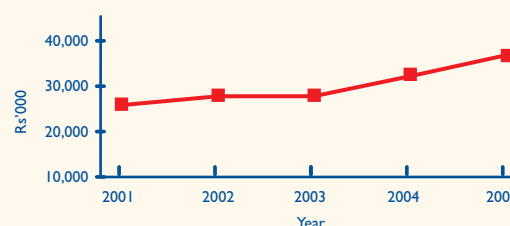
Thus, the Net Asset Value per Share amounted to Rs.90.0 in 2005 (Rs.78.6 in 2004) and the Earnings per Share increased by 61.3% at Rs.12.32 compared to Rs.7.64 in 2004.

The Company's Gross Premium Income increased by 16.0% to Rs.676.7 million in 2005 (Rs.583.6 million in 2004) while Net earned Premiums increased by 12.3% to reach Rs.236.5 million (Rs.210.6 million in 2004).

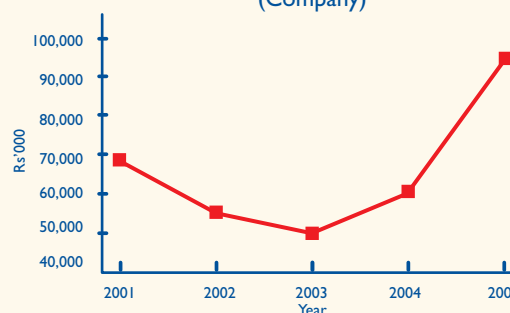
The Profit Before Tax for 2005 amounted to Rs.93.4 million compared to Rs.60.5 million in 2004. Dividends paid increased to Rs.35.9 million compared to Rs.32.3 million in 2004 and amounts of Rs.4.4 million and Rs.48.2 million were transferred to Statutory Reserve Fund and General Reserves respectively.

The Company's reserves at 31st December 2005 stood at Rs.575.8 million compared to Rs.536.5 million in 2004.

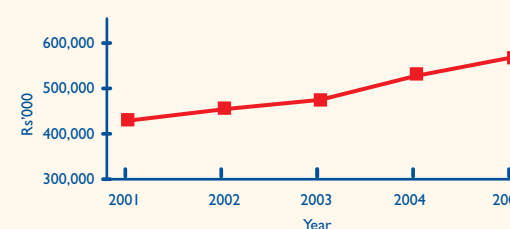
Dividends Paid
(Company)



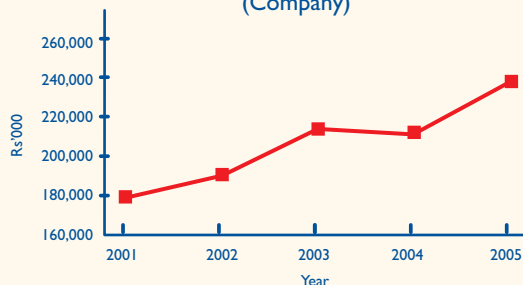
Profit Before Tax
(Company)



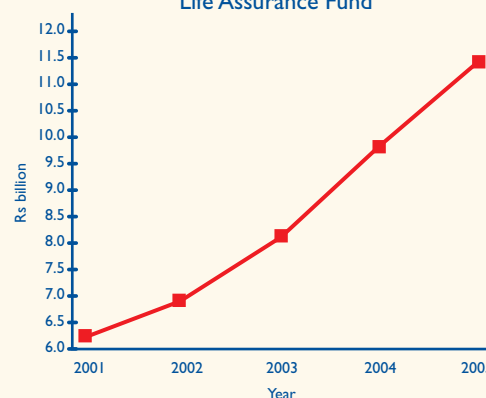
Reserves
(Company)



Net Earned Premiums
(Company)



Life Assurance Fund



INVESTMENTS

Background

During the year, the Stock Exchange of Mauritius (SEM) was admitted as a member of the World Federation of Exchanges (WFE). The WFE, an international body comprising of the world's major stock exchanges, acts as a central reference point and standards setter in the securities industry. The membership recognises the SEM as fully compliant with the strict standards and principles established by the WFE. Consequently, the SEM would be able to attract foreign institutional investors who are restricted to dealing only on WFE member exchanges.

The Semtri increased by 20.5% over the year 2005, which constitutes four years of positive double-digit return. Over the same period, the Dow Jones, the main index of the New York Stock Exchange, increased by 6.9% whilst the FTSE 100 in London increased by 7.7%.

In relation to interest rates, the trend of the preceding year has grown in intensity. The interest rates have increased by 175 bps in Mauritius in 2005 and by 200 bps in the United States. This trend of rising local interest rates is expected to persist over the year 2006.

The Company's investment portfolio

During the year, a restructuring exercise was undertaken on the investment portfolio of the Swan Insurance with a view to further enhance asset diversification. In 2005, this portfolio has also fully benefited from the good returns of the Mauritius Stock Exchange. The equity portfolio has generated returns in excess of 30% over the year. The portfolio was invested at 25% in equities and 75% in fixed income instruments.

Performance of The Anglo-Mauritius Funds

The Non-Linked Fund is our largest fund as at 31st December 2005 with assets of Rs.10.5 billion at market value as compared to Rs.9.1 billion the previous year. The assets are invested at approximately 55% in fixed income instruments and 45% in shares & properties. This fund has once again recorded a very satisfactory performance in 2005, mainly due to returns of above 30% on its equity portfolio. The portion of the fund invested overseas rose to 21%.

The Equity Fund (Life) was our overall best performing fund over 2005 with a return of 23.3%, outperforming its benchmark by more than 3%. This fund invests mainly in shares quoted on the local stock exchange, with a small exposure to foreign stock markets. Moreover, our most popular unitised funds, the General Fund (Life) and the Secure Fund (Pension), predominantly invested in fixed income instruments, have achieved annualised returns to the tune of 9% in line with our expectations.

Legal and Regulatory Framework

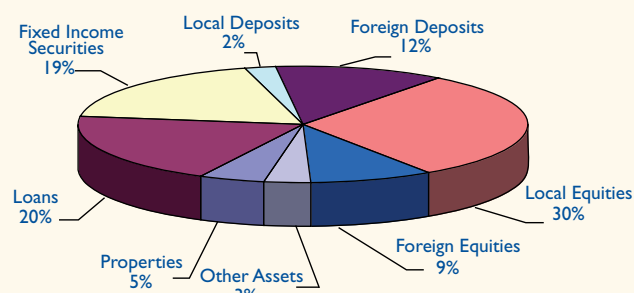
The Insurance Act 2005 which was voted by the National Assembly in March 2005 has yet to be proclaimed. The industry is

still pursuing discussions with the regulatory body on outstanding issues, mainly regarding solvency rules.

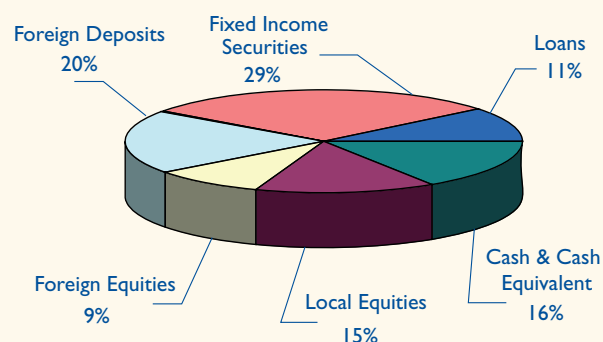
Whilst we applaud the objectives of this legislation, in terms of adherence to international norms and best practices, it is important that they are tailored to the reality of the Mauritian market. The cost of compliance with this legislation will be considerable. We hope that the insurance industry will be able to continue to contribute to the economy by offering an attractive avenue for personal savings.

The Securities Act was also voted in 2005 by the National Assembly but has not been proclaimed yet. Nevertheless the Group has early adopted section 88(1) of this Act regarding disclosures and has been publishing quarterly results since first quarter of 2005.

The Anglo-Mauritius Non-Linked Fund



Swan Investment Portfolio



Group Chief Executive's Review (continued)

The Financial Reporting Act was voted by the National Assembly in November 2004 and has been proclaimed in February 2005. The objectives of this Act is to regulate the reporting of financial matters in Mauritius and to set up the appropriate legislative framework for the establishment of:

- The Financial Reporting Council which shall be responsible for the monitoring of financial reporting and auditing practices,
- The Mauritius Institute of Professional Accountants to regulate the accountancy profession,
- The National Committee on Corporate Governance, to promote the highest standards of corporate governance, and publish, monitor and maintain the Code of Corporate Governance, and
- The Mauritius Institute of Directors, which shall promote the highest standards of professional and ethical conduct of directors.

The Financial Services Commission has issued in March 2005 a Code of Business Conduct for Insurers and Intermediaries. The Code of Business Conduct sets standards of market practices for insurers and insurance intermediaries in relation to the sale of insurance contracts. The Code aims to ensure that high standards of financial soundness and business conduct are adhered to by all insurers and intermediaries under the supervision of the FSC. In essence, it reflects what the FSC considers are minimum standards of good business practice and ethical behaviour on behalf of its licensees.

In line with best international practices, the Financial Intelligence and Anti-Money Laundering Regulations 2003 have been amended by the Financial Intelligence and Anti-Money Laundering (Amendment) Regulations 2005 which have come into operation in July 2005.

Pursuant to these new regulations, non-bank financial institutions subject to the supervision of the FSC must comply with such additional requirements pertaining to new business and omnibus accounts as the FSC may issue.

In this context, the Code on the Prevention of Money Laundering and Terrorist Financing intended for Insurance Entities that was initially issued in April 2003 has been revised by the Financial Services Commission. The new Code which came in operation on the 1st August 2005 has, inter alia, clarified situations where enhanced due diligence should be carried out by a licensee and eliminated unnecessary duplication of obligations

The Company remains fully committed to ensuring that effective AML/CFT procedures, controls and systems are in place to avoid that its services or products be used by money launderers.

HUMAN RESOURCES AND COMMUNICATION

The Swan Group was deeply aggrieved by the sudden demise of Mr Gilles Herbereau de Lachaise on 17th October last. Gilles was Senior Manager of the Marine department. I take this opportunity to pay tribute to his contribution in the field of marine insurance during his career with Swan Insurance Company Ltd. I also wish to express my deepest condolences and heartfelt sympathy to his wife and children.

