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# Swan Group Vision

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

## Our Values

- ***Customer Oriented***
- ***Professionalism***
- ***Competitiveness***
- ***Knowledge***
- ***Quality and Security***
- ***People Focus***

## Notice of Annual Meeting to Shareholders

Notice is hereby given that the **Annual Meeting** of the shareholders of the Company will be held on **Wednesday 1st June 2005 at 10.00** hours at the Registered Office of the Company on the 6th floor of the Swan Group Centre, Intendance Street, Port Louis to transact the following business:

1. To receive the Chairperson's Statement and Directors' Report.
2. To consider and approve the Annual Report including the Audited Financial Statements of the Company and the Group at 31st December 2004.
3. To re-appoint BDO De Chazal du Mée & Co. as Auditors of the Company until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.
4. 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.
5. To elect as Directors of the Company Messrs. Henri Harel, Sulliman Adam Moollan, Victor Seeyave, Jean de Fondaumière and Paul Rousset.

Each of the above-named shall be elected by a separate resolution.

*By order of the Board of Directors*  
*Jean Paul CHASTEAU DE BALYON*  
*Group Company Secretary*

*15th April 2005*  
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, 2004**

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Insurance Company Limited and of the Group for the year ended December 31, 2004, contents of which are listed below:

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This report was approved by the Board of Directors on 22nd March 2005.



**Cyril Mayer**  
**Chairperson**



**M.J. Cyril Lagesse**  
**Director**

## Principal Activities – Year ended December 31, 2004

### 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 activity of each Subsidiary is shown hereunder and has remained unchanged during the year.

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

## **Directorate and Management – for the financial year 2004**

### **DIRECTORS**

#### **Non-Executive**

Cyril MAYER, B. Com., C.A. (S.A.) – (Chairperson as from 21st July 2004)

M. J. Cyril LAGESSE (Chairperson up to 21st July 2004)

P. Arnaud DALAIS

J. L. Philippe DE CHASTEAUNEUF, F.A.I.A. (resigned on 31st December 2004)

Me. Pierre DOGER DE SPÉVILLE

M. M. Hector ESPITALIER-NOËL, A.C.A.

Late M. H. Patrick GUIMBEAU (up to 20th March 2004)

Henri HAREL, ACIS (as from 22nd March 2005)

Thierry LAGESSE, MBA

Noël Adolphe VALLET

#### **Independent Non-Executive**

Sullivan Adam MOOLLAN, C.P.A. – Australia, Graduate in Economics (Australia) (as from 22nd March 2005)

Victor SEEYAVE, MBA, USA - BA Economics, UK (as from 22nd March 2005)

#### **Executive**

Jean DE FONDAUMIÈRE, C.A. – Group Chief Executive (Appointed Director as from 22nd March 2005)

Paul ROUSSET, A.C.I.I. – Consultant (Appointed Director as from 22nd March 2005)

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#### **Group Chief Operations Officer**

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

#### **Group Company Secretary**

Jean Paul CHASTEAU DE BALYON

#### **Consultants to the Group Chief Executive**

Josie LAPIERRE, M.S.G., D.E.A., F.C.M.I.

Gérald LINCOLN



Cyril MAYER



M. J. Cyril LAGESSE



P. Arnaud DALAIS



J. L. Philippe DE CHASTEAUNEUF



Jean DE FONDAUMIÈRE



Me. Pierre DOGER DE SPÉVILLE



M. M. Hector ESPITALIER-NOËL



M. H. Patrick GUIMBEAU



Henri HAREL



Thierry LAGESSE



Sulliman Adam MOOLLAN



Paul ROUSSET



Victor SEEYAVE



Noël Adolphe VALLET

### **Cyril MAYER, B. Com, C.A. (S.A.)**

Managing Director of Harel Frères Limited.

Positions presently held on sugar sector institutions:

Board Member of the Mauritius Sugar Industry Research Institute

Main Committee Member of the Mauritius Sugar Syndicate

Executive Committee Member of the Mauritius Sugar Producers' Association

Has also served on the Joint Economic Council 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

Member of the National Economic and Social Council

Directorships of listed Companies:

- Harel Mallac & Co. Ltd.
- Mon Trésor and Mon Désert Ltd. (Non-executive Chairperson)

### **M. J. Cyril LAGESSE**

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

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

Directorships of listed Companies:

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

## Directorate and Management – for the financial year 2004 (continued)

### **P. Arnaud DALAIS**

Diplôme Universitaire en Gestion des Entreprises  
Group Chief Executive of CIEL Group.

