Swan Insurance Company Limited

Annual Report 2006

Swan Insurance

Swan Group

Swan Insurance Company Limited

Swan Group Centre
10 Intendance Street
Port Louis
Mauritius
Tel.: +230 207 35 00
Fax: +230 208 68 98
E-mail: swan@intnet.mu
Web Site: www.groupswan.com

ISSN: 1694 - 044X

Index

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.

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

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

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

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

The Group's Gross Premium Income amounted to Rs.2.1 billion for the year ended 31st December 2006. Assets under the management of the Swan Group amounted to Rs.15.6 billion and the Life Assurance Fund reached Rs.14.4 billion at 31st December 2006.

Reserves of the Swan Group stood at Rs.645.2 million and that of the Company at Rs.635.3 million in 2006.

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.203 million at 31st December 2006.

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 2006 was Rs.882.1 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 **Friday 22nd June, 2007 at 9.30 hours** on the 6th floor of the Swan Group Centre, Intendance Street, Port-Louis, to transact the following business:

1. To consider the Annual Report 2006 of the Company.

2. To receive the report of BDO De Chazal du Mée, the Auditors of the Company.

3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2006.

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 Director of the Company Mr Louis Rivalland.

By order of the Board of Directors

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

02 May 2007

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, 2006

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Insurance Company Limited for the year ended December 31, 2006, contents of which are listed below:

CONTENTS **PAGES**

This report was approved by the Board of Directors on 27th March 2007.

M.E. Cyril Mayer
Chairperson

M. J. Cyril Lagesse
Director

Principal Activities – Year ended December 31, 2006

PRINCIPAL ACTIVITIES

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

The Anglo-Mauritius Assurance Society Limited	Life assurance, pensions, actuarial and investment
Swan International Co. Ltd.	Reinsurance broking, consultancy and investment
Swan Properties Ltd.	Purchase, development and sale of land
Verdun Industrial Building Co. Ltd.	Rental of industrial buildings
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 Limited	Pension and fund administration
The Anglo-Mauritius Financial Services Ltd.	Fund management and investment consulting
Swan Group Corporate Services Limited	Provide secretarial services to Swan Group
Société de la Croix	Investment entity
Société de la Montagne	Investment entity
Société de la Rivière	Investment entity

Directorate & Management – for the financial year 2006

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
Pierre DOGER DE SPÉVILLE
George John DUMBELL, A.C.I.B. (U.K.)
M.M. Hector ESPITALIER-NOËL, A.C.A.
Henri HAREL, A.C.I.S.
Thierry LAGESSE, M.B.A. (France)
Noël Adolphe VALLET (up to 20.11.2006)

Independent Non-Executive

Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)
Peroomal Gopallen MOOROOGEN, F.C.C.A., M.B.A. (Wales)
Victor SEEYAVE, M.B.A. (U.S.A.), B.A. Economics (U.K.)

Executive

Jean de FONDAUMIÈRE, C.A. (Scotland) - Group Chief Executive (up to 31.12.2006)
Paul ROUSSET, A.C.I.I. - Consultant

Director & Group Chief Executive (as from 01.01.2007)
Louis RIVALLAND, B.Sc. (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.)

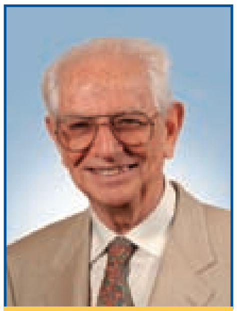
Secretary

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

Consultant to the Group Chief Executive

Gerald LINCOLN


M.E. Cyril MAYER


M.J. Cyril LAGESSE


P. Arnaud DALAIS


Jean DE FONDAUMIÈRE
(up to 31.12.06)

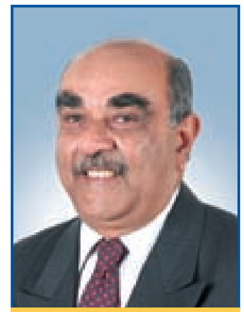

Me. Pierre DOGER DE SPÉVILLE


George J. DUMBELL


M.M. Hector ESPITALIER-NOËL


Henri HAREL


Thierry LAGESSE


Sulliman Adam MOOLLAN


P. Gopallen MOOROOGEN


Louis RIVALLAND
(as from 01/01/07)


Paul ROUSSET


Victor SEEYAVE


Noël Adolphe VALLET
(up to 20/11/06)

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

Managing Director of Harel Frères Limited.

Positions presently held on sugar sector institutions:
Member of the Selling and Executive Committee 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

Directorships of listed Companies:

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

Directorate & Management (continued) – for the financial year 2006

M. J. Cyril LAGESSE

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

Directorships of listed Companies:

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

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

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

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:

- Innodis Limited

George John DUMBELL, A.C.I.B. (U.K.)
Chairperson, Constance Group of Companies.

Worked 34 years for the HSBC Group at senior management level 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:

- Caudan Development Ltd.
- Compagnie des Magasins Populaires Limitée
- General Investment & Development Co. Ltd.
- Liberty Investment Trust
- Mon Désert Alma Ltd.
- Mon Trésor Mon Désert Ltd.
- New Mauritius Hotels Limited (Non-executive Chairperson)
- Plastic Industry Ltd.
- Promotion and Development Co. Ltd.
- Rogers & Co. Ltd.
- The Savannah S.E. Co. Ltd.

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

Directorate & Management (continued) – for the financial year 2006

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:

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

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

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.

Peroomal Gopallen MOOROOGEN, F.C.C.A., M.B.A. (Wales)
Head of Division – Residential Services of Mauritius Telecom

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

Victor SEEYAVE, M.B.A. (U.S.A.), B.A. Economics (U.K.)
Managing Director of Altima Limited

Directorship of listed Companies:

- Innodis Limited

Management Team in 2006

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 (up to 31st December 2006)
Guy DE GAYE – Technical
Alan GODER – Group Systems & Processes (as from January 2007)
Tse Kwong Philippe LO FAN HIN, F.C.I.I. – Reinsurance and Statistics
Vishnoo LUXIMAN, M.Sc.-Group Human Resources
Maxime REY – Group Finance

Managers

Patrick ANDRÉ – Health and Travel
Trilok BHURTUN, F.C.C.A, M.B.A, M.I.P.A. – Accountant
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, M.I.P.A. – Information Technology
Gilbert MONTENOT – Maintenance
Bruno NALLETAMBY, A.C.I.I., A.C.I.S – Marine (as from 1st July 2006)
Nasser PANCHAMEEAH – Individual Business Development (as from 1st August 2006)
Gilbert REY – Commercial
Gilbert XAVIER – Fire & Accident

Directorate & Management (continued) – for the financial year 2006

Senior Management Team Profile 2006

Louis RIVALLAND, B.Sc. (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.)
Group Chief Executive (as from 1st January 2007)

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 (36) 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 in January 2005 and was responsible for the operations of Swan Insurance and The Anglo-Mauritius.

He was appointed Group Chief Executive of the Swan Group in January 2007.

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

He is a Director for the following Listed Companies:
Belle Mare Holding Limited
Mon Désert Alma Limited (Chairperson of the Audit Committee)
Naïade Resorts Limited
New Mauritius Hotels (member of its Audit Committee)
The General Investment and Development Co. Ltd. (Chairperson of the Audit Committee)
The Mauritius Development Investment Trust Company Limited

He is a Board member of the Mauritius Revenue Authority.

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

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

Paul Rousset (59) 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 Executive Manager of the same Company in 1997. He acquired a vast experience and technical expertise in the area of the general insurance business in the ensuing twenty years.

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.

He is a member of the Board of Directors of Swan Insurance Company Ltd since March 2005.

Senior Management Team Profile 2006 (continued)

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 (56) 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 project 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 at 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 Director of Companies in the tourism and sugar sectors.

Since the 1st of 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 (71) 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 modernization 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.

Senior Management Team Profile 2006 (continued)

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

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

Michel Thomas (47) 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 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 specialization 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.

Jean Marc CHEVREAU

Senior Manager
Individual Business, Motor and Agents' Development

Jean Marc Chevreau (54) joined the Albatross Insurance Company Ltd. as Underwriter in general insurance in 1976 and was later promoted to Senior Supervisor. In 1986 he joined the Mauritian Eagle Co. Ltd. as Marketing Manager in the general insurance side.

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

He joined Swan Insurance as Senior Manager – Technical in April 2000. He was responsible for the Motor Department and for 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 specialization are technical and commercial expertise in all branches of short term insurance business.

Senior Management Team Profile 2006 (continued)

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 (IIM)

Guy de Gaye (52) joined Swan Insurance in 1974 and has more than 30 years of service with the Company working at different levels.

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

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

He has built up over the years a network of contacts locally and overseas with the community of insurers and re-insurers 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 sector.

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

Alan GODER
Senior Manager
Group Systems and Processes
Student Member of the Institute of Actuaries
Followed various courses in IT including Unix and Visual Basic

Alan Goder (39) worked in the Actuarial Department of The Anglo-Mauritius as Actuarial Clerk from February 1988 to April 1989. From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of The Albatross Insurance Company Ltd. From August 1996 to June 2001, he was the Executive Director of Actuarial & Capital Management Services Ltd.

From July 2001 to October 2004, he was the Chief Executive Officer of Pension Consultants & Administrators Limited

He joined The Anglo-Mauritius as Senior Manager in November 2004 where he oversees the Claims and Fund Administration departments. He is also responsible for managing Pension Consultants & Administrators Ltd.

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

His key areas of specialization are pensions administration and consulting.

Directorate & Management (continued) – for the financial year 2006

Senior Management Team Profile 2006 (continued)

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 (IIM)

Tse Kwong Philippe LO FAN HIN (48) has joined Swan Insurance Co Ltd in April 1979. He qualified as an Associate of the Chartered Insurance Institute (London) in 1983 (A.C.I.I.) and obtained his Fellowship (F.C.I.I.) by examination in 1991. He is a Chartered Insurer and has been promoted to Senior Manager on the 1st July 2003.

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

He has been dealing with Swan's Agents and worked in various fields of insurance such as Motor, Personal lines as well as the Commercial and Industrial sectors. During the past twelve years he has been heading the Reinsurance and Statistics department of 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 Insurance Co Ltd is to ensure that the Company is adequately reinsured with first class security Reinsurers for all the risks emanating from our underwriting activities.

Vishnoo LUXIMAN, M.Sc.
Senior Manager,
Group Human Resources

Master of Science in Human Resource Management (University of Surrey)
Diploma in Business Management (University of Surrey/ Mauritius 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(45) 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 (D.R.B.C) 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 D.R.B.C in 2002 and, as such, provided advice and services to 7 companies of the CIEL Group, including TPC Ltd, found in Tanzania. He cumulated the responsibilities of Acting Secretary of the Mauritius Sugar Producers' Association with that of Human Resources Manager of D.R.B.C 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 specialization are labour legislation, employee resourcing, training & development, performance management, reward management and employee relations.

Senior Management Team Profile 2006 (continued)

Maxime REY
Senior Manager
Group Finance

Maxime Rey (54) gained audit experience at Kemp Chatteris, in association with Touche Ross & Co., Chartered Accountants, from 1973 to 1974, and at Coopers & Lybrand (De Chazal du Mée), in association with Coopers & Lybrand (International), Chartered Accountants, from 1974 to 1977.

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

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

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

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

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 2006.

The Mauritian economy has been in the forefront of all considerations in the course of the year under review since Mauritius has to live through the global structural changes and adapt to a post-preferential economic model. It was in this context that the government stated its economic, fiscal and monetary policies on the occasion of the budget speech delivery in June. In appealing for responsibility, efficiency and discipline, the Minister of Finance built its budgetary philosophy on three pillars: the opening of the economy, the redress of public finance and the setting up of a bold comprehensive Empowerment Programme. Other reforms targeted investment facilitation and issues linked with the industrial relations policy, notably the setting up of a National Wages Council coupled with a complete revision of the labour law. This budget also contains major fiscal reforms like the introduction of a National Residential Property Tax and a progressive reduction of the corporate tax rate.

From a sectoral point of view, the sugar industry is faced with the difficult challenges induced by the forthcoming price cuts. The implementation of the general policy enunciated in the Multi Annual Adaptation Strategic Plan, although impaired to a certain extent, will be critical and will require mobilisation and support from all stakeholders if production of sugar is to take place in a cost-effective and competitive environment and generate high value-added products.