Mr. Pierre Xavier, Senior Manager & Accountant, retired from Swan Insurance on 30th June 2005 after more than 40 years of service

with the Company. I would like to take this opportunity to thank him wholeheartedly for his dedication and total commitment during his long years of service with Swan Insurance.

Mrs. Josie Lapierre, Consultant to the Group Chief Executive and head of the Group Communications, Marketing Support and Human Resources department resigned from her post at the end of October 2005. I wish to put on record her important contribution in the areas of human resource management and corporate communication during her career with the Swan Group.

Following the resignation of Mrs. Josie Lapierre, we have integrated the Group Communications and Marketing Support functions with the Individual Business Marketing function. We have moreover set up a stand-alone Group Human Resources department to provide specialized advice and services in the field of people management and to implement the strategic human resource management plans of the Group. We have, in this context, recruited Mr. Vishnoo Luximan, a high profile Human Resource Professional, reckoning more than 20 years experience in this functional area, to lead the Group Human Resources department.

The need to have a highly skilled and committed team working consistently towards the realisation of corporate objectives has once again inspired initiatives in the field of human resource management. Our focus in 2005 has been to develop a high performance culture through a more systematic approach to performance management. Much emphasis has thus been put on the training of our staff in view of the implementation of a performance management system (PMS) that has been designed by external consultants.

Our aim is to use the PMS to clarify work objectives and performance standards while sensitising employees on the core values and corporate objectives of the Swan Group. We trust that the PMS will create the right conditions for continuous improvement and learning in an atmosphere of mutual trust.

Our Group has also maintained an enabling environment for the enhancement of technical skills in the field of insurance by sponsoring employees and rewarding successful students. Moreover we have encouraged employees to upgrade their skills in view of a better leveraging of the IT infrastructure for more effective information sharing, decision-making and customer service.

The new organisation structure set up in 2005 has largely contributed in the improvement of communication and in the facilitation of the decision-making process. Moreover the sharing of the different support functions has paved the way for the reengineering and standardisation of processes in the areas of Finance, IT, Human Resource Management and Communication across the companies of the Swan Group.



Jean de Fondaumière
Group Chief Executive

Corporate Governance Report 2005

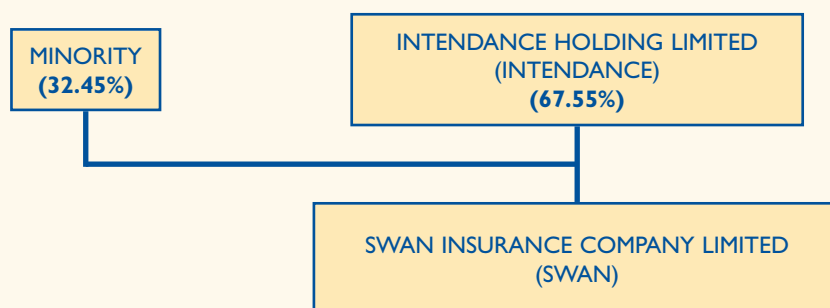
1. COMPLIANCE STATEMENT

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



3. COMMON DIRECTORS

	SWAN	INTENDANCE
<i>M.E. Cyril Mayer</i>	✓	✓
<i>M. J. Cyril Lagesse</i>	✓	✓
<i>P. Arnaud Dalais</i>	✓	✓
<i>M. M. Hector Espitalier-Noël</i>	✓	✓
<i>Me. Pierre Doger de Spéville</i>	✓	✓

Corporate Governance Report 2005 (continued)

4. MAJOR SHAREHOLDERS

At April 30, 2006, the following shareholders held more than 5% of the ordinary share capital of Swan

	Direct		Indirect	
	No. of shares	% of voting rights	No. of shares	% of voting rights
Intendance Holding Limited	4,844,627	67.55	-	
Forward Investment & Development Enterprises Ltd	-	-	763,513	10.65
Harel Frères Limited	-	-	704,247	9.82
Excelsior United Development Companies Limited	-	-	564,884	7.88
Compagnie d'Investissement et de Développement Limitée	-	-	564,884	7.88
Deep River Beau Champ Ltd	-	-	489,307	6.82
Espitalier Noël Investment Trust	-	-	382,564	5.33
	4,844,627	67.55	3,469,399	48.38

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** %
2005	2.47	4.55
2004	1.71	5.26
2003	1.61	6.56
2002	1.67	8.33
2001	2.22	8.50

* 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.

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, scrutinize the performance of management in achieving objectives and monitor the reporting of performance.

6. THE BOARD OF DIRECTORS (continued)

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. Conformance 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.

(c) Evaluation

No evaluation of the Directors, Board and Board Committees was carried out during the year under review as the Code of Corporate Governance had only recently been implemented.

(d) Directors' interests in shares

Directors	In the Company		In the Subsidiary (The Anglo-Mauritius Assurance Society Limited)	
	No. of shares	%	No. of shares	%
M.J.Cyril Lagesse	1,249	0.017	1,250	0.050
P.Arnaud Dalais	238	0.003	-	-
Pierre Doger de Spéville	1,888	0.026	70	0.003
Thierry Lagesse	67	0.001	-	-
Jean de Fondaumière	-	-	653	0.026
	<u>3,442</u>	<u>0.047</u>	<u>1,973</u>	<u>0.079</u>

Corporate Governance Report 2005 (continued)

(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 directors' remuneration package consists of basic salary, annual performance bonus, pension provision, other benefits and an annual director's fee. The structure of the package is reviewed annually and benchmarked to market norms and practices. The Group's objective is to attract, motivate and retain executive directors of the highest calibre. This 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. There were no retiring executive directors during the year under review.

8. BOARD COMMITTEES

In compliance with the principles of good governance, the Board has set up two committees in order to assist the directors in discharging their duties through a more comprehensive evaluation of specific issues.

The Committees set up are the Audit and Risk Committee and the Corporate Governance Committee. The Corporate Governance Committee includes in its Terms of Reference the key areas of responsibility normally covered by a nomination and remuneration committee.

The Committees started their activities at the beginning of the second semester of the year under review. Activities of these Committees cover all the companies of the Group.

(a) The Audit and Risk Committee

The current members are Mr. Sulliman Adam Moollan (Chairperson), Mr. Henri Harel, Mr. Peeroomal Gopallen Moorooogen, 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.

Attendance at meetings for the current year is detailed in paragraph 9.

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 Risk Committee.

Corporate Governance Report 2005 (continued)

8. BOARD COMMITTEES (continued)

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

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

The Audit and Risk 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;
- 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 current members are Mr. Cyril Mayer (Chairperson), Mr. Sulliman Adam Moollan, Mr. Peeroomal Gopallen Moorooogen and Mr. Victor Seeyave. The Group Chief Executive is in attendance.

Attendance at meetings for the current year is detailed in paragraph 9.

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.

Corporate Governance Report 2005 (continued)

9. BOARD, COMMITTEES ATTENDANCE AND REMUNERATION IN 2005

		Board	Audit and Risk Committee	Corporate Governance Committee	Remuneration for the year		
Number of meetings held during the year		5	2	2	From the Company	From Subsidiary Companies	From Companies on which Director serves as representative of the Company
Directors	Classification	Attendance			Rs	Rs	Rs
M.E. Cyril Mayer (Chairperson of the Board and the Corporate Governance Committee)	Non-executive	4	N/A	2	96,000	124,000	-
M.J. Cyril Lagesse	Non-executive	5	N/A	N/A	60,000	80,000	-
P.Arnaud Dalais	Non-executive	4	N/A	N/A	60,000	60,000	-
Pierre Doger de Spéville	Non-executive	3	N/A	N/A	60,000	60,000	-
M.M. Hector Espitalier-Noël	Non-executive	3	N/A	N/A	60,000	60,000	-
Henri Harel (as from 22.3.2005)	Non-executive	1	1	N/A	45,000	45,000	-
Thierry Lagesse	Non-executive	3	N/A	N/A	60,000	60,000	-
Noël Adolphe Vallet	Non-executive	5	N/A	N/A	60,000	-	-
Sulliman Adam Moollan (as from 22.3.2005) (Chairperson of Audit and Risk Committee)	Independent non-executive	3	2	2	45,000	45,000	-
Peeroomal Gopallen Moorooogen (as from 01.06.2005)	Independent non-executive	3	2	2	35,000	35,000	-
Victor Seeyave (as from 22.3.2005)	Independent non-executive	3	2	2	45,000	45,000	-
Jean de Fondaumière (as from 22.3.2005)	Executive	3	N/A	N/A	4,587,836	5,633,253	-
Paul Rousset (as from 22.3.2005)	Executive	3	N/A	N/A	6,280,020	5,000	-

Corporate Governance Report 2005 (continued)

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 30 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 Risk Committee and the Board of directors. It derives its authority from the Board through the Audit and Risk Committee.

Messrs. Ernst & Young, Public Accountants were appointed Internal Auditors in July 2005.

- **Role and responsibilities**

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

- **Reporting and disclosure**

- Structure and Organisation

The internal audit charter, which is reviewed and approved every three years by the Audit and Risk 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 Risk 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 Risk Committee.

- **Coverage and Risk management**

The annual internal audit plan, which is approved by the Audit and Risk 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 Risk 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.

Corporate Governance Report 2005 (continued)

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

15. RISK MANAGEMENT (continued)

- **Environment and Strategy risks (continued)**

- *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 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 hardwares and softwares used in the business 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.