Directorships:

- CIEL Textile Ltd. (Chairperson)
- Deep River-Beau Champ Ltd. and its subsidiaries
- CIEL Investment Ltd.
- Ireland Blyth Ltd. (Listed)
- Sun Resorts Ltd. (Listed)
- United Basalt Products Ltd. (Listed)
- The Anglo-Mauritius Assurance Society Ltd.

Former Chairperson of the following private sector organisations:

- The Mauritius Chamber of Agriculture (1996/1997)
- The Mauritius Sugar Syndicate (1999/2000)
- Joint Economic Council (2000/2002).

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### **J. L. Philippe DE CHASTEAUNEUF, F.A.I.A.**

Former Financial Director of Harel Frères Ltd. Retired on 31st December 2004.  
The Mount S.E. Co. Ltd. (Non-executive Chairperson) - (Listed)

Former Directorships of listed Companies:

Harel Mallac & Co. Ltd.  
The Mauritius Chemical & Fertilizer Industry Ltd.

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### **Me. Pierre DOGER DE SPÉVILLE**

Notary Public from August 1965 up to June 1997.

Directorships:

- The Médine Sugar Estates Co. Ltd. (as from 25th September 1979)
- The Médine Group of Companies (as from 1st July 1999) – (Chairperson)
- International Distillers (Mauritius) Ltd. (as from 9th February 2000)
- New Goodwill Co. Ltd. (as from 29th July 2001)
- Happy World Foods Ltd. (as from 5th December 2002). (Listed)
- The Anglo-Mauritius Assurance Society Ltd.

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### **M. M. Hector ESPITALIER-NOËL, A.C.A.**

Chief Executive of The Espitalier-Noël Group.

Directorships of listed Companies:

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

Former Chairperson of the following sugar sector institutions:

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

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### **Henri HAREL, ACIS**

Group Chief Finance Officer of Harel Frères Ltd.

Directorships:

Sugar Industry Pension Fund  
The Anglo-Mauritius Assurance Society Ltd.  
Harel Frères Ltd.



**Thierry LAGESSE, MBA (France)**

Founder and Executive Chairperson of Palmar Group of Companies.

Directorships:

- Companhia de Sena (Chairperson)
- Parabole Réunion SA (Chairperson)
- FUEL Group (Chairperson)
- Deep River-Beau Champ Ltd.
- CIEL Group
- Ireland Blyth Ltd. (Listed) - (Chairperson)
- United Basalt Products Ltd. (Listed) - (Chairperson)
- Sun Resorts Ltd. (Listed)
- The Anglo-Mauritius Assurance Society Ltd.

Member of the Mauritius Chamber of Agriculture

Former Chairperson of the Mauritius Export Processing Zone Association (MEPZA) - (1995).

**Sullivan Adam MOOLLAN, C.P.A. – Australia, Graduate in Economics (Australia)**

Managing Director of ASMO Securities and Investments Ltd.

Directorships:

Stock Exchange of Mauritius (Vice Chairperson)

Central Depository Settlement Co. Ltd. (Chairperson)

Médine S.E. Ltd.

The Anglo-Mauritius Assurance Society Ltd.

**Victor SEEYAVE, MBA, USA - BA Economics, UK**

Managing Director of Altima Ltd.

Directorships:

Happy World Foods Ltd. (Listed)

The Anglo-Mauritius Assurance Society Ltd.

**Noël Adolphe VALLET**

Director of The Constance & La Gaieté S.E. Co. Ltd.

Initiator and Project Manager of l'Aventure du Sucre.

Directorships:

Sun Resorts Ltd. (Listed)

Belle Mare Holding Ltd. (Listed)

Constance Hotel Services Ltd.