Reliance on other pillars of our economy like an invigorated EPZ sector, tourism and financial services sectors and emerging ones like seafood and information technology is all the more crucial if Mauritius is to achieve higher growth rates and sustain an indispensable social stability. Thanks to the bold reforms initiated, some indicators reveal a positive upturn. Foreign Direct Investment, for example, the level of which is a cornerstone of the government's new economic objectives, is increasing quite significantly.

It is against such a background that I am pleased to report a satisfactory performance of the Group. This was achieved in spite of a highly competitive environment and of a specific feature of the fiscal reform which adversely impacted on the long-term segment of its operations.

In August, the Stock Exchange of Mauritius Limited launched the Development & Enterprise Market (DEM) with the objective of replacing the Over The Counter (OTC) Market. The DEM was conceived on a simplified regulatory environment, the continuing obligations of which generally reflect the requirements of The Securities Act 2005. The Directors decided that The Anglo-Mauritius Assurance Society Limited should join the DEM in view of the obvious advantages that would be derived, namely a better market exposure and visibility, openness to foreign investment, objective market valuation and a positive impact on governance practices. Anglo-Mauritius' shares were first quoted on the DEM on 4th August 2006.

In the course of the year, Mr. Jean de Fondaumière expressed the wish to retire from his position of Group Chief Executive to settle in Australia with his family. In view of the satisfactory implementation of the restructuring and succession plan initiated since 2005, the Directors decided to accede to Mr. de Fondaumière's request. The opportunity is taken here to place on record the significant contribution of Mr. de Fondaumière to the development of the Group which he joined in 1992 and especially since 1997 when he took office as Group Chief Executive. The Directors were pleased to announce the appointment of Mr. Louis Rivalland to the post of Group Chief Executive as from 1st January 2007. Mr. Rivalland joined the Group in 1999. He holds a B.Sc. (Hons.) in Actuarial Science and Statistics, South Africa, is a fellow of the Institute of Actuaries of United Kingdom (F.I.A.) and of the Actuarial Society of South Africa (F.A.S.S.A.). Mr. Rivalland's key areas of specialisation are investment management and product development of insurance and pension business. The Directors are confident that under the new leadership, the corporate plan initiated by them will continue to achieve business prosperity and shareholder value.

In the course of the year, Mr. Noël Adolphe Vallet resigned from the Board of Swan Insurance Company Limited as from the 20th November 2006. I would like to acknowledge the valuable contribution of Mr. Vallet since he joined the Board of Swan Insurance on 23rd May 1997 and to wish him success in his new ventures.

Mr. George John Dumbell, formerly Independent Non-Executive Director, became, by virtue of his new responsibilities at the head of the Constance Group, a Non-Executive Director as from 29th November 2006.

I would like on behalf of my colleagues of the Board to express my appreciation to the Group's executive and management teams and to the personnel at large for the quality of their performance. May I reiterate that the value of an organisation like ours is undoubtedly attributable to its people and how its interest coincide with those of their Group.

In concluding, I wish to express my gratitude to my colleagues of the Board, and more specially to those who sat on the committees, for their support and guidance.

M.E Cyril Mayer
Chairperson

Group Chief Executive's Review

SHORT TERM OPERATIONS

The high level of competition prevailing in the local insurance market throughout 2006 has been exerting ongoing pressure on premium rates for several business classes and this has adversely impacted on our underwriting result.

The Company's gross premium income grew by nearly 12% well above inflation rate while the net earned premium increased by 30%. However, the underwriting surplus was lower compared to the previous year due to adverse claims experience in the motor and health classes.

In the motor class, the high loss ratio experienced by the Company and also by the overall industry is mainly attributable to the combined effects of the significant rise in the cost of claims and the reduction of rates due to increased competition. Furthermore, a number of factors such as higher incidence of claims, unavailability of spare parts in respect of some newly imported cars, rise in the number of total losses and the incidence of VAT on repairs have further contributed to the deterioration of our operating results in this class of business.

The Health sector is still being affected by the high medical inflation cost and by the increasing cost of new technologies. The appropriate corrective actions are being implemented to redress the underwriting results.

Despite another quiet cyclonic season, the cost of catastrophe reinsurance worldwide for 2006 has been impacted by an exceptionally intense and costly hurricane season in the U.S and the company was faced with increased excess of loss costs for its current programme.

Our Commercial and personal lines of business had another good year with a growth in premiums whilst maintaining profitability. In view of the encouraging results we are considering revising our reinsurance programme so as to restructure the level of risk that we retain.

The Marine business continued to produce overall stable and satisfactory results despite a few medium size losses during the year. This good underwriting performance was achieved through disciplined approach to underwriting and pricing.

We have been providing our agents with the necessary technical support and encouragement to continue to develop targeted lines of business. We are thankful for their efforts and achievement in an increasingly competitive environment. We have also continued to work closely with insurance brokers and pursue business opportunities for selective expansion.

We remain focused in improving our standard of customer service and offering innovative products to meet customers' changing needs so as to maintain our leading market position.

LONG TERM OPERATIONS

The total premium income between 2005 and 2006 has increased by more than the corresponding rate between 2004 and 2005. Net of reinsurance, total premiums between 2005 and 2006 grew by 21.8% in comparison to a growth of 17.5% between 2004 and 2005.

In terms of the breakdown between the two types of policies, the unit-linked business achieved an annual growth of premiums net of reinsurance of 40.9% whilst the conventional business achieved a lower but still very respectable annual growth of 14.2%.

We are very pleased with these results as they were achieved despite adverse fiscal measures introduced in the 2006/2007 budget through the abolition of tax relief on personal pension contributions and on life insurance premiums. We attribute this success to the range and flexibility of our products, which cater for the ever-changing needs of policyholders, and also to the strong investment returns we continue to deliver to our policyholders.

Nonetheless, we recognise that the new fiscal measures will affect the growth of our long-term business in the immediate future. However, we are confident that by continuing to develop innovative products and by focusing on the protective features of our products, we will be able to maintain the growth of our business in the years to come.

Individual Business

The individual business has been affected by the fiscal measures described above leading to a challenging sales environment.

Although the government has reduced the income tax rate, the effect of these fiscal changes coupled with a general increase in prices have resulted in a reduction to the net disposal income of the population at large. As a result, regular savings through life insurance policies and personal pension plans fell significantly during the second half of the financial year.

Whilst we acknowledge that the life insurance industry has long been privileged with generous fiscal incentives, we feel that the abolition of tax relief on personal pension contribution is not an inducement towards retirement planning and this may have consequential macro-economic effect in the long term. In fact, most developed countries are attempting to encourage individuals to make their own pension provision so as to reduce the reliance on state benefits. We feel that the measures introduced are doing just the reverse.

In light of the above changing environment we have re-evaluated our strategies so as to maintain the high performance targets that we have set ourselves. It goes without saying that, now more than ever, we remain committed to a totally professional approach through the training and development of our staff and sales representatives.

Amidst these changes, we are confident that the individual line of business, through innovative and flexible saving and risk benefit products, will continue to play an important role in the overall business of the Company.

Corporate Business

In addition to the fiscal measures now in place, the Government has also announced that starting from 2008, there would be a gradual increase to the normal retirement age from 60 to 65 for state pension schemes. Unlike the individual line of business, these measures have not affected our corporate business.

Many of our corporate clients have shown interest to switch from a Defined Benefit (DB) to a Defined Contribution (DC) arrangement. The trend is most noticeable in respect of pension provision for new employees. However, some clients have gone further and implemented the change for existing employees as well. The switch in the type of pension vehicle indicates that employers are nowadays more conscious of the risks of running DB schemes. However, DC schemes require members to make well-informed decisions regarding a number of financial options available to them.

We have launched a web access service for our DC scheme clients. This will enable each member of a DC scheme to have up-to-date information as regards to his Personal Member Account.

We have continued in our strategy to offer bundled and unbundled services in all the various aspects relating to pension scheme management in response to the needs of our clients and to the current market requirements.

Group Chief Executive's Review

LONG TERM OPERATIONS (continued)

Corporate Business (continued)

The independent legal structures of Pension Consultants and Administrators Limited (PCA) and Anglo-Mauritius Financial Services Ltd (AMFS) and our leading actuarial department have enabled us to offer key services including administration, fund management and actuarial in the unbundled market.

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

PCA is currently the market leader in its field and is privileged to administer the pension schemes for 3 of the top 5 local institutions. It currently provides administration services to over 100 companies, which account for around 9,000 members.

It has experienced a growth in income of around 6% in comparison to 2005. This growth is mainly due to three new schemes under administration and the growth in membership of its existing clients. PCA's objective for the coming year will be to strengthen its position in the field of administration of self-administered schemes.

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

REGIONAL DEVELOPMENT

The investment made by the group in State Assurance Co. Ltd (SACL) of Seychelles in association with the Seychelles Pension Fund, through Opportunity Investment Co. Ltd, has further consolidated through an additional purchase of 7 % of SACL shares. Opportunity Investment Co. Ltd, in accordance with the share sale agreement with the Government of Seychelles, has been offered shares not subscribed by the employees during the privatisation offer process with the result that Opportunity Investment Co. Ltd now holds a total of 37 % of SACL shares.

The company has been working closely with the SACL management and has carried out a comprehensive analysis of their systems, products, reinsurance structure and is providing continuous technical support and service in various fields as well as assistance in the implementation of a development programme. The company is confident that this association will be beneficial to both companies in the future.

ECONOMIC HIGHLIGHTS

The World Economy

In 2006, the global economic growth is targeted to be slightly more than 3.0%. The growth rate for developed countries is expected to be around 3.3% whilst for economies in transition and developing countries, the growth rate is targeted to be around 2.5% and 5.9% respectively.
Looking ahead, although China has accumulated vast surpluses (all under China's weaker currency), the crippling trade deficit of the US is expected to offset some of this growth such that global economic growth for 2007 is expected to be moderate.

The Domestic Economy

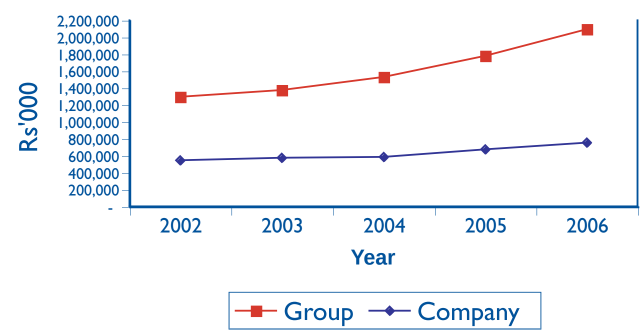
The Mauritian economy grew at a rate of 5.0% during the year 2006 (2005: 2.3%). GDP per capita at basic prices is estimated at Rs 144,858 compared to Rs 130,416, representing an increase of around 10.50%. The inflation rate for the year 2006 has gone up to 8.9% (2005: 4.9%) while the estimated unemployment rate for the year 2006 fell marginally to 9.4% (2005: 9.6%). The investment rate has slightly risen to 23.9% (2005:21.3%). This was due mainly to the acquisition of new aircrafts and marine vessels.

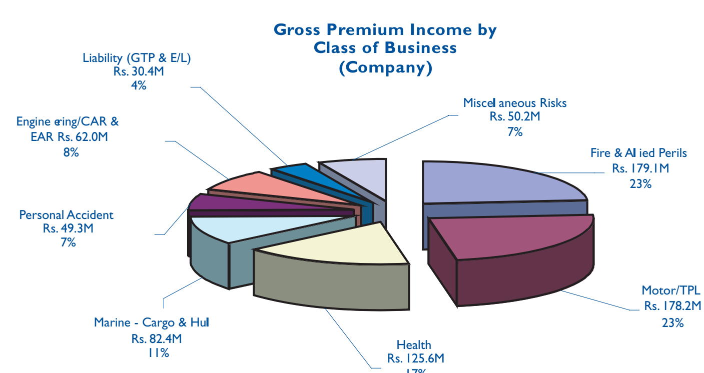
The sugar industry has been affected by a 5.1% fall in the price of sugar. As a result, sugar production has been scaled down by 2.9% for 2006 to around 500,000 tones (2005: 519,816) over the year. However, the appreciation of the Euro and the implementation of property development strategies have had mitigating effects in that sector.

'Chikunkunya' adversely affected the tourism industry, especially during the second and third quarters of 2006. However, in the last quarter of 2006, the situation was successfully contained following a range of actions implemented by the government throughout the island. Despite the impact of 'Chikunkunya', tourist arrivals have increased by 3.7% leading to around 790,000 arrivals for the year 2006 (2005:761,063). The projected growth rate is anticipated to be around 10% for this sector. This is expected to be achieved through the liberalisation of air access and higher seat capacity on the national airline. The construction of additional hotels to cope with rising demand during peak seasons and recourse towards discounts during off-peak seasons is expected to help the growth within this sector.