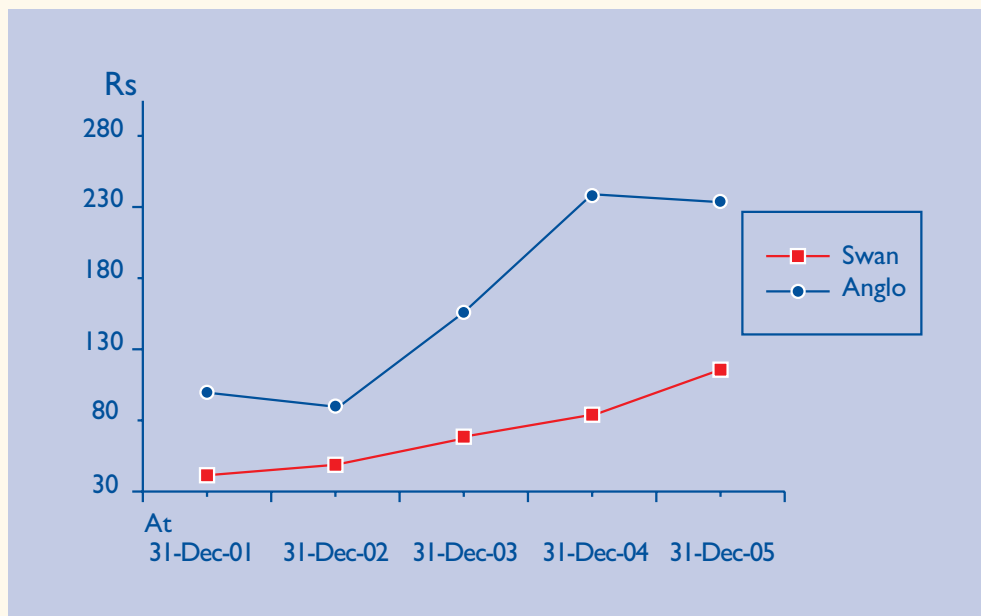
The management of these financial risks is further discussed in Note 3.2 to the financial statements.

16. SHARE OPTION

The Group has no share option plan.

Corporate Governance Report 2005 (continued)

17. SHARE PRICE INFORMATION



Share price of The Company and its subsidiary, The Anglo Mauritius Assurance Society Limited increased by 150% and 136% respectively over the last five years, from Rs44.10 and Rs 100 per share at December 31, 2001 to Rs110 and Rs236 per share in 2005.

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	606	88,736	1.237
	501 - 1,000	117	88,766	1.238
	1,001 - 5,000	168	397,696	5.545
	5,001 - 10,000	39	273,936	3.820
	10,001 - 50,000	39	779,381	10.868
	50,001 - 100,000	3	249,241	3.476
	100,001 - 250,000	1	129,945	1.812
	250,001 - 500,000	1	319,018	4.449
	Over 500,000	1	4,844,627	67.555
	Total	975	7,171,346	100.000

18. SHAREHOLDERS' PROFILE (continued)

(b)

Category	No. of shareholders	No. of shares	% holding
Individuals	889	1,180,589	16.463
Insurance and assurance Companies	9	297,050	4.142
Pension and Provident Funds	10	67,319	0.939
Investment and Trust Companies	12	92,236	1.286
Other Corporate Bodies	54	689,525	9.615
The Holding Company	1	4,844,627	67.555
Total	975	7,171,346	100.000

19. CHARITABLE DONATIONS

For charitable donations, please refer to page 77 of the Annual Report under 'Other Statutory Disclosures'.

20. POLITICAL DONATIONS

General elections took place in the year under review to elect members of the National Assembly. It was in this context that the Joint Economic Council (JEC), the body regrouping the private sector's institutions, issued guidelines to its members wishing to contribute financially to political parties. In line with such guidelines, the Company made political donations to a number of political parties amounting to Rs. 0.75 M.

21. 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.

22. 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.

23. 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.

Corporate Governance Report 2005 (continued)

24. TIME-TABLE OF IMPORTANT FORTHCOMING EVENTS

May 2006	Unaudited condensed financial statements for quarter ending March 31, 2006.
June 2006	Annual Meeting of Shareholders.
August 2006	Unaudited condensed financial statements for quarter and half-year ending June 30, 2006.
November 2006	Unaudited condensed financial statements for quarter ending September 30, 2006.
November 2006	Board of directors meets to examine provisional results for year ending December 2006 and decide as to 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 fair presentation has been disclosed, explained and quantified.
- (iv) the Code of Corporate Governance has been adhered to in all material respects and reasons provided for non-compliance.

Signed on behalf of the Board of Directors



M.E. Cyril Mayer
Chairperson



M. J. Cyril Lagesse
Director

Report of the Auditors to the Members

We have audited the financial statements of **Swan Insurance Company Limited** set out on pages 38 to 76 which have been prepared on the basis of the accounting policies set out on pages 43 to 49.

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001 and the Insurance Act 1987. 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.

Respective responsibilities of Directors and Auditors

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and for ensuring that the financial statements comply with the Companies Act 2001 and the Insurance Act 1987. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Our audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

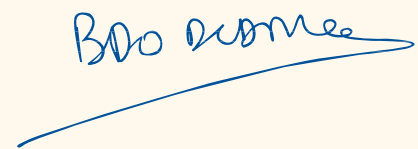
We have no relationship with, or any interests in the Company or any of its subsidiaries other than in our capacity as auditors, tax and business advisers and other than dealings with the Group and the Company in the ordinary course of business.

Opinion

We have obtained all such information and explanations which we considered necessary.

In our opinion:

- a) proper accounting records have been kept by the Group and the Company as far as it appears from our examination of those records;
- b) the financial statements give a true and fair view of the state of affairs of the Group and the Company as at December 31, 2005 and of their results and cash flows for the year then ended, comply with the Companies Act 2001 and the Insurance Act 1987 and have been prepared in accordance with International Financial Reporting Standards.



BDO DE CHAZAL DU MEE
Chartered Accountants

Port Louis,
Mauritius.
28th March 2006



Per M. Yacoob A. Ramtoola, F.C.A.

Balance Sheets – as at December 31, 2005

	Notes	THE GROUP		THE COMPANY	
		2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	95,739	96,686	95,739	96,686
Intangible assets	6	2,949	2,131	2,949	2,131
Statutory Deposit		8,000	8,000	8,000	8,000
Investments in Subsidiary Companies	7	-	-	31,039	31,039
Financial Assets	8	327,307	245,576	327,307	245,576
Loans and receivables	9	59,149	53,373	59,149	53,373
Net deferred tax assets	10	6,146	3,470	6,146	3,470
		499,290	409,236	530,329	440,275
Current assets					
Trade and other receivables	11	374,976	309,773	284,658	279,079
Bank balances, deposits and cash	25(b)	226,872	206,081	226,523	205,570
		601,848	515,854	511,181	484,649
Life Business Assets	12	11,473,068	9,762,358	-	-
Total assets		12,574,206	10,687,448	1,041,510	924,924
EQUITY AND LIABILITIES					
Capital and Reserves (attributable to equity holders of the parent company)					
Share Capital	13	35,857	35,857	35,857	35,857
Reserves	14	609,087	527,441	575,765	536,515
Equity holders' interest		644,944	563,298	611,622	572,372
Minority Interest	15	26,272	8,867	-	-
Total equity		671,216	572,165	611,622	572,372
Technical Provisions					
Life Assurance Fund	12	11,473,068	9,762,358	-	-
Net unearned premiums (Insurance Fund)	19/2(m)(i)	141,080	115,100	141,080	115,100
		11,614,148	9,877,458	141,080	115,100
Non-current liabilities					
Retirement Benefit Obligations	16	38,786	34,024	38,786	34,024
Current liabilities					
Trade and other payables	17	242,487	200,297	242,453	199,924
Current tax liabilities	18	7,569	3,504	7,569	3,504
		250,056	203,801	250,022	203,428
Total equity and liabilities		12,574,206	10,687,448	1,041,510	924,924

These financial statements have been approved for issue by the Board of Directors on 28th March 2006.

M.E. Cyril Mayer
Chairperson

Sulliman Adam Moollan
Director

The notes on pages 43 to 76 form an integral part of these financial statements.
Auditors' report on pages 36 and 37.

Income Statements – Year ended December 31, 2005

	Notes	THE GROUP		THE COMPANY	
		2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Gross premiums		1,778,732	1,531,478	676,713	583,609
Premiums ceded to Reinsurers		(460,116)	(415,205)	(414,265)	(365,823)
Change in unearned premiums (Insurance Fund)	19/26(b)	(25,980)	(7,211)	(25,980)	(7,211)
Net earned premiums	1(k)	1,292,636	1,109,062	236,468	210,575
Net earned premiums relating to Life Assurance Fund		(1,056,168)	(898,487)	-	-
		236,468	210,575	236,468	210,575
Gross claims paid	26(a)	(269,273)	(340,508)	(269,273)	(340,508)
Claims recovered from Reinsurers	26(a)	114,937	201,432	114,937	201,432
Movement in claims outstanding and IBNR		7,163	(5,896)	7,163	(5,896)
Net claims incurred		(147,173)	(144,972)	(147,173)	(144,972)
Commissions receivable from Reinsurers		83,504	75,666	83,504	75,666
Commissions paid to Agents and Brokers		(61,194)	(52,439)	(61,194)	(52,439)
Net commissions		22,310	23,227	22,310	23,227
Underwriting surplus		111,605	88,830	111,605	88,830
Investment income	20	64,086	62,655	52,916	51,485
Operating profit		175,691	151,485	164,521	140,315
Other income	21	48,228	25,770	48,292	25,733
		223,919	177,255	212,813	166,048
Marketing and administrative expenses	22	(110,035)	(96,052)	(109,910)	(95,948)
Depreciation	5	(8,400)	(8,900)	(8,400)	(8,900)
Amortisation	6	(1,092)	(711)	(1,092)	(711)
Profit before taxation		104,392	71,592	93,411	60,489
Taxation	18	(4,906)	(5,628)	(4,906)	(5,628)
Profit for the year		99,486	65,964	88,505	54,861
Transfer to Statutory Reserve Fund		(4,425)	(2,743)	(4,425)	(2,743)
Retained profit for the year		95,061	63,221	84,080	52,118
Attributable to:					
Equityholders of the company		83,891	52,051	84,080	52,118
Minority interest		11,170	11,170	-	-
		95,061	63,221	84,080	52,118
Earnings per share (Rupees and cents)	24	12.32	7.64	12.34	7.65

The notes on pages 43 to 76 form an integral part of these financial statements.
Auditors' report on pages 36 and 37.