## **Directorate and Management – for the financial year 2004 (continued)**

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

**Senior Managers** Jean Marc CHEVREAU – Individual Business, Motor and Agents' Development  
 Suzanne CHUNG TAK LUN – Group Information Technology  
 Guy DE GAYE – Commercial  
 Gilles HERBEREAU DE LACHAISE – Marine  
 Philippe LO FAN HIN, F.C.I.I. – Reinsurance and Statistics  
 Maxime REY – Group Finance  
 Pierre XAVIER – Accountant

**Managers** Patrick ANDRÉ – Health and Travel  
 Paulette CHUNG FAT – Personal Assistant to the Group Chief Executive  
 Sophie DECOTTER, B.Soc.Sc. – Group Human Resources  
 Rémi DESVAUX DE MARIGNY – Brokers' Support Unit  
 Valérie DUVAL, LLB (Hons.) - Claims  
 Krishen GOWRY - Motor  
 Ishwari MADHUB, B.Sc. (Hons.), F.C.C.A. – Information Technology  
 Gilbert MONTENOT – Maintenance  
 Gilbert REY – Fire and Accident

## Senior Management Team Profile

### **Jean DE FONDAUMIÈRE, C.A.**

Group Chief Executive  
Chartered Accountant (C.A.), Scotland

Qualified in 1980, Jean de Fondaumière (51) served in managerial positions at PriceWaterhouse, Kleinwort Benson and Security Pacific, Sydney, Australia from 1981 to 1991 in the fields of audit and merchant banking.

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

He has been the Chairperson of the Stock Exchange of Mauritius since 2002 (Chairperson of the Corporate Governance Committee) and of Mozambique Capital Partners Ltd. since 1997, a Director of Lémuria Resorts (tourism) in Seychelles since 1998 and of Sukari Investment Co. Ltd (sugar) in Tanzania since 2000. He has been a Director of South Asia Regional Fund (member of its Audit Committee) since 1997 and of Pacific Rim Palm Oil Limited since 2004.

He is a Director for the following Listed Companies:

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

### **Paul ROUSSET, A.C.I.I.**

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

Paul Rousset (57) joined Swan Insurance in 1967. He spent three years from 1971 to 1973 at the Royal Insurance in United Kingdom after which period he qualified as A.C.I.I.

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

He was appointed Executive Manager of Swan Insurance in 1997 and significantly contributed to guiding Swan Insurance through a difficult period resulting from the impact of re-insurance costs internationally. He has established a strong reputation with the international community of re-insurers and a relationship of professional trust with the Company's international re-insurance Broker. He has played a major role in the consolidation of the local insurance industry including the technical issues linked to the development of the legal framework.

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.

### **Louis RIVALLAND, B.Sc. (Hons.), F.I.A.**

Group Chief Operations Officer  
B.Sc. (Hons.) in Actuarial Science and Statistics, South Africa (S.A.)  
Fellow of the Institute of Actuaries (F.I.A.), United Kingdom (U.K.)  
Fellow of the Actuarial Society of South Africa (F.A.S.S.A.)

From 1994 to January 1997, Louis Rivalland (34) worked for the Commercial Union in South Africa as Manager - Product Development and was promoted Senior Manager in February 1997. From February 1998 to July 1999, he worked as Actuary and Consultant at Watson Wyatt in Johannesburg, South Africa whereby he was responsible for developing the investment area and for a number of clients on the pensions side as well as issues relating to the healthcare area.

In August 1999, he joined the Swan Group as Consultant to Group Chief Executive. He was involved in the review and setting up of processes and systems for the pensions, investments and life insurance operations and was responsible for the actuarial and consultancy work for the pension schemes.

From January 2002 to December 2004, he acted as Executive Manager of The Anglo-Mauritius. He has been appointed Group Chief Operations Officer since January 2005 and is responsible for the operations of Swan Insurance and The Anglo-Mauritius. He is a member of the Executive Management Committee of the Swan Group since January 2005.

He has been elected Vice-president of the Insurers' Association since March 2003.

He is a Director for the following Listed Companies:

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

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

## Directorate and Management – for the financial year 2004 (continued)

### Senior Management Team Profile (continued)

#### Jean Paul CHASTEAU DE BALYON

Group Company Secretary  
Member of The Chartered Insurance Institute (C.I.I.) – U.K.  
Member of The Association of Company Secretaries - Mauritius

Jean Paul Chateau de Balyon (54) joined Swan Insurance in 1969 as Underwriter motor and non-motor business and was appointed Assistant Company Secretary in 1974. In 1976 he was appointed Company Secretary of Swan Insurance and was also given the responsibility of Administration and Human Resources. He was appointed Group Company Secretary of the Swan Group in January 2003.