The EPZ sector is back with a newly found dynamism recording a growth rate of 4.6% for 2006 compared to a decline of 12.3% for the previous year. The current operators in that sector have been able to continue their activities during the difficult periods by targeting their efforts towards niche markets so as to be able to compete with low-cost producing countries such as China and India.

Gross Premiums (Group & Company)





FINANCIAL HIGHLIGHTS

The Group

The Group's Gross Premium Income at 31st December 2006 amounted to Rs.2,095 million, representing an increase of 17.8% (Rs.1,779 million in 2005). The Net Earned Premiums has increased from Rs.1,293 million in 2005 to Rs.1,593million this year, representing an increase of 23.2%.

The Profit Before Tax decreased to Rs.43.9 million in 2006, representing a fall of 57.9% (Rs.104.4 million in 2005)

Total assets under the management of the Swan Group amounted to Rs.15.6 billion at 31st December 2006 (Rs.12.7 billion in 2005) representing an increase of 22.8%

The Life Assurance Fund amounted to Rs.14.4 billion at 31st December 2006 compared to Rs.11.5 billion in 2005, an increase of 25.2%

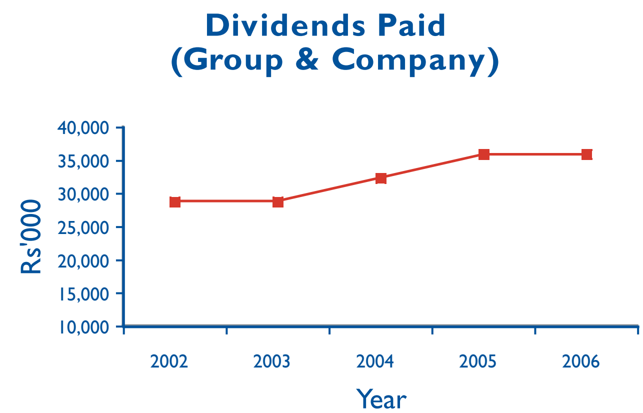
The Net Asset Value per Share amounted to Rs.95.0 in 2006 (Rs.90.0 in 2005) and the Earnings per Share decreased by 64.6% at Rs.4.36 compared to Rs.12.32 in 2005.

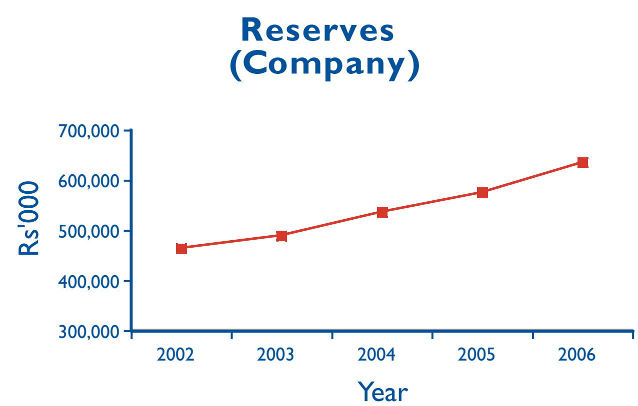
The Company

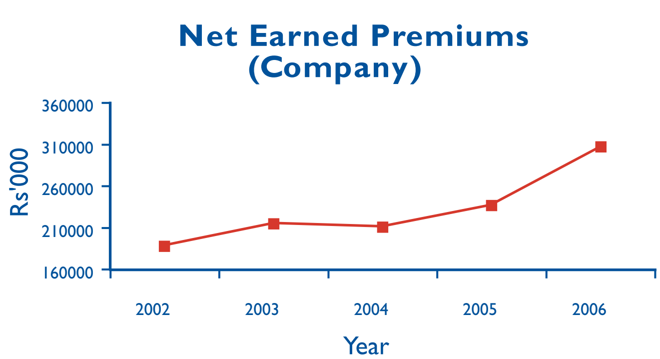
The Company's Gross Premium Income has increased by 11.9% to Rs.757 million in 2006 (Rs.677 million in 2005) while Net earned Premiums has increased by 29.5% to reach Rs.307 million (Rs.237 million in 2005).

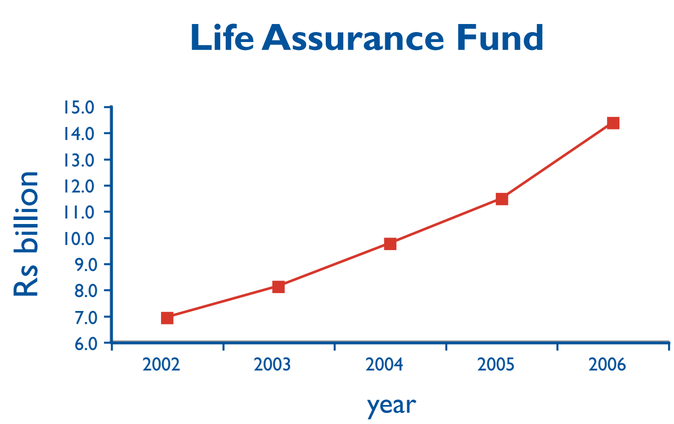
The Profit Before Tax for 2006 amounted to Rs.34.1 million compared to Rs.93.4 million in 2005. Dividends remained at Rs.35.9 million and an amount of Rs.1.6 million has been transferred to the Statutory Reserve Fund.

The Company's reserves at 31st December 2006 stood at Rs.635million compared to Rs.576 million in 2005.









INVESTMENTS

Background

Equity

The Semtri reached a new high and recorded an excellent performance of 56.8% during the year. The Stock Exchange of Mauritius generated an annualised total return of 37.3% over the last five years and witnessed renewed trading activities by both local and foreign investors. Globally, stockmarkets averaged a growth of 20.7% in 2006 as measured by the MSCI World (US Dollars) with Europe amongst the leading regions with a return of 30.2%. The United States (US) returned 13.6% whilst Asia's performance lagged behind at 7.4% over the year.

Fixed Interest

On the fixed income side, the trend of rising interest rates continued into 2006. In Mauritius, interest rates increased by 150 bps to reduce inflationary pressures and improve the attractiveness of MUR denominated assets. Over the same period the MUR substantially depreciated vis-à-vis its main trading currencies by 22.8% and 8.5% against the Euro and the US Dollar respectively. In the US, the Central Bank raised interest rates by 100 bps during the year but at a lower frequency rate and amount than in 2005.

The Company's investment portfolio

The investment portfolio of Swan Insurance delivered a good performance over the year. The fund was invested in a mix of 37% equities and 63% fixed income securities. Investment income increased marginally due to higher prevailing interest rates over the year while the overall equity portfolio added an impressive gain of 42.3% to the performance. The latter was further boosted by a strong gain on exchange on our foreign assets, resulting in Rs 18 million of unrealised gain on the portfolio. However, the amount of other income fell over the year as a large part of this capital gain has remained unrealised.

Performance of The Anglo-Mauritius Funds

The Non-Linked Fund remains our largest fund as at 31st December 2006 with assets in excess of Rs 12.8 billion at market value compared to Rs 10.5 billion in the previous year. The assets are split between shares, properties & other assets (51%) and fixed income securities (49%). The fund maintained its progress and delivered a good performance in 2006 helped by an impressive return on its equity portfolios. Around 22% of the fund is invested overseas for diversification and return enhancing purposes.

The Equity Fund (Pension) was our overall best performing fund with a return of 48.5% during the year. This fund is principally weighted towards shares of quoted companies on the local stock exchange with a slight exposure to international stock markets. Our most popular unitised funds, the General Fund (Life) and the Secure Fund (Pension) which both adopt a more conservative investment mandate, have returned 12.9% and 11.3% respectively during 2006.

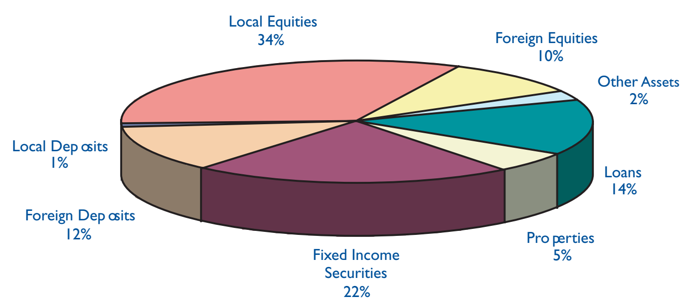
LEGAL AND REGULATORY FRAMEWORK

The Road Traffic (Amendment) Act voted by the National Assembly in July 2006 provides for a tougher penalty for the offence of using a motor vehicle without an insurance policy.

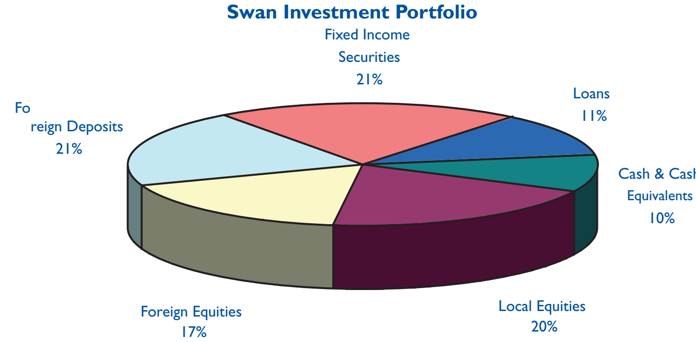
The Insurance Act 2005, which was voted by the National Assembly in March 2005, has still to be proclaimed. However, discussions between the industry and the regulatory body regarding outstanding issues such as solvency rules have reached an advanced stage and the Act is expected to be proclaimed during 2007. The Act aims essentially to enhance the regulatory and supervisory framework for the insurance industry and to provide greater protection to policyholders and other beneficiaries. The Act provides for the application of the International Association of Insurance Supervisors' (IAIS) standards and principles and focuses on specific regulatory issues relating to capital adequacy, solvency, corporate governance and early warning systems.

In order to encourage insurance companies, whether engaged in general or long term business, to offer a better service to policyholders and interested parties, the Financial Services Commission has issued Guidelines pursuant to section 7 (1) (a) of the Financial Services Development Act (the FSD Act) requiring Insurers to set up and maintain an internal complaints mechanism to ensure that complaints are handled in a timely, ethical and efficient manner. As such, a Complaints Coordinator has been appointed by the Company for the handling of complaints. Properly handled, complaints can be an economical way of improving public image, increasing client satisfaction and identifying and rectifying defective business processes.

The Anglo-Mauritius Non Linked Fund



Swan Investment Portfolio



The Finance Act 2006 has amended The Financial Intelligence and Anti-Money Laundering Act (the FIAML Act) by increasing the threshold for cash payment from Rs 350,000 to Rs 500,000.

The revised Code on the Prevention of Money Laundering and Terrorist Financing has placed a string of new responsibilities on the shoulders of the Money Laundering Reporting Officer (MLRO). The MLRO is now responsible for the implementation and monitoring of the day-to-day operation of the AML/CFT policy of the Insurance Entity. In addition, he has to report to the Board of Directors on any material breaches of the internal AML/CFT policy and procedures and/or of any money laundering laws and codes. The preparation of annual reports and such other periodic reports to the Board on the adequacy/shortcomings of internal controls and procedures implemented has also been ascribed to the MLRO. The report shall recommend any necessary action to remedy deficiencies identified.

It is also worth mentioning that there has been a significant increase in the number of Judges' order requesting insurers, within a short span of time, to provide to the Independent Commission Against Corruption detailed information regarding all transactions and accounts in respect of the persons and/or companies mentioned in the said order.

The revised Code has also assigned new responsibilities to the Board of Directors. It is presently the Board's duty to approve the Insurance Entity's AML/CFT policy and to establish proper procedures and allocate responsibilities to ensure that the aforesaid policy and procedures are managed effectively and are in line with applicable laws and codes.

Non-compliance with the Code may, besides causing significant reputational damage, ultimately lead to criminal sanction and regulatory action under section 3 (2) of the FIAML Act and section 7 (1) (e) of the FSD Act respectively. The Company is still pursuing its efforts to ensure compliance with the existing anti-money laundering legislations and codes. The anti-money laundering compliance manual is presently being thoroughly revised and updated.