Statements of Changes in Equity - Year ended December 31, 2005

(a) THE GROUP	Notes	(Attributable to equity holders of the parent company)									
		Share Capital Rs'000	Fair Value Reserve Rs'000	Revaluation & Other Reserves Rs'000		Proprietors' Fund Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000	Minority Interest Rs'000	Total Rs'000
				Fair Value Reserve Rs'000	Other Reserves Rs'000						
Balance at January 1, 2005		35,857	79,325	39,364	(9,445)	351,386	66,811	563,298	8,867	572,165	
Fair value changes on available-for-sale financial assets	8	-	33,258	-	-	-	-	33,258	-	33,258	
Release from fair value reserve		-	(46,656)	-	-	-	-	(46,656)	-	(46,656)	
Exchange differences		-	-	15	-	-	-	15	-	15	
Movement for the year		-	-	-	42,570	-	-	42,570	6,235	48,805	
Profit for the year		-	-	-	-	88,316	-	88,316	11,170	99,486	
Transfer to Statutory Reserve Fund		-	-	-	-	(4,425)	4,425	-	-	-	
Dividends	23	-	-	-	-	(35,857)	-	(35,857)	-	(35,857)	
Balance at December 31, 2005		35,857	65,927	39,379	33,125	399,420	71,236	644,944	26,272	671,216	
Balance at January 1, 2004		35,857	54,396	39,315	14,950	333,058	64,068	541,644	18,819	560,463	
Fair value changes on available-for-sale financial assets	8	-	33,390	-	-	-	-	33,390	-	33,390	
Release from fair value reserve		-	(8,461)	-	-	-	-	(8,461)	-	(8,461)	
Exchange differences		-	-	49	-	-	-	49	-	49	
Consolidation adjustment		-	-	-	-	(1,452)	-	(1,452)	-	(1,452)	
Movement for the year		-	-	-	(24,395)	-	-	(24,395)	(21,122)	(45,517)	
Profit for the year		-	-	-	-	54,794	-	54,794	11,170	65,964	
Transfer to Statutory Reserve Fund		-	-	-	-	(2,743)	2,743	-	-	-	
Dividends	23	-	-	-	-	(32,271)	-	(32,271)	-	(32,271)	
Balance at December 31, 2004		35,857	79,325	39,364	(9,445)	351,386	66,811	563,298	8,867	572,165	

The notes on pages 43 to 76 form an integral part of these financial statements. Auditors' report on pages 36 and 37.

Statements of Changes in Equity - Year ended December 31, 2005

(b) THE COMPANY		Notes	Share Capital Rs'000	Fair Value Reserve Rs'000	Revaluation and Other Reserves Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000
Balance at January 1, 2005			35,857	79,325	39,288	351,091	66,811	572,372
Fair value changes on available-for-sale financial assets		8	-	33,258 (46,656)	-	-	-	33,258 (46,656)
Release from fair value reserve Profit for the year			-	-	-	88,505	-	88,505
Transfer to Statutory Reserve Fund			-	-	-	(4,425)	4,425	-
Dividends		23	-	-	-	(35,857)	-	(35,857)
Balance at December 31, 2005			35,857	65,927	39,288	399,314	71,236	611,622
Balance at January 1, 2004			35,857	54,396	39,288	331,244	64,068	524,853
Fair value changes on available-for-sale financial assets		8	-	33,390 (8,461)	-	-	-	33,390 (8,461)
Release from fair value reserve Profit for the year			-	-	-	54,861	-	54,861
Transfer to Statutory Reserve Fund			-	-	-	(2,743)	2,743	-
Dividends		23	-	-	-	(32,271)	-	(32,271)
Balance at December 31, 2004			35,857	79,325	39,288	351,091	66,811	572,372

The notes on pages 43 to 76 form an integral part of these financial statements. Auditors' report on pages 36 and 37.

Cash Flow Statements – Year ended December 31, 2005

	Notes	THE GROUP		THE COMPANY	
		2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Operating activities					
Cash generated from/(used in) operations	25(a)	81,890	(8,428)	70,833	(19,492)
Tax paid		(3,517)	(6,645)	(3,517)	(6,645)
Net cash generated from/(used in) operating activities		78,373	(15,073)	67,316	(26,137)
Investing activities					
Purchase of property and equipment	5	(7,537)	(4,736)	(7,537)	(4,736)
Purchase of intangible asset	6	(1,910)	-	(1,910)	-
Disposal of property and equipment		737	565	737	565
Disposal of investment in Subsidiary Company		-	139	-	139
Purchase of financial assets	8	(378,266)	(60,897)	(378,266)	(60,897)
Disposal of financial assets	8	325,165	81,319	325,165	81,319
Loans granted	9	(11,275)	(7,129)	(11,275)	(7,129)
Loans recovered	9	4,753	3,130	4,753	3,130
Investment income received		57,601	47,279	57,601	47,279
Net cash (used in)/generated from investing activities		(10,732)	59,670	(10,732)	59,670
Financing activities					
Dividends paid to Company's shareholders	23	(35,857)	(32,271)	(35,857)	(32,271)
Dividends paid to minority interest	15	(11,170)	(11,170)	-	-
Net cash used in financing activities		(47,027)	(43,441)	(35,857)	(32,271)
Increase in cash and cash equivalents		20,614	1,156	20,727	1,262
Movement in cash and cash equivalents					
At January 1,		206,081	190,476	205,570	189,945
Increase		20,614	1,156	20,727	1,262
Effect of foreign exchange rate changes	14/21	177	14,449	226	14,363
At December 31,	25(b)	226,872	206,081	226,523	205,570

The notes on pages 43 to 76 form an integral part of these financial statements. Auditors' report on pages 36 and 37.

Notes to the Financial Statements – Year ended December 31, 2005

I. 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:

(a) Basis of Preparation

The financial statements comply 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.

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

(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	15%

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).

Notes to the Financial Statements – Year ended December 31, 2005

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(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) Financial Assets

Categories of financial assets

The Group and the Company classify their 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 and the Company provide 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's and the Company's management have the positive intention and ability to hold to maturity.

Notes to the Financial Statements – Year ended December 31, 2005

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Financial Assets (continued)

(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.

Initial measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Investments are initially recorded at fair value plus transaction costs.

Subsequent recognition

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.

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. On disposal, the profit or loss recognised in the Income Statement or the Life Assurance Fund is the difference between the proceeds and the carrying amount of the 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 and the Company establish 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.

Derecognition

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

Impairment of financial assets

The Group and the Company assess 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).

(g) 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.

Notes to the Financial Statements – Year ended December 31, 2005

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Deferred Income Tax (continued)

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

(h) 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 stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Other receivables are stated at their nominal value.

(ii) Trade and other payables

Trade and other payables are stated at their nominal value.

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

(i) Life Assurance Fund

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.

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 expire. Contracts that do not transfer significant insurance risk are investment contracts. The Group considers that virtually all its short term and long term products are insurance contracts.

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

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

The Subsidiary, The Anglo-Mauritius Assurance Society Limited transacts in long-term insurance contracts and investment contracts and insures events associated with human life (for example death or survival) over a long duration. 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).

Notes to the Financial Statements – Year ended December 31, 2005

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Revenue Recognition - Premiums Earned (continued)

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 is reversed in the Linked and Non-Linked Accounts. 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 and the Company with Reinsurers under which they are indemnified for losses are classified as reinsurance contracts held. In the case of the Company, insurance contracts entered into and under which the contract holder is another insurer (inwards facultative reinsurance) are included with insurance contracts. The indemnity to which the Group and the Company are entitled under their reinsurance contracts held is recognised as reinsurance assets. These assets consist of short term balances due from 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 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-proportion 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 - Insurance Fund

The provision for unearned premiums represents the proportion of premiums written 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 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.

Notes to the Financial Statements – Year ended December 31, 2005

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(m) Short term Insurance (continued)

(iii) Liability adequacy test

At each balance sheet, 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) The Company

The Company contributes to a defined benefit plan, the assets of which are held independently and administered by its subsidiary, 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) 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.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when 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 and the Company 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 Company's functional and presentation currency.

Notes to the Financial Statements – Year ended December 31, 2005

2. PRINCIPAL ACCOUNTING POLICIES (continued)

(p) Foreign Currencies (continued)

(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 and in 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, 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.

(q) Provisions

Provisions are recognised when the Group and the Company have 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 RISKS

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

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

Risk factors associated with long-term insurance business are detailed in the financial statements of the Subsidiary, The Anglo-Mauritius Assurance Society Limited.

3.1 Insurance risk

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

Notes to the Financial Statements – Year ended December 31, 2005

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.1 Insurance risk (continued)

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 significant 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.

Class of Business	Outstanding claims					
	2005			2004		
	No of Claims	Gross Rs'000	Net Rs'000	No of Claims	Gross Rs'000	Net Rs'000
Fire & Allied Perils	114	24,974	4,297	128	20,016	3,284
Motor	2,340	57,439	45,723	2,430	63,861	49,018
Health	2,057	3,957	1,963	1,640	1,312	622
Others	571	103,291	22,700	622	124,232	28,922
	5,082	189,661	74,683	4,820	209,421	81,846
IBNR			12,329			12,329
			87,012			94,175

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.

Notes to the Financial Statements – Year ended December 31, 2005

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.1 Insurance risk (continued)

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

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.

	2001 Rs'000	2002 Rs'000	2003 Rs'000	2004 Rs'000	2005 Rs'000	TOTAL Rs'000
GROSS						
Estimate of ultimate claim costs:						
- At end of claim year	75,534	375,039	124,390	106,742	59,876	741,581
- one year later	16,414	43,638	27,330	62,415	-	149,797
- two years later	11,466	15,838	17,875	-	-	45,179
- three years later	10,149	9,387	-	-	-	19,536
- four years later	6,898	-	-	-	-	6,898
Current estimate of cumulative claims	261,162	664,673	506,468	340,554	242,859	2,015,716
Less Cumulative payments to date	254,264	655,286	488,593	278,139	182,983	1,859,265
Liability recognised in the Balance Sheet	6,898	9,387	17,875	62,415	59,876	156,451
Liability in respect of prior years						33,210
						189,661

	2001 Rs'000	2002 Rs'000	2003 Rs'000	2004 Rs'000	2005 Rs'000	TOTAL Rs'000
NET						
Estimate of ultimate claim costs:						
- At end of claim year	27,669	27,081	28,604	36,570	33,070	152,994
- one year later	9,864	14,051	11,607	11,017	-	46,539
- two years later	6,963	7,892	6,317	-	-	21,172
- three years later	6,225	6,087	-	-	-	12,312
- four years later	4,386	-	-	-	-	4,386
Current estimate of cumulative claims	103,364	118,279	135,711	144,673	156,743	658,770
Less Cumulative payments to date	98,978	112,192	129,394	133,656	123,673	597,893
Liability recognised in the Balance Sheet	4,386	6,087	6,317	11,017	33,070	60,877
Liability in respect of prior years						13,806
						74,683
IBNR						12,329
Net liability at year end (notes 19/26(a))						87,012

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

Notes to the Financial Statements – Year ended December 31, 2005

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

3.2 Financial risks

The Company's activities are exposed to financial risks through their financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance and investment contracts. The most important components of these financial risks are:

- Interest rate risk;
- Foreign exchange risk;
- Credit risk;
- Liquidity risk;
- Market risk;
- Reinsurers' default.

(a) **Interest rate risk**

The Company is exposed to interest rate fluctuations on the international and domestic markets with respect to interest income. The Company earns interest income on its surplus cash. Management closely monitors interest rate trends and their impact on interest income. Short term insurance liabilities are not directly sensitive to interest rates as they are undiscounted and contractually non-interest bearing.

(b) **Foreign Exchange risk**

Reinsurance policies by the Company are purchased from the international markets, thereby exposing them to foreign currency fluctuations. The Company primary exposures are associated with the Euro, US Dollar and UK pound sterling. The Company has an investment in a Global Business Licence I Subsidiary whose net assets are exposed to currency translation risk.

The Company also has a number of investments in foreign entities, deposits and bank balances denominated in foreign currencies. It is exposed to foreign exchange risk arising from various currencies primarily with respect to Euro, US Dollar and UK pound sterling.

Exposure to foreign currency risk is not hedged but closely monitored by management.

(c) **Credit risk**

The Company's credit risk is primarily attributable to insurance receivables i.e., insurance contract holders and insurance intermediaries. The amounts presented in the balance sheet are net of allowances for estimated irrecoverable amounts receivables, based on management's prior experience and the current economic environment.

Except for amount receivable from reinsurers, the Company has no significant concentration of credit risk, with exposure spread over a large number of clients, agents and brokers. The Company has policies in place to ensure that sales of services are made to clients, agents, brokers and reinsurers with sound credit history.

(d) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity risk is considered to be low since the Company maintains an adequate level of cash resources or assets that are readily available on demand.

(e) **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The carrying amount of investments whose shares are traded on the market may be subject to variations. This risk is mitigated as the Company holds a diversified portfolio of investments in Mauritius and abroad.

(f) **Reinsurers' default**

The Company is exposed to the possibility of default by its Reinsurers for its share of insurance liabilities and refunds in respect of claims already paid. Management monitors the financial strength of its Reinsurers and the Company has policies in place to ensure that risks are ceded to top-rated and credit-worthy Reinsurers only.

Notes to the Financial Statements – Year ended December 31, 2005

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 Company 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).

(a) 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.

(b) Sensitivity

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

(c) 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 occurring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

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

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

Notes to the Financial Statements – Year ended December 31, 2005

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

4.2 Reinsurance

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

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.

Notes to the Financial Statements – Year ended December 31, 2005

5. PROPERTY AND EQUIPMENT

	THE GROUP AND THE COMPANY				
	Buildings Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Office Equipment Rs'000	Total Rs'000
COST					
At January 1, 2005	86,391	30,197	20,024	46,266	182,878
Additions	-	4,137	1,201	2,199	7,537
Disposals	-	(2,143)	-	(498)	(2,641)
At December 31, 2005	86,391	32,191	21,225	47,967	187,774
DEPRECIATION					
At January 1, 2005	5,184	21,735	17,939	41,334	86,192
Charge for the year	1,728	4,667	542	1,463	8,400
Disposal adjustment	-	(2,059)	-	(498)	(2,557)
At December 31, 2005	6,912	24,343	18,481	42,299	92,035
NET BOOK VALUE					
At December 31, 2005	79,479	7,848	2,744	5,668	95,739

	THE GROUP AND THE COMPANY				
	Buildings Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Office Equipment Rs'000	Total Rs'000
COST					
At January 1, 2004	86,391	29,446	19,450	45,275	180,562
Additions	-	2,648	574	1,514	4,736
Disposals	-	(1,897)	-	(523)	(2,420)
At December 31, 2004	86,391	30,197	20,024	46,266	182,878
DEPRECIATION					
At January 1, 2004	3,456	18,809	17,446	40,001	79,712
Charge for the year	1,728	4,823	493	1,856	8,900
Disposal adjustment	-	(1,897)	-	(523)	(2,420)
At December 31, 2004	5,184	21,735	17,939	41,334	86,192
NET BOOK VALUE					
At December 31, 2004	81,207	8,462	2,085	4,932	96,686

Notes to the Financial Statements – Year ended December 31, 2005

6. INTANGIBLE ASSETS

		THE GROUP AND THE COMPANY
		Purchased Goodwill Rs'000
COST		
At January 1, 2005		3,553
Additions		1,910
At December 31, 2005		5,463
AMORTISATION		
At January 1, 2005		1,422
Charge for the year		1,092
At December 31, 2005		2,514
NET BOOK VALUE		
At December 31, 2005		2,949
COST		
At January 1, 2004 and December 31, 2004		3,553
AMORTISATION		
At January 1, 2004		711
Charge for the year		711
At December 31, 2004		1,422
NET BOOK VALUE		
At December 31, 2004		2,131

7. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST

(a)	THE COMPANY			
	2005			2004
	OTC Quoted Rs'000	Unquoted Rs'000	Total Rs'000	Total Rs'000
At January 1, Disposals	30,882 -	157 -	31,039 -	31,055 (16)
At December 31,	30,882	157	31,039	31,039

The market value of the major subsidiary Company, The Anglo Mauritius Assurance Society Limited based on the OTC bid price at December 31, 2005 amounted to Rs.418.8m (2004: Rs.425.9m).

Notes to the Financial Statements – Year ended December 31, 2005

7. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST (continued)

- (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 I Global Business Licence.

Name	Class of shares held	Nominal Value of Investment 2005&2004 Rs'000	Swan Insurance	Other Group	Principal Activities
			Company Ltd.	Company	
			Proportion of ownership interest and voting power held 2005&2004 %		
• The Anglo-Mauritius Assurance Society Limited	Ordinary	17,746	70.98	-	• Life assurance, pensions, actuarial and investment business
• Swan International Co Ltd	Ordinary	156	100	-	• Reinsurance Broking, Consultancy & Investment
• Swan Properties Ltd	Ordinary	-	-	100	• Purchase, development and sale of land
• Verdun Industrial Building Co. Ltd	Ordinary	1	0.01	99.99	• Rental of industrial buildings
• Standard Property Co. Ltd	Ordinary	-	-	100	• Rental of property
• Manufacturers' Distributing Station Limited	Ordinary	-	-	99.80	• Investment Company
• Ilot Fortier Ltd	Ordinary	-	-	100	• Purchase, development and sale of Land (Dormant)
• Investment and Administrative Co. (Mtius) Ltd	Ordinary	-	-	100	• Investment Company (Dormant)
• Themis Ltd	Ordinary	-	-	100	• Purchase, development and sale of Land (Dormant)
• Pension Consultants and Administrators Limited	Ordinary	-	-	100	• Pension and fund administration
• The Anglo-Mauritius Financial Services Limited	Ordinary	-	-	100	• Fund management and investment consulting
• Société de La Croix	Parts	-	-	100	• Investment entity
• Société de La Montagne	Parts	-	-	100	• Investment entity
• Société de La Rivière	Parts	-	-	100	• Investment entity

Notes to the Financial Statements - Year ended December 31, 2005

8. FINANCIAL ASSETS

(a) THE GROUP AND THE COMPANY	2005						2004	
	Held-to-maturity			Available-for-sale			Total	Total
	Listed	Unquoted	Total	Quoted	Unquoted	Total		
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
At January 1,	103,330	452	103,782	19,415	54,494	141,794	245,576	226,177
Additions	317,767	4,144	321,911	14	300	56,355	378,266	60,897
Increase in fair value	-	-	-	(3,054)	2,586	33,258	33,258	33,390
Disposals	(241,944)	(2,855)	(244,799)	-	(46,473)	(81,056)	(325,855)	(79,113)
Accrued interest	(3,786)	(152)	(3,938)	-	-	-	(3,938)	4,225
At December 31,	175,367	1,589	176,956	16,375	10,907	150,351	327,307	245,576
Disposal proceeds							325,165	81,319

(b) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and Unquoted Debenture Stocks and Treasury Bills with interest rates varying from 5.5% to 9.5%.

Notes to the Financial Statements – Year ended December 31, 2005

9. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2005 Rs'000	2004 Rs'000
At January 1,	53,373	49,381
Mortgage loans granted	11,275	7,129
Mortgage loans recovered	(4,753)	(3,130)
Accrued interest	(746)	(7)
At December 31,	59,149	53,373

The rates of interest on the above loans vary between 6% and 12%.