HUMAN RESOURCES AND ORGANISATION STRUCTURE

Human Resources

Management acceded to the request of Mrs Suzanne Chung, Senior Manager of the Group IT department, for an early retirement as from 1 January 2007 after 27 years' service with the Swan Group. I would like to take this opportunity to thank her wholeheartedly for her important contribution to the development of IT within the Group. We are also grateful to her for having kindly accepted our proposal to work as IT Consultant, on a part time basis, under a contract of fixed duration. This will enable the Group to benefit from her rich experience for some more time.

Mr Mark Whatley, Operations Executive and Actuary of The Anglo-Mauritius has resigned from his post for personal reasons at the end of June 2006. I wish to emphasise his contribution to the development of the life assurance and pension businesses during the three and a half years he spent with us.

Mr Sattar Jackaria joined The Anglo-Mauritius in October 2006 as Actuary and Senior Manager of the Actuarial department. He holds an honours degree in Mathematics, Operational Research, Statistics and Economics from the University of Warwick and is a Fellow of the Institute of Actuaries. He has worked for 7 years in the pensions and actuarial fields with a company of international repute in the United Kingdom.

The implementation of best practices in the field of human resource management has been one of our preoccupations in 2006. Our Group Human Resources department has carried out a gap analysis to determine the needs of the Swan Group. An action plan was subsequently set up to implement the necessary HR systems.

The first group wide performance review was held in December 2006 and January 2007. The exercise has enabled an open and constructive dialogue between Managers and their subordinates on performance related issues. Moreover priority training and development needs have also been identified. Our performance management system should enable us to ensure sustained performance improvements over the forthcoming years.

Our Group Human Resources department has also documented policies and procedures in respect of the main HR activities. The policies will provide guidance to our Management team for decision-making on HR related matters. Moreover the procedures will ensure consistency in the management of our human resources while minimising business risks.

Organisation Structure

As from 1st January 2007, the post of Group Chief Operations Officer has been removed such that all departments are directly accountable to the Group Chief Executive.

Swan Group Corporate Services Ltd (SGCSL), a new legal entity was set up in May 2006 to act as Secretary to the companies of the Swan Group. SGCSL, which is led by Mr Jean Paul Chasteau de Balyon in his capacity of Secretary, comprises of three full-time employees.

The departure of Mr Mark Whatley, the Operations Executive (Actuarial & Long Term Operations) at the end of June 2006, has brought about a few changes to the organisation structure of The Anglo-Mauritius Assurance Society Ltd. The Claims department was transferred under the responsibility of Mr Alan Goder, Senior Manager. The latter was also entrusted the responsibility for Actuarial Claims which previously formed part of the Actuarial department. Moreover, Mr Sattar Jackaria, B.Sc. (Hons), F.I.A, has been recruited as Actuary and Senior Manager of the Actuarial department.

As a result of the decision of Mrs Suzanne Chung Tak Lun, Senior Manager-Group IT, to take early retirement at the end of December 2006, the Group IT department has been reorganised into a Systems and Processes department. The underlying objective is to create a team combining both technical and analytical skills to implement streamlined solutions to meet the requirements of the various companies of the Group. Mr Alan Goder, Senior Manager, leads the new Systems and Processes department as from January 2007.

Louis Rivalland
Group Chief Executive

Corporate Governance Report 2006

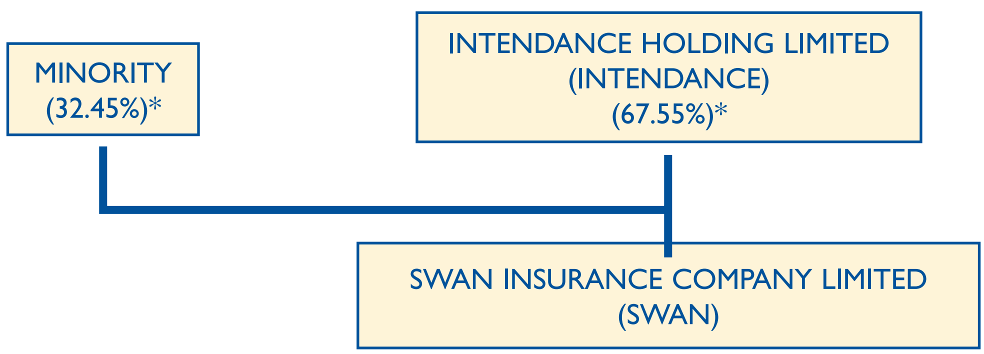
1. COMPLIANCE STATEMENT

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

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

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

2. ULTIMATE HOLDING COMPANY



* at 31.12.06

3. COMMON DIRECTORS

	SWAN	INTENDANCE
M.E. Cyril Mayer	√	√
M.J.Cyril Lagesse	√	√
P.Arnaud Dalais	√	√
M.M. Hector Espitalier-Noël	√	√
Me. Pierre Doger de Spéville	√	√

4. MAJOR SHAREHOLDERS

At April 30, 2007,the following shareholders held more that 5% of the ordinary share capital of Swan Insurance

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

5. DIVIDEND POLICY

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

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

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

Year	Dividend Cover* (Times)	Dividend Yield** %
2006	0.90	4.07
2005	2.47	4.55
2004	1.71	5.26
2003	1.61	6.56
2002	1.67	8.33

* 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.

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.

Corporate Governance Report 2006 (continued)

6. THE BOARD OF DIRECTORS

(b) Election of Directors

The Code of Corporate Governance provides for directors to be elected (or re-elected as the case may be) every year at the annual meeting of shareholders. However, the Board does not consider this recommendation to be appropriate within the context of the Group. In addition, the constitution of the Company does not make any provision for such a procedure. The Board believes that the complexity of the Group's operations is such that a reasonable time should be allowed for an independent director to be reasonably conversant with its technicalities. This applies particularly to those Directors who are members of the Audit and Risks Committee.

(c) Evaluation

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

(d) Directors' interests in shares

	2006 & 2005			
	In the Company		In the Subsidiary (The Anglo Mauritius Assurance Society Limited) Direct	
Directors	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
	3,442	0.047	1,973	0.079

(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.

7. REMUNERATION POLICY(continued)

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

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

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

8. BOARD COMMITTEES

(a) The Audit and Risks Committee

The Committee consists of four non-executive directors three of whom are independent including the Chairperson.
The current members are Mr. Sulliman Adam Moollan (Chairperson), Mr. Henri Harel, Mr. Peroomal Gopallen Mooroogen and Mr.Victor Seeyave. The Group Chief Executive attends unless a conflict of interest is likely to arise. Members of the Committee (including the Chairperson) have adequate financial awareness.

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

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

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

The Audit and Risks Committee's focus is on:
- the reliability and accuracy of the financial information provided by management to the Board and other users of financial information;
- the functioning of the internal control and the risk management systems;
- the functioning of the internal auditors;
- the risk areas of the operations to be covered in the scope of the internal and external audits;
- whether the services of the current external and internal auditors should continue;
- any accounting or auditing concerns identified as a result of the internal or external audits;
- compliance with legal and regulatory requirements with regard to financial matters;
- the scope and results of the external audit and its cost effectiveness , as well as the independence and objectivity of the external auditors;
- the nature and extent of non-audit services provided by the external auditors; and
- the financial information to be published by the Board.

(b) The Corporate Governance Committee

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

The current members are Mr. Cyril Mayer (Chairperson), Mr. Sulliman Adam Moollan, Mr. Peroomal Gopallen Mooroogen and Mr. Victor Seeyave. The Group Chief Executive is in attendance.

8. BOARD COMMITTEES (continued)

(b) The Corporate Governance Committee (continued)

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

- determining agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;
- assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;
- putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;
- making recommendations to the Board on all new Board appointments; and
- determining the level of emoluments of executive, non-executive, independent non-executive directors and Board Committees members.

The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties and shall set the appropriate procedures accordingly.

The Committee is authorised to obtain, at the Group's expense, such outside legal or other independent professional advice as it considers necessary to perform its duties.

9. BOARD, COMMITTEES ATTENDANCE AND REMUNERATION IN 2006

		Board	Audit & Risks Committee	Corporate Governance Committee	Remuneration for the year		
Number of meetings held during the year		5	6	5	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 Corporate Governance Committee)	Non-executive	5	N/A	5	144,000.-	186,000.-	-
M.J. Cyril Lagesse	Non-executive	5	N/A	N/A	75,000.-	75,000.-	-
P. Arnaud Dalais	Non-executive	3	N/A	N/A	75,000.-	75,000.-	-
Pierre Doger de Spéville	Non-executive	3	N/A	N/A	75,000.-	75,000.-	-
George John Dumbell	Non-executive (Independent Non-executive up to 29.11.2006)	4	N/A	N/A	75,000.-	75,000.-	-
M.M. Hector Espitalier-Noël	Non-executive	2	N/A	N/A	75,000.-	75,000.-	-
Henri Harel	Non-executive	4	6	N/A	90,000.-	90,000.-	-
Thierry Lagesse	Non-executive	2	N/A	N/A	75,000.-	75,000.-	-
Noël Adolphe Vallet (Up to 20.11.2006)	Non-executive	4	N/A	N/A	68,750.-	-	-
Sulliman Adam Moollan (Chairperson of Audit and Risks Committee)	Independent non-executive	5	6	5	114,000.-	144,000.-	-
Peroomal Gopallen Mooroogen	Independent non-executive	4	5	5	105,000.-	105,000.-	-
Victor Seeyave	Independent non-executive	4	4	4	105,000.-	105,000.-	-
Jean de Fondaumière	Executive	5	N/A	N/A	4,943,195.-	6,057,293.-	-
Paul Rousset	Executive	5	N/A	N/A	6,490,028.-	5,000.-	-

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 Risks Committee.

Messrs. Ernst & Young Public Accountants perform the duties of Internal Auditors.

- **Role and responsibilities**

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

- **Reporting and disclosure**

- Structure and Organisation

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

- Reporting lines

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

- **Coverage and Risk management**

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

14. INTERNAL AUDIT (continued)

• Accessibility

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

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

15. RISK MANAGEMENT

In our business, successful management essentially means controlling risks in order to protect the financial strength of the Group and increase its value on a sustained basis.
The Board has overall responsibility for the Group's systems of risk management and for reviewing their effectiveness at least annually. The systems are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material financial misstatement or loss.
Executive management has the responsibility for establishing and implementing appropriate systems and controls in their own areas of remit.

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

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

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

• Insurance risk

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

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

• Reinsurance risk

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

• Environment and Strategy risks

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

15. RISK MANAGEMENT(continued)

• Environment and Strategy risks (continued)

Environment risks may arise from:
-failure to understand customer wants;
-failure to anticipate or react to actions of competitors; and
-over dependence on vulnerable suppliers, etc.

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

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

-Regulatory Risks:

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

-Industry Risks:

Risks which makes 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.

Corporate Governance Report 2006 (continued)

15. RISK MANAGEMENT (continued)

• Operational risks (continued)

-Reputational risks:

Losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.

• Information Processing/Technology Risks

These are risks that hardwares and softwares 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

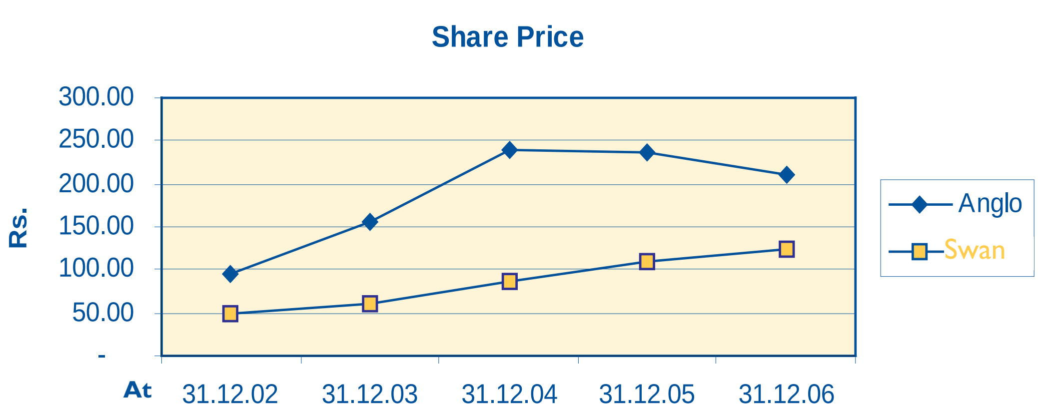
The primary sources of financial risks within the Group are reinsurance counterparties, credit risk inherent to insurance contracts, treasury and investment activities and premium debtors. Market risk arises from the Group's investment portfolios. Liquidity risk is considered to be low for the Group.

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

16. SHARE OPTION

The Group has no share option plan.

17. SHARE PRICE INFORMATION



Share price of the Company and its subsidiary, The Anglo-Mauritius Assurance Society Limited increased by 156% and 121% respectively over the last five years, from Rs.48 and Rs.95 per share at December 31, 2002 to Rs.123 and Rs.210 per share in 2006.

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	610	88,182	1.229
501 – 1,000	114	87,057	1.214
1,001 – 5,000	170	395,190	5.511
5,001 – 10,000	33	237,683	3.314
10,001 – 50,000	38	739,720	10.315
50,001 – 100,000	3	234,041	3.264
100,001 – 250,000	2	225,828	3.149
250,001 – 500,000	1	319,018	4.449
Over 500,000	1	4,844,627	67.555
TOTAL	972	7,171,346	100.000

(b)

Category	No. of shareholders	No. of shares	% holding
Individuals	881	1,221,849	17.038
Insurance and Assurance Companies	7	197,274	2.751
Pension and Provident Funds	9	174,694	2.436
Investment and Trust Companies	10	106,986	1.492
Other Corporate Bodies	64	625,916	8.728
The Holding Company	1	4,844,627	67.555
Total	972	7,171,346	100.000

19. CHARITABLE DONATIONS

For charitable donations, please refer to page 74 of the Annual Report under 'Other Statutory Disclosures'

20. STAKEHOLDERS' RELATIONS AND COMMUNICATION

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

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

21. CODE OF ETHICS

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

Corporate Governance Report 2006 (continued)

22. SUSTAINABILITY REPORTING

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

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

23. TIME-TABLE OF IMPORTANT FORTHCOMING EVENTS

June 2007	Annual Meeting of Shareholders.
August 2007	Unaudited condensed financial statements for quarter and half year ending June 30, 2007.
November 2007	Unaudited condensed financial statements for quarter ending September 30, 2007
November 2007	Board of directors meets to examine provisional results for year ending December 2007 and decide on the advisability of declaring a dividend.

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;
(ii) the preparation of financial statements which fairly present the state of affairs of the Group and the Company as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);
(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

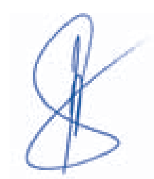
The external auditors are responsible for reporting on whether the financial statements are fairly presented.

The directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
(iii) applicable accounting standards have been adhered to. Any departure in 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

Independent Auditors' Report to the Members

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

Report on the Financial Statements

We have audited the financial statements of Swan Insurance Company Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 38 to 71 which comprise the balance sheets at December 31, 2006 and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 38 to 71 give a true and fair view of the financial position of the Group and of the Company at December 31, 2006, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

The directors are responsible for preparing the Corporate Governance Report and making the disclosures required by Section 8.4 of the Code of Corporate Governance of Mauritius ("Code"). Our responsibility is to report on these disclosures.

In our opinion, the disclosures in the Corporate Governance Report are consistent with the requirements of the Code.

BDO DE CHAZAL DU MEE
Chartered Accountants

Port-Louis,
Mauritius.
27th March 2007

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

Balance Sheets - December 31, 2006

	Notes	THE GROUP 2006 Rs'000	THE GROUP 2005 Rs'000	THE COMPANY 2006 Rs'000	THE COMPANY 2005 Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	**96,260**	95,739	**96,164**	95,739
Intangible assets	6	**1,857**	2,949	**1,857**	2,949
Statutory Deposit		**8,000**	8,000	**8,000**	8,000
Investments in Subsidiary Companies	7	**-**	-	**31,462**	31,039
Financial Assets	8	**394,123**	327,307	**394,123**	327,307
Loans and receivables	9	**64,976**	59,149	**64,976**	59,149
Net deferred tax assets	10	**4,068**	6,146	**4,068**	6,146
		569,284	499,290	**600,650**	530,329
Current assets					
Trade and other receivables	11	**441,011**	489,954	**380,858**	399,636
Bank balances, deposits and cash	25(b)	**224,640**	226,872	**224,279**	226,523
		665,651	716,826	**605,137**	626,159
Life Business Assets	12	**14,384,606**	11,473,068	**-**	-
Total assets		**15,619,541**	12,689,184	**1,205,787**	1,156,488
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	**645,222**	609,087	**635,282**	575,765
Equity holders' interest		**681,079**	644,944	**671,139**	611,622
Minority Interest	15	**17,935**	26,272	**-**	-
Total equity		**699,014**	671,216	**671,139**	611,622
Technical Provisions					
Life Assurance Fund	12	**14,384,606**	11,473,068	**-**	-
Net unearned premiums (Insurance Fund)	19/2(m)(i)	**181,584**	141,080	**181,584**	141,080
		14,566,190	11,614,148	**181,584**	141,080
Non-current liabilities					
Retirement Benefit Obligations	16	**35,005**	38,786	**35,005**	38,786
Current liabilities					
Trade and other payables	17	**319,221**	357,465	**317,981**	357,431
Current tax liabilities	18	**111**	7,569	**78**	7,569
		319,332	365,034	**318,059**	365,000
Total equity and liabilities		**15,619,541**	12,689,184	**1,205,787**	1,156,488

These financial statements have been approved for issue by the Board of Directors on 27th march 2007.

M.E. Cyril Mayer
Chairperson

M. J. Cyril Lagesse
Director

The notes on pages 43 to 71 form an integral part of these financial statements.
Auditors' report on pages 36 and 37.

Income Statements - Year ended December 31, 2006

	Notes	THE GROUP 2006 Rs'000	THE GROUP 2005 Rs'000	THE COMPANY 2006 Rs'000	THE COMPANY 2005 Rs'000
Gross premiums		**2,094,712**	1,778,732	**757,164**	676,713
Premiums ceded to Reinsurers		**(461,176)**	(460,116)	**(410,029)**	(414,265)
Change in unearned premiums (Insurance Fund)	19/26(b)	**(40,505)**	(25,980)	**(40,505)**	(25,980)
Net earned premiums	1(k)	**1,593,031**	1,292,636	**306,630**	236,468
Net earned premiums relating to Life Assurance Fund		**(1,286,401)**	(1,056,168)	**-**	-
		306,630	236,468	**306,630**	236,468
Gross claims paid	26(a)	**(336,866)**	(269,273)	**(336,866)**	(269,273)
Claims recovered from Reinsurers	26(a)	**127,325**	114,937	**127,325**	114,937
Movement in claims outstanding and IBNR		**(28,769)**	7,163	**(28,769)**	7,163
Net claims incurred		**(238,310)**	(147,173)	**(238,310)**	(147,173)
Commissions receivable from Reinsurers		**105,931**	83,504	**105,931**	83,504
Commissions paid to Agents and Brokers		**(84,079)**	(61,194)	**(84,079)**	(61,194)
Net commissions		**21,852**	22,310	**21,852**	22,310
Underwriting surplus		**90,172**	111,605	**90,172**	111,605
Investment income	20	**70,540**	64,086	**59,370**	52,916
Operating profit		**160,712**	175,691	**149,542**	164,521
Other income	21	**23,888**	48,228	**22,240**	48,292
		184,600	223,919	**171,782**	212,813
Marketing and administrative expenses	22	**(129,540)**	(110,035)	**(126,558)**	(109,910)
Depreciation	5	**(10,030)**	(8,400)	**(10,019)**	(8,400)
Amortisation	6	**(1,092)**	(1,092)	**(1,092)**	(1,092)
Profit before taxation		**43,938**	104,392	**34,113**	93,411
Taxation	18	**(2,189)**	(4,906)	**(2,156)**	(4,906)
Profit for the year		**41,749**	99,486	**31,957**	88,505
Transfer to Statutory Reserve Fund		**(1,598)**	(4,425)	**(1,598)**	(4,425)
Retained profit for the year		**40,151**	95,061	**30,359**	84,080
Attributable to:					
Equityholders of the company		**29,654**	83,891	**30,359**	84,080
Minority interest		**10,497**	11,170	**-**	-
		40,151	95,061	**30,359**	84,080
Earnings per share (Rupees and cents)	24	**4.36**	12.32	**4.46**	12.34

The notes on pages 43 to 71 form an integral part of these financial statements.
Auditors' report on pages 36 and 37.

Statement of Changes in Equity - Year ended December 31, 2006

(a) THE GROUP

	Notes	Share Capital	Fair Value Reserve	Revaluation & Other Reserves	Proprietors' Fund	Retained Earnings	Statutory Reserve Fund	Total	Minority Interest	Total
		(Attributable to equity holders of the parent company)								
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2006		**35,857**	**65,927**	**39,379**	**33,125**	**399,420**	**71,236**	**644,944**	**26,272**	**671,216**
Fair value changes on available-for-sale financial assets	**8**	**-**	**63,417**	**-**	**-**	**-**	**-**	**63,417**	**-**	**63,417**
Consolidation adjustment		**-**	**-**	**-**	**-**	**(674)**	**-**	**(674)**	**674**	**-**
Exchange differences		**-**	**-**	**(33)**	**-**	**-**	**-**	**(33)**	**-**	**(33)**
Movement for the year		**-**	**-**	**-**	**(21,970)**	**-**	**-**	**(21,970)**	**(19,508)**	**(41,478)**
Profit for the year		**-**	**-**	**-**	**-**	**31,252**	**-**	**31,252**	**10,497**	**41,749**
Transfer to Statutory Reserve Fund		**-**	**-**	**-**	**-**	**(1,598)**	**1,598**	**-**	**-**	**-**
Dividends	**23**	**-**	**-**	**-**	**-**	**(35,857)**	**-**	**(35,857)**	**-**	**(35,857)**
Balance at December 31, 2006		**35,857**	**129,344**	**39,346**	**11,155**	**392,543**	**72,834**	**681,079**	**17,935**	**699,014**
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

The notes on pages 43 to 71 form an integral part of these financial statements.
Auditors' report on pages 36 and 37.

Statement of Changes in Equity - Year ended December 31, 2006

(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, 2006		**35,857**	**65,927**	**39,288**	**399,314**	**71,236**	**611,622**
Fair value changes on available-for-sale financial assets	**8**	**-**	**63,417**	**-**	**-**	**-**	**63,417**
Profit for the year		**-**	**-**	**-**	**31,957**	**-**	**31,957**
Transfer to Statutory Reserve Fund		**-**	**-**	**-**	**(1,598)**	**1,598**	**-**
Dividends	**23**	**-**	**-**	**-**	**(35,857)**	**-**	**(35,857)**
Balance at December 31, 2006		**35,857**	**129,344**	**39,288**	**393,816**	**72,834**	**671,139**
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	-	-	-	33,258
Release from fair value reserve		-	(46,656)	-	-	-	(46,656)
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

The notes on pages 43 to 71 form an integral part of these financial statements.
Auditors' report on pages 36 and 37.

Cash Flow Statements – Year ended December 31, 2006

	Notes	THE GROUP 2006 Rs'000	THE GROUP 2005 Rs'000	THE COMPANY 2006 Rs'000	THE COMPANY 2005 Rs'000
Operating activities					
Cash (used in)/generated from operations	25(a)	**(6,837)**	81,890	**(17,725)**	70,833
Tax paid		**(7,569)**	(3,517)	**(7,569)**	(3,517)
Net cash (used in)/generated from operating activities		**(14,406)**	78,373	**(25,294)**	67,316
Investing activities					
Purchase of property and equipment	5	**(10,797)**	(7,537)	**(10,691)**	(7,537)
Purchase of intangible asset	6	**-**	(1,910)	**-**	(1,910)
Purchase of shares in subsidiary		**-**	-	**(500)**	-
Disposal of property and equipment		**1,385**	737	**1,385**	737
Disposal of investment in Subsidiary Company		**-**	-	**114**	-
Purchase of financial assets	8	**(343,722)**	(378,266)	**(343,722)**	(378,266)
Disposal of financial assets	8	**339,618**	325,165	**339,618**	325,165
Loans granted	9	**(11,370)**	(11,275)	**(11,370)**	(11,275)
Loans recovered	9	**3,584**	4,753	**3,584**	4,753
Investment income received		**62,030**	57,601	**62,030**	57,601
Net cash generated from/(used in) investing activities		**40,728**	(10,732)	**40,448**	(10,732)
Financing activities					
Dividends paid to Company's shareholders	23	**(35,857)**	(35,857)	**(35,857)**	(35,857)
Dividends paid to minority interest	15	**(11,170)**	(11,170)	**-**	-
Net cash used in financing activities		**(47,027)**	(47,027)	**(35,857)**	(35,857)
(Decrease)/increase in cash and cash equivalents		**(20,705)**	20,614	**(20,703)**	20,727
Movement in cash and cash equivalents					
At January 1,		**226,872**	206,081	**226,523**	205,570
(Decrease)/increase		**(20,705)**	20,614	**(20,703)**	20,727
Effect of foreign exchange rate changes	14/21	**18,473**	177	**18,459**	226
At December 31,	25(b)	**224,640**	226,872	**224,279**	226,523

The notes on pages 43 to 71 form an integral part of these financial statements.
Auditors' report on pages 36 and 37.