10. DEFERRED TAX ASSETS

- (a) Deferred taxes are calculated on all temporary differences under the liability method at 25%.
The movement on deferred tax account is as follows:

	THE GROUP AND THE COMPANY	
	2005 Rs'000	2004 Rs'000
At January 1,	3,470	4,836
Income Statement Credit (note 18)	2,676	(1,366)
At December 31,	6,146	3,470

- (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	
	2005 Rs'000	2004 Rs'000
Deferred tax assets	9,696	8,506
Deferred tax liabilities	(3,550)	(5,036)
Net deferred tax assets	6,146	3,470

Notes to the Financial Statements – Year ended December 31, 2005

10. DEFERRED TAX ASSETS (continued)

(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, 2005 Rs'000	Credited to Income Statement Rs'000	At December 31, 2005 Rs'000
Deferred tax liabilities			
Accelerated tax depreciation	(1,162)	106	(1,056)
Unrealised exchange gain	(3,874)	1,380	(2,494)
	(5,036)	1,486	(3,550)
Deferred tax assets			
Retirement benefit obligations	8,506	1,190	9,696
Net deferred tax assets	3,470	2,676	6,146

11. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Receivables arising from insurance contracts:				
• Due from contract holders	115,214	104,700	115,214	104,700
• Due from agents and brokers	44,843	39,874	44,843	39,874
Reinsurance assets	40,541	58,318	40,541	58,318
Due on portfolio transfers (note 17)	78,273	60,728	78,273	60,728
Prepayments	3,369	3,538	3,369	3,538
Other receivables	2,455	12,310	2,418	11,921
	284,695	279,468	284,658	279,079
Share of Group's and minority interest's in Life Business Assets (note 12)	90,281	30,305	-	-
	374,976	309,773	284,658	279,079

Notes to the Financial Statements – Year ended December 31, 2005

12. LIFE BUSINESS ASSETS

	THE GROUP	
	2005 Rs'000	2004 Rs'000
Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	164,657	167,351
Investment property	370,845	312,639
Intangible assets	25,323	25,211
Financial assets	5,066,231	4,276,744
Loans and receivables	2,367,812	2,318,432
Statutory Deposit	8,000	8,000
	8,002,868	7,108,377
Current assets		
Trade and other receivables	99,843	84,333
Financial assets	1,812,214	1,471,776
Loans and receivables	204,799	227,500
Short term deposits	1,574,242	1,011,781
Cash in hand and at bank	54,888	59,912
	3,745,986	2,855,302
Current liabilities		
Trade and other payables	(88,118)	(72,317)
Current tax liabilities	(4,907)	(12,732)
Borrowings	-	(484)
	(93,025)	(85,533)
Non current liabilities		
Retirement benefit obligations	(90,897)	(83,113)
Borrowings	(90)	(793)
Deferred tax liabilities	(1,493)	(1,577)
	(92,480)	(85,483)
	11,563,349	9,792,663
Less share of Group's and minority interest's (note 11)	(90,281)	(30,305)
	11,473,068	9,762,358

13. SHARE CAPITAL

	2005 & 2004 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

Notes to the Financial Statements – Year ended December 31, 2005

14. RESERVES

(a)	THE GROUP						
	Proprietors'	Fair Value	Revaluation	Translation	Retained	Statutory	Total
	Fund	Reserve	and Other	Reserve	Earnings	Reserve	
Rs'000	Rs'000	Reserve	Rs'000	Rs'000	Rs'000	Rs'000	
Reserves are analysed as follows:							
Balance at January 1, 2005	(9,445)	79,325	39,228	136	351,386	66,811	527,441
Fair value changes of							
available-for-sale financial assets	-	33,258	-	-	-	-	33,258
Release from fair value reserve	-	(46,656)	-	-	-	-	(46,656)
Exchange differences	-	-	-	15	-	-	15
Movement during the year	42,570	-	-	-	-	-	42,570
Net profit	-	-	-	-	88,316	-	88,316
Transfer to Statutory Reserve Fund	-	-	-	-	(4,425)	4,425	-
Dividends	-	-	-	-	(35,857)	-	(35,857)
Balance at December 31, 2005	33,125	65,927	39,228	151	399,420	71,236	609,087

(b)	THE COMPANY				
	Fair Value	Other	Retained	Statutory	Total
	Reserve	Reserve	Earnings	Reserve	
Rs'000	Rs'000	Rs'000	Fund	Rs'000	
Balance at January 1, 2005	79,325	39,288	351,091	66,811	536,515
Fair value changes of available-for-sale					
financial assets	33,258	-	-	-	33,258
Release from fair value reserve	(46,656)	-	-	-	(46,656)
Net profit	-	-	88,505	-	88,505
Transfer to Statutory Reserve Fund	-	-	(4,425)	4,425	-
Dividends	-	-	(35,857)	-	(35,857)
Balance at December 31, 2005	65,927	39,288	399,314	71,236	575,765

Notes to the Financial Statements – Year ended December 31, 2005

15. MINORITY INTEREST

	THE GROUP	
	2005 Rs'000	2004 Rs'000
At January 1,	8,867	18,819
Share of profit/dividend receivable (page 39)	11,170	11,170
Share of dividend received (page 42/note 25(a))	(11,170)	(11,170)
Movement in Proprietors' Fund	17,405	(9,952)
	26,272	8,867

16. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP AND THE COMPANY	
	2005 Rs'000	2004 Rs'000
(a) The amounts recognised in the Balance Sheet are as follows:		
Present value of funded obligations	107,425	99,940
Fair value of Plan Assets	(51,894)	(50,399)
	55,531	49,541
Unrecognised actuarial losses	(16,745)	(15,517)
Liability in the Balance Sheet	38,786	34,024

The Pension Scheme is a Defined Benefit Plan and is partly funded. The assets of the funded plan are held independently and administered by The Anglo-Mauritius Assurance Society Limited. The market value of the pension scheme is Rs.52 millions (2004: Rs.50 millions).

	THE GROUP AND THE COMPANY	
	2005 Rs'000	2004 Rs'000
(b) The amounts recognised in the Income Statement are as follows:		
Current service cost	5,329	4,853
Interest cost	9,599	8,575
Expected return on Plan Assets	(4,962)	(4,645)
Actuarial losses	394	140
Total included in staff costs (note (c) below/note 22(b))	10,360	8,923
Actual return on plan assets	4,864	4,508

Notes to the Financial Statements – Year ended December 31, 2005

16. RETIREMENT BENEFIT OBLIGATIONS (continued)

	THE GROUP AND THE COMPANY	
	2005 Rs'000	2004 Rs'000
(c) Movement in the liability recognised in the Balance Sheets:		
At January 1,	34,024	30,575
Total expense as per page 63 (note (b))	10,360	8,923
Contributions paid	(5,598)	(5,474)
At December 31,	38,786	34,024

Retirement Benefit Obligations have been provided for, based on the report of the Actuaries of The Anglo-Mauritius Assurance Society Limited

	2005	2004
(d) The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10.0%	10.0%
Expected return on plan assets	10.5%	10.5%
Future long-term salary increase	8.0%	8.0%
Future expected pension increase	3.0%	3.0%

17. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Trade payables:				
- Due on Portfolio transfers (note 11)	78,273	60,728	78,273	60,728
- Outstanding claims provision including IBNR (note 19)	87,012	94,175	87,012	94,175
Reinsurance liabilities	40,522	11,725	40,522	11,725
Accrued expenses	7,835	8,788	7,835	8,788
Amount payable to Subsidiary Company	-	-	9,906	9,022
Other payables	28,845	24,881	18,905	15,486
	242,487	200,297	242,453	199,924

18. INCOME TAX

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Current tax on the adjusted profit for the year at 25%	7,569	3,504	7,569	3,504
Under provision	13	758	13	758
Deferred tax (note 10)	(2,676)	1,366	(2,676)	1,366
Tax charge for the year	4,906	5,628	4,906	5,628

Notes to the Financial Statements – Year ended December 31, 2005

18. INCOME TAX (continued)

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	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Profit before taxation	104,392	71,592	93,411	60,489
Tax calculated at rate of 25%	26,098	17,898	23,353	15,122
Income not subject to tax	(22,329)	(13,974)	(19,584)	(11,198)
Expenses not deductible for tax purposes	1,304	1,117	1,304	1,117
Investment tax credit	(45)	(98)	(45)	(98)
Investment allowance	(135)	(73)	(135)	(73)
Under provision	13	758	13	758
Tax charge for the year	4,906	5,628	4,906	5,628

19. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2005 Rs'000	2004 Rs'000
Gross		
- Claims reported and loss adjustment expenses	189,661	209,422
- Unearned premiums (note 26(b))	294,243	230,639
Total gross insurance liabilities	483,904	440,061
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses	114,978	127,576
- Unearned premiums (note 26(b))	153,163	115,539
Total reinsurers' share of insurance liabilities	268,141	243,115
Net		
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 17 & 26(a))	74,683	81,846
- Unearned premiums (page 38/note 26(b))	141,080	115,100
	215,763	196,946
Claims incurred but not reported IBNR (notes 17 & 26(a))	12,329	12,329
Total net insurance liabilities	228,092	209,275

Notes to the Financial Statements – Year ended December 31, 2005

20. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Interest income				
- Quoted	9,697	7,220	9,697	7,220
- Unquoted	10,850	11,501	10,850	11,501
	20,547	18,721	20,547	18,721
Investment income:				
- Dividend income				
Listed	3,306	3,713	3,306	3,713
OTC quoted	39,302	39,547	28,132	28,377
Unquoted	931	674	931	674
	43,539	43,934	32,369	32,764
	64,086	62,655	52,916	51,485
Total Investment income:				
Minority interest - dividend income	11,170	11,170	–	–
Interest and investment income	52,916	51,485	52,916	51,485
	64,086	62,655	52,916	51,485

21. OTHER INCOME

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
(Loss)/profit on disposal of available-for-sale financial assets	(688)	2,205	(688)	2,205
Release from fair value reserve	46,656	8,461	46,656	8,461
Profit on disposal of investment in Subsidiary Company	–	139	–	139
Profit on disposal of property and equipment	655	565	655	565
	46,623	11,370	46,623	11,370
Rent	1,443	–	1,443	–
Net foreign exchange gains	162	14,400	226	14,363
	1,605	14,400	1,669	14,363
Total	48,228	25,770	48,292	25,733

Notes to the Financial Statements – Year ended December 31, 2005

22. MARKETING AND ADMINISTRATIVE EXPENSES

	THE COMPANY	
	2005 Rs'000	2004 Rs'000
(a) Marketing and administrative expenses include: - Staff costs (see note (b) below)	84,395	72,751
(b) Analysis of staff costs		
- Salaries and wages	60,728	53,762
- Retirement benefit obligation costs (note 16(b))	10,360	8,923
- Other costs	13,307	10,066
	84,395	72,751

23. DIVIDENDS PAID

	2005 Rs'000	2004 Rs'000
Dividends paid Rs.5.00 per ordinary share (2004 : Rs.4.50 per ordinary share)	35,857	32,271

24. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
<u>Earnings per share</u>				
Profit attributable to equity holders of the Company	88,316	54,794	88,505	54,861
Number of ordinary shares in issue	7,171,346	7,171,346	7,171,346	7,171,346
Basic earnings per share (Rs/cs)	12.32	7.64	12.34	7.65