1. GENERAL INFORMATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(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.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2007 or later periods but which the Group and the Company have not early adopted.

Except for IFRS 7, Financial Instruments: Disclosures, the Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective 1 January 2007), and IFRS 8 , Operating segments (effective 1 January 2009), these standards, amendments and interpretations are not relevant to the Group's and the Company's operations.

IFRS 7, IFRS 8 and the Amendment to IAS 1 are disclosure requirements only and will not when adopted, affect the results of the Group and the Company.

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	33%

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposal of property and equipment are determined by comparing proceeds with carrying amount and are included in the Income Statement or the Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited). On disposal of revalued assets, the amounts included in revaluation reserve are transferred to retained earnings or to the Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited).

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 tradingthe 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.

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 loss 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 amountof 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.

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

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

Insurance risk is transferred when the 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, pensions, actuarial 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).

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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(l) Reinsurance Contracts(continued)

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-proportional form of reinsurance used by the Company, in consideration for a premium, the reinsurer undertakes to pay all claims in excess of a specified amount (retention), usually up to a maximum amount. The Company uses two methods of reinsurance: facultative and treaty. With the facultative method, each risk to be reinsured is offered to the Reinsurer which accepts or rejects it individually. Under the treaty method, all risk written by the Company that fall within the terms and limits of the treaty will be reinsured by the Reinsurer automatically.

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

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

(m) Short term insurance

(i) Unearned premiums - 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.

(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.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(n) Retirement benefit obligations (continued)

(i) The Company (continued)
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.

(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.

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

(a) Insurance contracts

(i) Frequency and severity of claims

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

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

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

(ii) Concentration of insurance risk

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

	Outstanding claims					
	2006			2005		
Class of Business	**No of Claims**	**Gross Rs'000**	**Net Rs'000**	No of Claims	Gross Rs'000	Net Rs'000
Fire & Allied Perils	**111**	**20,314**	**3,418**	114	24,974	4,297
Motor	**3,201**	**81,774**	**66,538**	2,340	57,439	45,723
Health	**3,214**	**5,126**	**2,661**	2,057	3,957	1,963
Others	**627**	**59,713**	**30,835**	571	103,291	22,700
	7,153	**166,927**	**103,452**	5,082	189,661	74,683
IBNR			**12,329**			12,329
			115,781			87,012

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.

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)

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

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

(iv) Claims development table

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

GROSS	**2002**	**2003**	**2004**	**2005**	**2006**	**TOTAL**
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	375,039	124,390	106,742	59,876	80,518	746,565
- one year later	43,638	27,330	62,415	16,642	-	150,025
- two years later	15,838	17,875	21,949	-	-	55,662
- three years later	9,387	6,432	-	-	-	15,819
- four years later	7,639	-	-	-	-	7,639
Current estimate of cumulative claims	667,652	505,694	304,915	257,389	334,074	2,069,724
Less Cumulative payments to date	660,013	499,262	282,966	240,747	253,556	1,936,544
Liability recognised in the Balance Sheet	7,639	6,432	21,949	16,642	80,518	133,180
Liability in respect of prior years						33,747
						166,927

NET	**2002**	**2003**	**2004**	**2005**	**2006**	**TOTAL**
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	27,081	28,604	36,570	33,070	54,281	179,606
- one year later	14,051	11,607	11,017	11,921	-	48,596
- two years later	7,892	6,317	11,276	-	-	25,485
- three years later	6,087	5,990	-	-	-	12,077
- four years later	5,310	-	-	-	-	5,310
Current estimate of cumulative claims	120,551	135,413	146,118	161,199	230,252	793,533
Less Cumulative payments to date	115,241	129,423	134,842	149,278	175,971	704,755
Liability recognised in the Balance Sheet	5,310	5,990	11,276	11,921	54,281	88,778
Liability in respect of prior years						14,674
						103,452
IBNR						12,329
Net liability at year end (notes 19/26(a))						115,781

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

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (Continued)

3.2 Financial risk

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.

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 occuring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

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

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

4.2 Reinsurance

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

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

4.5 Impairment of other assets

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

5. PROPERTY AND EQUIPMENT

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

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

THE GROUP AND THE COMPANY	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	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

6. INTANGIBLE ASSETS

	THE GROUP AND THE COMPANY
	Purchased Goodwill
	Rs'000
COST	
At January 1 and December 31, 2006	5,463
AMORTISATION	
At January 1, 2006	2,514
Charge for the year	1,092
At December 31, 2006	**3,606**
NET BOOK VALUE	
At December 31, 2006	**1,857**
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

7. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST

(a)	THE COMPANY			
	2006			2005
	OTC/DEM Quoted	Unquoted	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	30,882	157	31,039	31,039
Additions	-	500	500	-
Disposals	-	(77)	(77)	-
At December 31,	**30,882**	**580**	**31,462**	31,039

The market value of the major subsidiary Company, The Anglo Mauritius Assurance Society Limited based on the DEM bid price at December 31, 2006 amounted to Rs. **372.7**m (2005: Rs.418.8m).

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 1 Global Business Licence.

	Class of shares held	Nominal Value of Investment		Proportion of ownership interest and voting power held: Swan Insurance Company Limited		Other Group Company		Main Business
		2006 Rs'000	2005 Rs'000	2006 %	2005 %	2006 %	2005 %	
• The Anglo-Mauritius Assurance Society Limited	Ordinary	**30,882**	30,882	**70.99**	70.99	**-**	-	• Life assurance, pensions, actuarial and investment
• Swan International Co Ltd	Ordinary	**80**	156	**51**	100	**49**	-	• Reinsurance Brokers and Consultants
• Swan Properties Ltd	Ordinary	**-**	-	**-**	-	**100**	100	• Purchase, development and sale of land
• Verdun Industrial Building Co. Ltd	Ordinary	**1**	1	**0.01**	0.01	**99.99**	99.99	• Rental of industrial buildings
• Swan Group Corporate Services Ltd	Ordinary	**500**	-	**50**	-	**50**	-	• Provide Secretarial services to Swan Group
• Standard Property Ltd	Ordinary	**-**	-	**-**	-	**100**	100	• Rental of property
• Manufacturers' Distributing Station Limited	Ordinary	**-**	-	**-**	-	**99.80**	99.80	• Invesment Company
• Ilot Fortier Ltd	Ordinary	**-**	-	**-**	-	**100**	100	• Purchase, development and sale of Land (Dormant)
• Investment and Administrators Co. (Mtius) Ltd	Ordinary	**-**	-	**-**	-	**100**	100	• Investment Company (Dormant)
• Themis Ltd	Ordinary	**-**	-	**-**	-	**100**	100	• Purchase, development and sale of Land (Dormant)
• Pension Consultant and Administrators Limited	Ordinary	**-**	-	**-**	-	**100**	100	• Pension and fund administration
• The Anglo-Mauritius Financial Services Limited	Ordinary	**-**	-	**-**	-	**100**	100	• Fund management and investment consulting
• Société de La Croix	Parts	**-**	-	**-**	-	**100**	100	• Investment entity
• Société de La Montagne	Parts	**-**	-	**-**	-	**100**	100	• Investment entity
• Société de La Rivière	Parts	**-**	-	**-**	-	**100**	100	• Investment entity

(c) All conditions precedent relating to the investment in Seychelles Assurance Co. Ltd. (SACL) by Swan International Ltd, a subsidiary of the Company were not fulfilled at December 31, 2006.
Consequently this investment will be accounted for in the 2007 financial statements upon completion of the transaction.

8. FINANCIAL ASSETS

	2006								2005
	Held-to-maturity			Available-for-sale					
					DEM				
	Listed	Unquoted	Total	Listed	Quoted	Unquoted	Total	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) THE GROUP AND THE COMPANY									
At January 1,	175,858	1,098	**176,956**	123,069	16,375	10,907	**150,351**	**327,307**	245,576
Additions	248,145	55,011	**303,156**	40,566	-	-	**40,566**	**343,722**	378,266
Increase in fair value	-	-	-	60,523	(4,856)	7,750	**63,417**	**63,417**	33,258
Disposals	(334,664)	(4,954)	**(339,618)**		-	-	-	**(339,618)**	(325,855)
Accrued interest	(1,505)	800	**(705)**	-	-	-	-	**(705)**	(3,938)
At December 31,	**87,834**	**51,955**	**139,789**	**224,158**	**11,519**	**18,657**	**254,334**	**394,123**	327,307
Disposal proceeds								**339,618**	325,165

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

9. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2006	2005
	Rs'000	Rs'000
At January 1,	**59,149**	53,373
Mortgage loans granted	**11,370**	11,275
Mortgage loans recovered	**(3,584)**	(4,753)
Accrued interest	**(1,959)**	(746)
At December 31,	**64,976**	59,149

The rates of interest on the above loans vary between 7% and 12%.

10. DEFERRED TAX ASSETS

(a) Deferred taxes are calculated on all temporary differences under the liability method at 22.5% (2005: 25%)
The movement on deferred tax account is as follows:

	THE GROUP AND THE COMPANY	
	2006	2005
	Rs'000	Rs'000
At January 1,	**6,146**	3,470
Income statement (charge)/credit (note 18)	**(2,078)**	2,676
At December 31,	**4,068**	6,146

(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	
	2006	2005
	Rs'000	Rs'000
Deferred tax assets	**10,467**	9,696
Deferred tax liabilities	**(6,399)**	(3,550)
Net deferred tax assets	**4,068**	6,146

(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, 2006 Rs'000	(Charged)/ Credited to Income Statement Rs'000	**At December 31, 2006 Rs'000**
Deferred tax assets			
Retirement benefit obligations	9,697	(1,821)	**7,876**
Tax loss carried forward	-	2,591	**2,591**
	9,697	770	**10,467**
Deferred tax liabilities			
Accelerated tax depreciation	(1,057)	409	**(648)**
Unrealised exchange gain	(2,494)	(3,257)	**(5,751)**
	(3,551)	(2,848)	**(6,399)**
Net deferred tax assets	6,146	(2,078)	**4,068**

11. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
Receivables arising from insurance contracts:				
• Due from contract holders	**115,902**	115,214	**115,902**	115,214
• Due from agents and brokers	**70,318**	44,843	**70,318**	44,843
Claims recoverable from Reinsurers (note 19)	**63,475**	114,978	**63,475**	114,978
Reinsurance assets	**42,078**	40,541	**42,078**	40,541
Due on portfolio transfers (note 17)	**84,231**	78,273	**84,231**	78,273
Receivable from subsidiary	**-**	-	**887**	-
Prepayments	**942**	3,369	**942**	3,369
Other receivables	**4,669**	2,455	**3,025**	2,418
	381,615	399,673	**380,858**	399,636
Share of Group's and minority interest's in Life Business Assets (note 12)	**59,396**	90,281	**-**	-
	441,011	489,954	**380,858**	399,636

12. LIFE BUSINESS ASSETS

	THE GROUP	
	2006	2005
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	**163,139**	164,657
Investment property	**393,832**	370,845
Intangible assets	**25,101**	25,323
Financial assets	**7,318,198**	5,066,231
Loans and receivables	**2,318,957**	2,367,812
Statutory Deposit	**8,000**	8,000
	10,227,227	8,002,868
Current assets		
Trade and other receivables	**123,059**	99,843
Financial assets	**2,113,295**	1,812,214
Loans and receivables	**208,104**	204,799
Short term deposits	**1,854,180**	1,574,242
Cash in hand and at bank	**88,540**	54,888
	4,387,178	3,745,986
Current liabilities		
Trade and other payables	**(73,242)**	(88,118)
Current tax liabilities	**(6,493)**	(4,907)
	(79,735)	(93,025)
Non current liabilities		
Retirement benefit obligations	**(89,196)**	(90,897)
Borrowings	**-**	(90)
Deferred tax liabilities	**(1,472)**	(1,493)
	(90,668)	(92,480)
	14,444,002	11,563,349
Less share of Group's and minority interest's (note 11)	**(59,396)**	(90,281)
Policyholders' share - Life Assurance Fund	**14,384,606**	11,473,068