Notes to the Financial Statements – Year ended December 31, 2005

25. NOTES TO THE CASH FLOW STATEMENTS

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
(a) Operating activities				
Profit before taxation and minority interest	93,222	60,422	93,411	60,489
Adjustments for:				
Depreciation (note 5)	8,400	8,900	8,400	8,900
Amortisation (note 6)	1,092	711	1,092	711
Foreign exchange gains (note 21)	(162)	(14,400)	(226)	(14,363)
Profit on sale of equipment (note 21)	(655)	(565)	(655)	(565)
Release from fair value reserves on disposal of financial assets (note 21)	(46,656)	(8,461)	(46,656)	(8,461)
Loss/(profit) on disposal of financial assets (note 21)	688	(2,205)	688	(2,205)
Profit on disposal of investment in Subsidiary	-	(139)	-	(139)
Investment income (note 20)	(52,916)	(51,485)	(52,916)	(51,485)
Retirement benefit obligations	4,762	3,449	4,762	3,449
Minority interest (Dividend) (note 15)	11,170	11,170	-	-
Change in Unearned Premiums (Insurance Fund) (notes 19/26(b))	25,980	7,211	25,980	7,211
Changes in working capital:				
- Trade and other receivables	(5,572)	(10,742)	(5,577)	(10,742)
- Trade and other payables	42,537	(12,294)	42,530	(12,292)
Cash generated from/(used in) operating activities	81,890	(8,428)	70,833	(19,492)

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
(b) Cash and cash equivalents				
Short term deposits	188,972	166,085	188,972	166,085
Bank balances and cash	37,900	39,996	37,551	39,485
Cash and cash equivalents	226,872	206,081	226,523	205,570

The interest rates on short-term foreign deposits ranged from 1% to 4.5% and on local deposits from 3.7% to 7.2% (2004: average of 5.6%).

Notes to the Financial Statements – Year ended December 31, 2005

26. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE COMPANY					
	2005			2004		
	Gross Rs'000	Reinsurance Rs'000	Net Rs'000	Gross Rs'000	Reinsurance Rs'000	Net Rs'000
(a) Claims						
At January 1,						
Notified claims	209,422	(127,576)	81,846	237,466	(161,517)	75,949
Increase in liabilities	249,512	(102,339)	147,173	312,464	(167,491)	144,973
Cash paid for claims settled in the year (page 39)	(269,273)	114,937	(154,336)	(340,508)	201,432	(139,076)
	<u>189,661</u>	<u>(114,978)</u>	<u>74,683</u>	<u>209,422</u>	<u>(127,576)</u>	<u>81,846</u>
Incurred but not reported (IBNR) (note 19)			12,329			12,329
At December 31,			<u>87,012</u>			<u>94,175</u>

	THE COMPANY					
	2005			2004		
	Gross Rs'000	Reinsurance Rs'000	Net Rs'000	Gross Rs'000	Reinsurance Rs'000	Net Rs'000
(b) Provision for unearned premiums						
At January 1,	230,639	(115,539)	115,100	221,875	(113,986)	107,889
Increase during the year	63,604	(37,624)	25,980	8,764	(1,553)	7,211
At December 31, (note 19)	<u>294,243</u>	<u>(153,163)</u>	<u>141,080</u>	<u>230,639</u>	<u>(115,539)</u>	<u>115,100</u>

27. COMMITMENTS

	THE GROUP		THE COMPANY	
	2005	2004	2005	2004
	Rs'000	Rs'000	Rs'000	Rs'000
Outstanding commitments for loans, freehold properties and investments approved by the Board of Directors	<u>160,100</u>	<u>172,000</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements – Year ended December 31, 2005

28. SEGMENT INFORMATION

	THE GROUP					2005 Total Rs'000.
	Life	General				
	Rs'000.	Fire & Allied Perils Rs'000.	Motor Rs'000.	Health Rs'000.	Others Rs'000.	
(a) Primary reporting format - business segments						
Gross premiums	1,102,019	161,485	128,881	100,072	286,274	1,778,731
Net earned premiums	1,056,168	23,725	95,933	45,155	71,655	1,292,636
Underwriting surplus	-	28,280	9,597	6,548	67,180	111,605
Investment income						64,086
Operating profit						175,691
Other income						48,228
						223,919
Marketing and Administrative expenses						(110,035)
Depreciation						(8,400)
Amortisation						(1,092)
Profit before taxation						104,392
Taxation						(4,906)
Profit for the year						99,486
Transfer to Statutory Reserve Fund						(4,425)
Retained profit for the year						95,061

	Life	General				2005 Total Rs'000.	
	Rs'000.	Fire & Allied	Motor Rs'000.	Health Rs'000.	Others Rs'000.		Unallocated Rs'000.
		Perils Rs'000.					
Segment assets	11,473,068	23,914	96,696	45,514	46,659	888,356	12,574,207
Segment liabilities	(11,473,068)	(11,257)	(83,883)	(47,921)	(51,322)	(261,812)	(11,929,263)
Equity holders' interest							644,944
Capital expenditure	-	1,062	4,293	2,021	2,071	-	9,447
Depreciation	-	944	3,817	1,797	1,842	-	8,400
Amortisation	-	123	496	234	239	-	1,092
Other non-cash expenses	-	1,810	7,319	3,445	3,531	-	16,105

Notes to the Financial Statements – Year ended December 31, 2005

28. SEGMENT INFORMATION (continued)

	THE GROUP					2004 Total Rs'000.
	Life	General				
	Rs'000.	Fire & Allied Perils Rs'000.	Motor Rs'000.	Health Rs'000.	Others Rs'000.	
Primary reporting format - business segments						
Gross premiums	947,869	164,602	107,260	81,817	229,930	1,531,478
Net earned premiums	898,487	25,895	85,230	39,071	60,379	1,109,062
Underwriting surplus	-	30,804	2,935	6,524	48,567	88,830
Investment income						62,655
Operating profit						151,485
Other income						25,770
						177,255
Marketing and Administrative expenses						(96,052)
Depreciation						(8,900)
Amortisation						(711)
Profit before taxation						71,592
Taxation						(5,628)
Profit for the year						65,964
Transfer to Statutory Reserve Fund						(2,743)
Retained profit for the year						63,221

	Life	General				2004 Total Rs'000.	
	Rs'000.	Fire & Allied	Motor Rs'000.	Health Rs'000.	Others Rs'000.		Unallocated Rs'000.
		Perils Rs'000.					
Segment assets	9,762,358	25,247	83,096	38,092	58,867	719,788	10,687,448
Segment liabilities	(9,762,358)	(11,833)	(78,616)	(38,423)	(16,101)	(216,820)	(10,124,151)
Equity holders' interest							563,298
Capital expenditure	-	582	1,917	879	1,358	-	4,736
Depreciation	-	1,095	3,602	1,651	2,552	-	8,900
Amortisation	-	87	288	132	204	-	711
Other non-cash expenses	-	1,854	6,101	2,797	4,321	-	15,073

- (b) All the activities of the Group are carried out in Mauritius, with the exception of Swan International Co. Ltd, the results of which, have not been separately identified in view of the fact that its assets represent less than 10% of the total assets

29. HOLDING COMPANY

The Directors regard Intendance Holding Limited which owns 67.55% 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.

Notes to the Financial Statements – Year ended December 31, 2005

30. RELATED PARTY TRANSACTIONS

(a) THE GROUP	Sale of services Rs'000	Investment Income Rs'000	Claims paid Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Debtors Rs'000	Outstanding Rs'000	Claims Rs'000	Amount owed (to)/by related parties Rs'000
<u>2005</u>									
Shareholders with significant influence Enterprises that have a number of Directors in common Enterprises on which the Company and Subsidiaries exert significant influence Key Management Personnel	79,614 15,706 23,291 972 119,583	10,613 1,187 726 - 12,526	37,403 3,358 1,816 2,209 44,786	- 26,719 445,682 - 472,401	84,682 - 27,542 13,728 125,952	5,693 1,849 646 257 8,445	9,894 2,478 76 50 12,498	167 - - - 167	
<u>2004</u>									
Shareholders with significant influence Enterprises that have a number of Directors in common Enterprises on which the Company and Subsidiaries exert significant influence Key Management Personnel	71,922 23,871 3,344 947 100,084	2,809 11,526 - - 14,335	63,672 8,400 1,370 117 73,559	11,829 67,738 165,980 - 245,547	50,575 7,284 112,064 14,019 183,942	12,668 5,213 770 107 18,758	29,768 4,032 15 - 33,815	29,768 4,032 - - 33,800	

Notes to the Financial Statements - Year ended December 31, 2005

30. RELATED PARTY TRANSACTIONS (continued)

	(b) THE COMPANY										Amount owed to related parties Rs'000
	Sale of services Rs'000	Investment Income Rs'000	Management fees paid Rs'000	Claims paid Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Debtors Rs'000	Outstanding Rs'000	Claims Rs'000		
2005											
Subsidiary companies	6,629	27,328	227	3,901	31,039	-	4,127	277			9,906
Shareholders with significant influence	66,286	160	-	37,403	-	3,975	-	9,894			167
Enterprises that have a number of Directors in common	15,661	1,039	-	3,358	15,864	-	1,721	2,478			-
Enterprises on which the Company exerts significant influence	3,870	-	-	1,816	-	-	-	76			-
Key Management Personnel	972	-	-	2,209	-	-	257	50			-
	93,418	28,527	227	48,687	46,903	3,975	6,105	12,775			10,073
2004											
Subsidiary companies	5,393	27,328	-	3,456	31,039	-	3,442	98			9,022
Shareholders with significant influence	72,687	725	-	64,511	-	5,975	1,912	29,768			-
Enterprises that have a number of Directors in common	23,871	1,154	-	8,400	62,491	-	4,912	4,032			-
Enterprises on which the Company exerts significant influence	3,344	-	-	1,370	-	-	-	15			-
Key Management Personnel	947	-	-	117	-	-	107	-			-
	106,242	29,207	-	77,854	93,530	5,975	10,373	33,913			9,022

Notes to the Financial Statements – Year ended December 31, 2005

30. RELATED PARTY TRANSACTIONS (continued)

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
(c) Key management personnel compensation				
Salaries and short-term employee benefits	49,317	43,393	20,566	18,687
Post-employment benefits - current service cost	4,098	3,839	2,266	2,182
- others	97	76	49	45
	53,512	47,308	22,881	20,914

Notes to the Financial Statements – Year ended December 31, 2005

31. FIVE YEAR SUMMARY

(a)	THE GROUP				
	2005 Rs'000	2004 Rs'000	2003 Rs'000	2002 Rs'000	2001 Rs'000
INCOME STATEMENTS					
Gross premiums	1,778,732	1,531,478	1,376,082	1,295,884	1,160,638
Net earned premiums	1,292,636	1,109,062	973,311	906,203	847,733
Underwriting surplus	111,605	88,830	99,240	99,726	99,914
Operating profit	175,691	151,485	158,611	157,328	160,966
Profit before taxation	104,392	71,592	59,937	63,846	79,813
Taxation	4,906	5,628	3,657	5,901	9,605
Profit for the year	99,486	65,964	56,280	57,945	70,208
Retained profit for the year	95,061	63,221	53,968	55,552	67,225
Attributable to:					
Equity holders' of the Company	83,891	52,051	43,825	46,876	56,583
Minority interest	11,170	11,170	10,143	8,676	10,642
	95,061	63,221	53,968	55,552	67,225
BALANCE SHEETS					
Non-current assets	499,290	409,236	392,086	370,351	376,751
Current assets	601,848	515,854	506,849	535,044	346,961
Life Business Assets	11,473,068	9,762,358	8,117,046	6,949,516	6,272,755
	12,574,206	10,687,448	9,015,981	7,854,911	6,996,467
Equity holders' interest	644,944	563,298	541,644	536,910	485,671
Minority Interest	26,272	8,867	18,819	27,099	11,725
Life Assurance Fund	11,473,068	9,762,358	8,117,046	6,949,516	6,272,755
Net Unearned Premiums (Insurance Fund)	141,080	115,100	107,889	106,395	89,579
Non-current liabilities	38,786	34,024	30,575	28,314	25,951
Current liabilities	250,056	203,801	200,008	206,677	110,786
	12,574,206	10,687,448	9,015,981	7,854,911	6,996,467
Dividends per share (rupees and cents)	5.00	4.50	4.00	4.00	3.75
Earnings per share (rupees and cents)	12.32	7.64	6.43	6.87	8.30
Net assets value per share (rupees and cents)	89.93	78.55	75.53	74.87	67.72
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 – Year ended December 31, 2005

31. FIVE YEAR SUMMARY (continued)

(b)	THE COMPANY				
	2005 Rs'000	2004 Rs'000	2003 Rs'000	2002 Rs'000	2001 Rs'000
INCOME STATEMENTS					
Gross premiums	676,713	583,609	577,273	546,930	461,610
Net earned premiums	236,468	210,575	214,565	188,047	178,578
Underwriting surplus	111,605	88,830	99,240	99,821	99,687
Operating profit	164,521	140,315	148,466	148,635	150,082
Profit before taxation	93,411	60,489	49,889	55,153	69,165
Taxation	4,906	5,628	3,657	7,295	9,508
Profit for the year	88,505	54,861	46,232	47,858	59,657
Retained profit for the year	84,080	52,118	43,920	45,465	56,674
BALANCE SHEETS					
Non-current assets	530,329	440,275	423,141	401,433	384,127
Current assets	511,181	484,649	446,557	446,070	316,316
	1,041,510	924,924	869,698	847,503	700,443
Equity holders' interest	611,622	572,372	524,853	499,494	472,682
Net Unearned Premiums (Insurance Fund)	141,080	115,100	107,889	106,395	89,579
Non-current liabilities	38,786	34,024	30,575	28,314	25,640
Current liabilities	250,022	203,428	206,381	213,300	112,542
	1,041,510	924,924	869,698	847,503	700,443
Dividends per share (rupees and cents)	5.00	4.50	4.00	4.00	3.75
Earnings per share (rupees and cents)	12.34	7.65	6.45	6.67	8.32
Net assets value per share (rupees and cents)	85.29	79.82	73.19	69.65	65.91
Number of shares used in calculation	7,171,346	7,171,346	7,171,346	7,171,346	7,171,346

Other Statutory Disclosures – Year ended December 31, 2005

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company and of the Subsidiary Companies have service contracts.

DIRECTORS' REMUNERATION AND BENEFITS

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

	FROM THE COMPANY		FROM THE SUBSIDIARIES	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
- Directors of Swan Insurance Company Limited				
Executive Directors				
- Full-time	10,867	-	5,638	-
Non-executive Directors	626	531	614	1,166
	11,493	531	6,252	1,166

	FROM THE SUBSIDIARIES	
	2005 Rs'000	2004 Rs'000
- Directors of subsidiary companies who are not directors of the Company		
Executive Directors		
- Full-time	3,033	-
Non-executive Director	30	5
	3,063	5

DONATIONS

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Donations made during the year to 26 recipients (2004: 23 recipients)	357	518	318	237

AUDITORS' FEES

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Audit fees paid to				
BDO De Chazal Du Mée	1,621	1,542	815	795
- Other firms	166	96	37	28
Fees paid for other services provided by				
- BDO De Chazal du Mée	801	1,501	520	1,049
- Other firms	43	35	30	28
	2,631	3,174	1,402	1,900

CONTRACT OF SIGNIFICANCE

The Group and the Company have no contract of significance.

Other Statutory Disclosures – Year ended December 31, 2005

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) – Chairperson
Mr. M. J. Cyril LAGESSE
Mr. P. Arnaud DALAIS, Diplôme Universitaire en Gestion des Entreprises
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (as from 22/03/2005)
Me. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL, A.C.I.B. (U.K.) (as from 01/01/2006)
Mr. M.M. Hector ESPITALIER-NOËL, A.C.A.
Mr. Henri HAREL, A.C.I.S. (as from 22/03/2005)
Mr. Thierry LAGESSE, M.B.A. (France)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 22/03/2005)
Mr. Peeroomal Gopallen MOOROGEN, F.C.C.A., M.B.A. (Wales) (as from 01/06/2005)
Mr. Paul ROUSSET, A.C.I.I. (as from 22/03/2005)
Mr. Victor SEEYAVE, M.B.A. (USA), B.A. Economics (U.K.) (as from 22/03/2005)
Mr. Noël Adolphe VALLET

DIRECTORS OF SUBSIDIARY COMPANIES

The Anglo-Mauritius Assurance Society Limited

Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) – Chairperson
Mr. M. J. Cyril LAGESSE
Mr. P. Arnaud DALAIS, Diplôme Universitaire en Gestion des Entreprises
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (as from 22/03/2005)
Me. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL, A.C.I.B. (U.K.) (as from 01/01/2006)
Mr. M.M. Hector ESPITALIER-NOËL, A.C.A.
Mr. Henri HAREL, A.C.I.S. (as from 22/03/2005)
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) (as from 22/03/2005)
Mr. Peeroomal Gopallen MOOROGEN, F.C.C.A., M.B.A. (Wales) (as from 01/06/2005)
Mr. Louis RIVALLAND, BSc (Hons.) (SA), F.I.A. (U.K.), F.A.S (SA) (as from 22/03/2005)
Mr. Victor SEEYAVE, M.B.A. (USA), B.A. Economics (U.K.) (as from 22/03/2005)

Swan International Co. Limited

Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) – Chairperson
Mr. M. J. Cyril LAGESSE (resigned 31/12/2005)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)
Mr. Louis RIVALLAND, BSc (Hons.) (SA), F.I.A. (U.K.), F.A.S (SA) (as from 01/01/2006)

Ilot Fortier Ltd.

Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. M. J. Cyril LAGESSE (resigned 31/12/2005)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)
Mr. Louis RIVALLAND, BSc (Hons.) (SA), F.I.A. (U.K.), F.A.S (SA) (as from 01/01/2006)

Investment & Administrative Co. (Mtius) Ltd.

Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. M. J. Cyril LAGESSE (resigned 31/12/2005)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)
Mr. Louis RIVALLAND, BSc (Hons.) (SA), F.I.A. (U.K.), F.A.S (SA) (as from 01/01/2006)

Other Statutory Disclosures – Year ended December 31, 2005

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF SUBSIDIARY COMPANIES (continued)

Manufacturers' Distributing Station Limited	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. M. J. Cyril LAGESSE (resigned 31/12/2005) Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) Mr. Gérald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)
Pension Consultants and Administrators Ltd	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 01/01/2006) Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (Chairperson up to 31/12/2005) Mr. Gérald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006) Mr. Louis RIVALLAND, BSc (Hons.) (SA), F.I.A. (U.K.), F.A.S. (SA)
Standard Property Co. Ltd.	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. M. J. Cyril LAGESSE (resigned 31/12/2005) Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) Mr. Gérald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)
Swan Properties Ltd.	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. M. J. Cyril LAGESSE (resigned 31/12/2005) Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) Mr. Gérald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)
The Anglo-Mauritius Financial Services Limited	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 01/01/2006) Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (Chairperson up to 31/12/2005) Mr. Gérald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006) Mr. Louis RIVALLAND, BSc (Hons.) (SA), F.I.A. (U.K.), F.A.S. (SA) Mr. Paul ROUSSET, A.C.I.I.
Themis Ltd.	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. M. J. Cyril LAGESSE (resigned 31/12/2005) Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006) Mr. Louis RIVALLAND, BSc (Hons.) (SA), F.I.A. (U.K.), F.A.S. (SA) (as from 01/01/2006)
Verdun Industrial Building Co. Ltd.	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. M. J. Cyril LAGESSE (resigned 31/12/2005) Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) Mr. Gérald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)

Secretary's Certificate – Year ended December 31, 2005

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



Jean Paul CHATEAU DE BALYON
Group Company Secretary

28th March 2006

Auditors:

BDO De Chazal Du Mée

Bankers:

Bank of Baroda
Barclays Bank PLC
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

Proxy Form

SWAN INSURANCE COMPANY LIMITED

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 Wednesday 28th June 2006 at 09.30 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 of the Group at 31st December 2005.						
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company until the conclusion of the next Annual Meeting and 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 elect as Directors of the Company Messrs. George John Dumbell and Peeroomal Gopallen Moorroogen. Each of the above-named shall be elected by a separate resolution.	GJD	PGM	GJD	PGM	GJD	PGM

Dated this day of 2006.

(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.