13. SHARE CAPITAL

	2006 & 2005
	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

14. RESERVES

(a)	THE GROUP						
	Proprietors' Fund Rs'000	Fair Value Reserve Rs'000	Revaluation and Other Reserve Rs'000	Translation Reserve Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000
Reserves are analysed as follows:							
Balance at January 1, 2006	**33,125**	**65,927**	**39,228**	**151**	**399,420**	**71,236**	**609,087**
Fair value changes of available-for-sale financial assets	**-**	**63,417**	**-**	**-**	**-**	**-**	**63,417**
Exchange differences	**-**	**-**	**-**	**(33)**	**-**	**-**	**(33)**
Consolidation adjustment	**-**	**-**	**-**	**-**	**(674)**		**(674)**
Movement during the year	**(21,970)**	**-**	**-**	**-**	**-**	**-**	**(21,970)**
Net profit	**-**	**-**	**-**	**-**	**31,252**	**-**	**31,252**
Transfer to Statutory Reserve Fund	**-**	**-**	**-**	**-**	**(1,598)**	**1,598**	**-**
Dividends	**-**	**-**	**-**	**-**	**(35,857)**	**-**	**(35,857)**
Balance at December 31, 2006	**11,155**	**129,344**	**39,228**	**118**	**392,543**	**72,834**	**645,222**
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 Reserve Rs'000	Other Reserve Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000
Balance at January 1, 2006	**65,927**	**39,288**	**399,314**	**71,236**	**575,765**
Fair value changes of available-for-sale financial assets	**63,417**	**-**	**-**	**-**	**63,417**
Net profit	**-**	**-**	**31,957**	**-**	**31,957**
Transfer to Statutory Reserve Fund	**-**	**-**	**(1,598)**	**1,598**	**-**
Dividends	**-**	**-**	**(35,857)**	**-**	**(35,857)**
Balance at December 31, 2006	**129,344**	**39,288**	**393,816**	**72,834**	**635,282**
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

15. MINORITY INTEREST

	THE GROUP	
	2006	2005
	Rs'000	Rs'000
At January 1,	**26,272**	8,867
Share of profit/dividend receivable (page 39)	**10,497**	11,170
Share of dividend received (page 42/note 25(a))	**(11,170)**	(11,170)
Consolidation adjustment	**674**	-
Movement in Proprietors' Fund	**(8,338)**	17,405
	17,935	26,272

16. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP AND THE COMPANY	
(a) The amounts recognised in the Balance Sheets are as follows:	**2006**	2005
	Rs'000	Rs'000
Present value of funded obligations	**102,635**	107,425
Fair value of Plan Assets	**(55,755)**	(51,894)
	46,880	55,531
Unrecognised actuarial losses	**(11,875)**	(16,745)
Liability in the Balance Sheets	**35,005**	38,786

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. 56m** (2005: Rs.52m).

	THE GROUP AND THE COMPANY	
(b) The amounts recognised in the Income Statements are as follows:	**2006**	2005
	Rs'000	Rs'000
Current service cost	**4,038**	5,329
Interest cost	**10,952**	9,599
Expected return on Plan Assets	**(5,397)**	(4,962)
Scheme expenses	**588**	-
Cost of insuring risk benefits	**1,029**	-
Actuarial losses	**462**	394
Total included in staff costs (note (c) below/note 22(b))	**11,672**	10,360
Actual return on plan assets	**4,850**	4,864

(c) Movement in the liability recognised in the Balance Sheets:	**2006**	2005
	Rs'000	Rs'000
At January 1,	**38,786**	34,024
Total expense as above (note (b))	**11,672**	10,360
Contributions paid	**(15,453)**	(5,598)
At December 31,	**35,005**	38,786

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

(d) The principal actuarial assumptions used for accounting purposes were:	**2006**	2005
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	**-**	-

17. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
Trade payables:				
- Due on Portfolio transfers (note 11)	**84,231**	78,273	**84,231**	78,273
- Gross outstanding claims provision (note 19)	**166,927**	189,661	**166,927**	189,661
- IBNR (note 19)	**12,329**	12,329	**12,329**	12,329
Reinsurance liabilities	**26,296**	40,522	**26,296**	40,522
Accrued expenses	**9,498**	7,835	**9,463**	7,835
Amount payable to Subsidiary Company	**-**	-	**8,572**	9,906
Other payables	**19,940**	28,845	**10,163**	18,905
	319,221	357,465	**317,981**	357,431

18. INCOME TAX

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax on the adjusted profit for the year at 22.5% (2005:25%)	**33**	7,569	**-**	7,569
Alternative Minimum Tax	**78**	-	**78**	-
	111	7,569	**78**	7,569
Under provision	**-**	13	**-**	13
Deferred tax (note 10)	**2,078**	(2,676)	**2,078**	(2,676)
Tax charge for the year	**2,189**	4,906	**2,156**	4,906

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	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**43,938**	104,392	**34,113**	93,411
Tax calculated at rate of 22.5% (2005:25%)	**9,886**	26,098	**7,675**	23,353
Income not subject to tax	**(9,365)**	(22,329)	**(7,185)**	(19,584)
Expenses not deductible for tax purposes	**975**	1,304	**973**	1,304
Investment tax credit	**-**	(45)	**-**	(45)
Investment allowance	**-**	(135)	**-**	(135)
Under provision	**-**	13	**-**	13
Effect of change in tax rate	**615**	-	**615**	-
Altenative Minimum tax	**78**	-	**78**	-
Tax charge for the year	**2,189**	4,906	**2,156**	4,906

19. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2006	2005
	Rs'000	Rs'000
Gross		
- Claims reported and loss adjustment expenses (note 17)	**166,927**	189,661
- Unearned premiums (note 26(b))	**314,211**	294,243
Total gross insurance liabilities	**481,138**	483,904
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses (note 11)	**63,475**	114,978
- Unearned premiums (note 26(b))	**132,625**	153,163
Total resinsurers' share of insurance liabilities	**196,100**	268,141
Net		
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 17 & 26(a))	**103,452**	74,683
- Unearned premiums (page 38/note 26(b))	**181,585**	141,080
	285,037	215,763
Claims incurred but not reported IBNR (notes 17 & 26(a))	**12,329**	12,329
Total net insurance liabilities	**297,366**	228,092

20. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income				
- Quoted	**11,413**	9,697	**11,413**	9,697
- Unquoted	**15,875**	10,850	**15,875**	10,850
	27,288	20,547	**27,288**	20,547
Investment income:				
- Dividend income				
Listed	**3,375**	3,306	**3,375**	3,306
OTC/DEM quoted	**38,753**	39,302	**27,583**	28,132
Unquoted	**1,124**	931	**1,124**	931
	43,252	43,539	**32,082**	32,369
	70,540	64,086	**59,370**	52,916
Total Investment income:				
Minority interest - dividend income	**11,170**	11,170	**-**	-
Interest and investment income	**59,370**	52,916	**59,370**	52,916
	70,540	64,086	**59,370**	52,916

21. OTHER INCOME

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
Loss on disposal of available-for-sale financial assets	**-**	(688)	**-**	(688)
Release from fair value reserve	**-**	46,656	**-**	46,656
Profit on disposal of investment in Subsidiary Company	**37**	-	**37**	-
Profit on disposal of property and equipment	**1,135**	655	**1,135**	655
Secretarial Fees	**1,600**	-	**-**	-
	2,772	46,623	**1,172**	46,623
Rent	**2,610**	1,443	**2,610**	1,443
Net foreign exchange gains	**18,506**	162	**18,458**	226
	21,116	1,605	**21,068**	1,669
Total	**23,888**	48,228	**22,240**	48,292

22. MARKETING AND ADMINISTRATIVE EXPENSES

(a) Marketing and administrative expenses include:	THE COMPANY	
	2006	2005
	Rs'000	Rs'000
- Internal auditors' fees	**367**	-
- Staff costs (see note (b) below)	**93,609**	84,395
(b) Analysis of staff costs		
- Salaries and wages	**65,902**	60,728
- Retirement benefit obligation costs (note 16(b))	**11,672**	10,360
- Other costs	**16,035**	13,307
	93,609	84,395

23. DIVIDENDS PAID

	2006	2005
	Rs'000	Rs'000
Dividends paid amounted to Rs. 5.00 per ordinary share (2005: Rs.5.00 per ordinary share)	**35,857**	35,857

24. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
Earnings per share				
Profit attributable to equity holders of the Company (Rs'000)	**31,252**	88,316	**31,957**	88,505
Number of ordinary shares in issue	**7,171,346**	7,171,346	**7,171,346**	7,171,346
Basic earnings per share (Rs/cs)	**4.36**	12.32	**4.46**	12.34

25. NOTES TO THE CASH FLOW STATEMENTS

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Operating activities				
Profit before taxation and minority interest	**33,441**	93,222	**34,113**	93,411
Adjustments for:				
Depreciation (note 5)	**10,030**	8,400	**10,019**	8,400
Amortisation (note 6)	**1,092**	1,092	**1,092**	1,092
Foreign exchange gains (note 21)	**(18,506)**	(162)	**(18,458)**	(226)
Profit on sale of equipment (note 21)	**(1,135)**	(655)	**(1,135)**	(655)
Release from fair value reserve on disposal of financial assets (note 21)	**-**	(46,656)	**-**	(46,656)
Loss on disposal of financial assets (note 21)	**-**	688	**-**	688
Profit on disposal of investment in Subsidiary Company	**-**	-	**(37)**	-
Investment income (note 20)	**(59,370)**	(52,916)	**(59,370)**	(52,916)
Retirement benefit obligations	**(3,781)**	4,762	**(3,781)**	4,762
Minority interest (Dividend) (note 15)	**11,170**	11,170	**-**	-
Change in Unearned Premiums (Insurance Fund) (notes 19/26(b))	**40,505**	25,980	**40,505**	25,980
Changes in working capital:				
- Trade and other receivables	**17,961**	(5,572)	**18,777**	(5,577)
- Trade and other payables	**(38,244)**	42,537	**(39,450)**	42,530
Cash (used in)/generated from operating activities	**(6,837)**	81,890	**(17,725)**	70,833

25. NOTES TO THE CASH FLOW STATEMENTS (continued)

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
(b) Cash and cash equivalents				
Short term deposits	**192,612**	188,972	**192,612**	188,972
Bank balances and cash	**32,028**	37,900	**31,667**	37,551
Cash and cash equivalents	**224,640**	226,872	**224,279**	226,523

The interest rates on short-term foreign deposits ranged from 2.215% to 5.215% (2005:1% to 4.5%) and on local deposits from 5 % to 6.5 % (2005: average of 3.7% to 7.2%).

26. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

(i)	THE COMPANY					
	2006			2005		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
(a) Outstanding claims						
At January 1,						
Notified claims	**189,661**	**(114,978)**	**74,683**	209,422	(127,576)	81,846
Increase in liabilities	**314,132**	**(75,822)**	**238,310**	249,512	(102,339)	147,173
Cash paid for claims settled						
in the year (Page 4)	**(336,866)**	**127,325**	**(209,541)**	(269,273)	114,937	(154,336)
	166,927	**(63,475)**	**103,452**	189,661	(114,978)	74,683
Incurred but not reported (IBNR)						
(note 19)			**12,329**			12,329
At December 31,			**115,781**			87,012

	2006			2005		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
(b) Provision for unearned premiums						
At January 1,	**294,243**	**(153,163)**	**141,080**	230,639	(115,539)	115,100
Increase during the year	**19,967**	**20,538**	**40,505**	63,604	(37,624)	25,980
At December 31,(note 19)	**314,210**	**(132,625)**	**181,585**	294,243	(153,163)	141,080

27. COMMITMENTS

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
Outstanding commitments for loans, freehold properties and investments approved by the Board of Directors	**213,800**	160,100	**-**	-

28. SEGMENT INFORMATION - THE GROUP

(a) Primary reporting format - business segments

		General				2006
	Life	Fire & Allied Perils	Motor	Health	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	1,337,548	179,078	178,165	125,560	274,361	2,094,712
Net earned premiums	1,286,401	29,148	129,722	59,257	88,503	1,593,031
Underwriting surplus / (deficit)	-	46,857	(22,570)	2,528	63,357	90,172
Investment income						70,540
Operating profit						160,712
Other income						23,888
						184,600
Marketing and Administrative expenses						(129,540)
Depreciation						(10,030)
Amortisation						(1,092)
Profit before taxation						43,938
Taxation						(2,189)
Profit for the year						41,749
Transfer to Statutory Reserve Fund						(1,598)
Retained profit for the year						40,151

		General					2006
	Life	Fire & Allied Perils	Motor	Health	Others	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	14,384,606	25,709	114,416	52,265	78,061	964,484	15,619,541
Segment liabilities	(14,384,606)	(10,491)	(148,086)	(68,427)	(35,285)	(291,567)	(14,938,462)
Equity holders' interest							681,079
Capital expenditure	-	1,016	4,523	2,066	3,086	-	10,691
Depreciation	-	952	4,239	1,936	2,892	-	10,019
Amortisation	-	104	462	211	315	-	1,092
Other non-cash (income)/expenses	-	1,628	7,247	3,310	4,945	-	17,130

28. SEGMENT INFORMATION - THE GROUP (continued)

(a) Primary reporting format - business segments

		General				
	Life	Fire & Allied Perils	Motor	Health	Others	2005 Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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

		General					
	Life	Fire & Allied Perils	Motor	Health	Others	Unallocated	2005 Total
	Rs'000.	Rs'000.	Rs'000.	Rs'000.	Rs'000.	Rs'000.	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 (income)/expenses	-	1,810	7,319	3,445	3,531	-	16,105

(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.

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	Claims Outstanding Rs'000	Amount owed (to)/by related parties Rs'000
2006								
Shareholders with significant influence	**118,911**	**10,467**	**33,012**	**-**	**72,236**	**2,298**	**14,207**	**8,598**
Enterprises that have a number of directors in common	**14,268**	**851**	**1,974**	**20,649**	**-**	**1,607**	**4,354**	**(542)**
Enterprises on which the Company and Subsidiaries exert significant influence	**35,658**	**524**	**31**	**388,765**	**23,292**	**-**	**10**	**-**
Key Management Personnel	**1,653**	**-**	**1,519**	**-**	**51,219**	**202**	**60**	**-**
	170,490	**11,842**	**36,536**	**409,414**	**146,747**	**4,107**	**18,631**	**8,056**
2005								
Shareholders with significant influence	79,614	10,613	37,403	-	84,682	5,693	9,894	167
Enterprises that have a number of directors in common	15,706	1,187	3,358	26,719	-	1,849	2,478	-
Enterprises on which the Company and Subsidiaries exert significant influence	23,291	726	1,816	445,682	27,542	646	76	-
Key Management Personnel	2,100	-	2,657	-	23,655	365	67	-
	120,711	12,526	45,234	472,401	135,879	8,553	12,515	167

30. RELATED PARTY TRANSACTIONS (continued)

(b) THE COMPANY

	Sale of services Rs'000	Investment Income Rs'000	Management fees paid Rs'000	Claims paid Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Debtors Rs'000	Claims Outstanding Rs'000	Amount owed to related parties Rs'000
2006									
Subsidiary companies	**6,431**	**27,238**	**902**	**3,946**	**31,462**	**-**	**3,872**	**109**	**8,572**
Shareholders with significant influence	**96,884**	**283**	**-**	**33,012**	**-**	**1,975**	**2,298**	**14,207**	**-**
Enterprises that have a number of Directors in common	**14,223**	**851**	**-**	**1,974**	**9,683**	**-**	**1,607**	**4,354**	**-**
Enterprises on which the Company exerts significant influence	**76**	**-**	**-**	**31**	**-**	**-**	**-**	**10**	**-**
Key Management Personnel	**1,653**	**-**	**-**	**1,519**	**-**	**14,804**	**202**	**60**	**-**
	119,267	**28,372**	**902**	**40,482**	**41,145**	**16,779**	**7,979**	**18,740**	**8,572**
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	2,100	-	-	2,657	-	9,927	365	67	-
	94,546	28,527	227	49,135	46,903	13,902	6,213	12,792	10,073

	THE GROUP		THE COMPANY	
	2006 Rs'000	2005 Rs'000	**2006** Rs'000	2005 Rs'000
(c) Key management personnel compensation				
Salaries and short-term employee benefits	**50,177**	49,317	21,294	20,566
Post-employment benefits - current service cost	**3,621**	4,098	1,989	2,266
- others	**98**	97	49	49
	53,896	53,512	23,332	22,881

31. FIVE YEAR SUMMARY

(a)	THE GROUP				
	2006	2005	2004	2003	2002
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
INCOME STATEMENT					
Gross premiums	**2,094,712**	1,778,732	1,531,478	1,376,082	1,295,884
Net earned premiums	**1,593,031**	1,292,636	1,109,062	973,311	906,203
Underwriting surplus	**90,172**	111,605	88,830	99,240	99,726
Operating profit	**160,712**	175,691	151,485	158,611	157,328
Profit before taxation	**43,938**	104,392	71,592	59,937	63,846
Taxation	**2,189**	4,906	5,628	3,657	5,901
Profit for the year	**41,749**	99,486	65,964	56,280	57,945
Retained profit for the year	**40,151**	95,061	63,221	53,968	55,552
Attributable to:					
Equity holders' of the Company	**29,654**	83,891	52,051	43,825	46,876
Minority interest	**10,497**	11,170	11,170	10,143	8,676
	40,151	95,061	63,221	53,968	55,552
BALANCE SHEET					
Non-current assets	**569,284**	499,290	409,236	392,086	370,351
Current assets	**665,651**	716,826	515,854	506,849	535,044
Life Business Assets	**14,384,606**	11,473,068	9,762,358	8,117,046	6,949,516
	15,619,541	12,689,184	10,687,448	9,015,981	7,854,911
Equity holders' interest	**681,079**	644,944	563,298	541,644	536,910
Minority Interest	**17,935**	26,272	8,867	18,819	27,099
Life Assurance Fund	**14,384,606**	11,473,068	9,762,358	8,117,046	6,949,516
Net Unearned Premiums (Insurance Fund)	**181,584**	141,080	115,100	107,889	106,395
Non-current liabilities	**35,005**	38,786	34,024	30,575	28,314
Current liabilities	**319,332**	365,034	203,801	200,008	206,677
	15,619,541	12,689,184	10,687,448	9,015,981	7,854,911
Dividends per share (rupees and cents)	**5.00**	5.00	4.50	4.00	4.00
Earnings per share (rupees and cents)	**4.36**	12.32	7.64	6.43	6.87
Net assets value per share (rupees and cents)	**94.97**	89.93	78.55	75.53	74.87
Number of shares used in calculation	**7,176,346**	7,171,346	7,171,346	7,171,346	7,171,346

31. FIVE YEAR SUMMARY (continued)

(b)	THE COMPANY				
	2006	2005	2004	2003	2002
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
INCOME STATEMENT					
Gross premiums	**757,164**	676,713	583,609	577,273	546,930
Net earned premiums	**306,630**	236,468	210,575	214,565	188,047
Underwriting surplus	**90,172**	111,605	88,830	99,240	99,821
Operating profit	**149,542**	164,521	140,315	148,466	148,635
Profit before taxation	**34,113**	93,411	60,489	49,889	55,153
Taxation	**2,156**	4,906	5,628	3,657	7,295
Profit for the year	**31,957**	88,505	54,861	46,232	47,858
Retained profit for the year	**30,359**	84,080	52,118	43,920	45,465
BALANCE SHEET					
Non-current assets	**600,650**	530,329	440,275	423,141	401,433
Current assets	**605,137**	626,159	484,649	446,557	446,070
	1,205,787	1,156,488	924,924	869,698	847,503
Equity holders' interest	**671,139**	611,622	572,372	524,853	499,494
Net Unearned Premiums (Insurance Fund)	**181,584**	141,080	115,100	107,889	106,395
Non-current liabilities	**35,005**	38,786	34,024	30,575	28,314
Current liabilities	**318,059**	365,000	203,428	206,381	213,300
	1,205,787	1,156,488	924,924	869,698	847,503
Dividends per share (rupees and cents)	**5.00**	5.00	4.50	4.00	4.00
Earnings per share (rupees and cents)	**4.46**	12.34	7.65	6.45	6.67
Net assets value per share (rupees and cents)	**93.59**	85.29	79.82	73.19	69.65
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, 2006

(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) (up to 31.12.06)
Me. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL, A.C.I.B. (U.K.)
Mr. M.M. Hector ESPITALIER-NOËL, A.C.A.
Mr. Henri HAREL, A.C.I.S.
Mr. Thierry LAGESSE, M.B.A. (France)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)
Mr. Peroomal Gopallen MOOROOGEN, F.C.C.A., M.B.A. (Wales)
Mr. Louis RIVALLAND, BSc (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.) (as from 1.1.07)
Mr. Paul ROUSSET, A.C.I.I.
Mr. Victor SEEYAVE, MBA (USA), B.A. Economics (U.K.)
Mr. Noël Adolphe VALLET (up to 20.11.06)

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) (up to 31.12.06)
Me. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL, A.C.I.B. (U.K.)
Mr. M.M. Hector ESPITALIER-NOËL, A.C.A.
Mr. Henri HAREL, A.C.I.S.
Mr. Thierry LAGESSE, M.B.A. (France)
Me. M.F.I. Jean Hugues MAIGROT
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)
Mr. Peroomal Gopallen MOOROOGEN, F.C.C.A., M.B.A. (Wales)
Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.)
Mr. Victor SEEYAVE, M.B.A. (U.S.A.), B.A. Economics (U.K.)

Swan International Co. Ltd.

Mr. M.E.Cyril MAYER, B. Com., C.A. (S.A.) – Chairperson
Mr. Jean de FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06)
Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A. (U.K), F.A.S. (S.A.)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)

Ilot Fortier Ltd.

Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06)
Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)

Investment & Administrative Co. (Mtius) Ltd.

Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06)
Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)

Manufacturers' Distributing Station Limited

Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06)
Mr. Louis RIVALLAND, B.Sc (Hons.) (SA), F.I.A. (U.K.), F.A.S. (S.A.) (as from 01/01/07)
Mr. Gerald LINCOLN
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)

Other Statutory Disclosures – Year ended December 31, 2006

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF SUBSIDIARY COMPANIES

Pension Consultants and Administrators Ltd.	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06) Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.) Mr. Gerald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A (Australia), Graduate in Economics (Australia)
Standard Property Co. Ltd.	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06) Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.) (as from 01/01/07) Mr. Gerald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)
Swan Properties Ltd.	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06) Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.) (as from 01/01/07) Mr. Gerald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)
Swan Group Corporate Services Limited	Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06) Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.) (as from 01/01/07) Mr. Gerald LINCOLN Mr. Jean Paul CHASTEAU DE BALYON
The Anglo-Mauritius Financial Services Limited	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06) Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A (U.K.), F.A.S. (S.A.) Mr. Gerald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) Mr. Paul ROUSSET, A.C.I.I.
Themis Ltd.	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06) Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.) (as from 01/01/07) Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)
Verdun Industrial Building Co. Ltd.	Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (up to 31.12.06) Mr. Louis RIVALLAND, B.Sc (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.) (as from 01/01/07) Mr. Gerald LINCOLN Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)

Other Statutory Disclosures – Year ended December 31, 2006

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION AND BENEFITS

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

- Directors of Swan Insurance Company Limited

	FROM THE COMPANY		FROM THE SUBSIDIARIES	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	Rs'000	Rs'000
Executive Directors				
- Full-time	**11,433**	10,867	**6,062**	5,638
Non-executive Directors	**1,077**	626	**1,240**	614
	12,510	11,493	**7,302**	6,252

	FROM THE SUBSIDIARIES	
	2006	2005
	Rs'000	Rs'000
- Directors of subsidiary companies who are not directors of the Company		
Executive Directors		
- Full-time	**3,279**	3,033
Non-executive Director	**105**	90
	3,384	3,123

DONATIONS

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
Charitable donations -33 recipients (2005: 26 recipients)	**190**	357	**129**	318
Others	**-**	1,500	**-**	750

AUDITORS' FEES

	THE GROUP		THE COMPANY	
	2006	2005	**2006**	2005
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees paid to				
- BDO De Chazal du Mée	**1,771**	1,621	**917**	815
- Other firms	**660**	166	**37**	37
Fees paid for other services provided by				
- BDO De Chazal du Mée	**806**	801	**520**	520
- Other firms	**165**	43	**30**	30
	3,402	2,631	**1,504**	1,402

CONTRACT OF SIGNIFICANCE

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

Secretary's Certificate – Year ended December 31, 2006

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

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

27th March 2007

Auditors:	BDO De Chazal Du Mée
Bankers:	Banque des Mascareignes 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 Benoit Chambers

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 Friday 22nd June 2007 at 9.30 hours and at any adjournment thereof:

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

	FOR	AGAINST	ABSTAIN
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2006.			
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 Director of the Company Mr Louis Rivalland			

Dated this ……………………….. day of ………………..… 2007.

(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.