He was fully involved in the following key projects:

Introduction of Swan Insurance on the official market of the Stock Exchange of Mauritius in 1990  
Scheme of Arrangement for the benefit of shareholders in 1991  
Swan Group Centre in 1992 and 1993  
Standardisation of the Swan Group Staff Handbook.

He is a Council Member of the Mauritius Chamber of Commerce and Industry and a Member of the Consultative Committee of the Stock Exchange of Mauritius.

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

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

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

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

#### Josie LAPIERRE, M.S.G., D.E.A., F.C.M.I.

Consultant to Group Chief Executive  
Group Communication, Marketing Support and Human Resources  
Diplôme d'Etudes Approfondies (D.E.A.) – Strategy and Management, France  
Maîtrise de Sciences de Gestion (M.S.G.), France  
Fellow of the Chartered Management Institute (F.C.M.I.)- United Kingdom (U.K.)  
Member of The Chartered Institute of Marketing (M.C.I.M.) – U.K., The Chartered Institute of Public Relations (M.C.I.P.R.) – U.K., The Chartered Institute of Personnel and Development (C.I.P.D.) – U.K., The Chartered Insurance Institute (C.I.I.) – U.K.

From 1991 to October 1999, Josie Lapierre (39) worked for De Chazal du Mée, one of the leading firms of chartered accountants and business consultants in Mauritius and one of the largest independent multidisciplinary professional services firm in Sub-Saharan Africa, in the Marketing and Economic Studies Department.

She was appointed Partner in July 1998 and conducted several assignments for local and international leading institutions and organisations in the Indian Ocean region and in Africa namely the World Bank, UN, UNDP, UNICEF, Southern African Development Community (SADC) among others.

She joined the Swan Group as Consultant to Group Chief Executive in November 1999. She was appointed Head of The Group Communication and Human Resources Department in March 2002 and has been responsible for The Group Communication, Marketing Support and Human Resources Department since January 2005 whereby she manages the communication, marketing support and human resources functions of the Swan Group in alignment with the corporate strategy to sustain current and organisational performance.

Her key areas of specialization are strategic management, economic and social research and analysis, marketing strategy, communication strategy and human resources management.

#### Gerald LINCOLN

Consultant to Group Chief Executive

Gerald Lincoln (69) 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.

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

He is an Alternate Director for the following Listed Companies:

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

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

Operations Executive

Short Term Operations

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

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

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

His key areas of 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 (52) 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 general insurance business.

**Suzanne CHUNG TAK LUN**

Senior Manager

Group Information Technology

Suzanne Chung Tak Lun (56) joined Swan Insurance in 1979 and was appointed Senior Manager of the Information Technology Department of Swan Insurance in 2000.

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

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

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

Commercial Systems with Mauritius Computing Services

Government Projects with International Computers Limited & Government of Mauritius

Sugar Industry systems with West East Limited

Reinsurance systems with Reinsurance Company of Mauritius

General Insurance systems with Swan Insurance Co Ltd.

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

## Directorate and Management – for the financial year 2004 (continued)

### Senior Management Team Profile (continued)

#### **Guy DE GAYE**

Senior Manager  
Commercial

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

Guy de Gaye (50) joined Swan Insurance in 1974 and has now thirty-one years of service with Swan Insurance working at different levels.

Whilst keeping abreast of developments in the insurance market and through extensive training and work dedication has developed expertise in the underwriting of a wide range of insurance risks focusing mainly on the manufacturing and industrial sectors.

He has built up over the years a network of contacts locally and overseas with representatives of other insurers and re-insurers through regular communications and visits.

He was appointed Senior Manager of the Commercial Department of Swan Insurance in 2000. He is currently responsible of the Commercial Department which offers a complete range of insurance products and services to the corporate and industrial sectors.

#### **Gilles HERBEREAU DE LACHAISE**

Senior Manager  
Marine

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

Gilles Herbereau de Lachaise (53) joined Swan Insurance as Clerk in April 1976. He was appointed Superintendent of the Marine Department in September 1976.

He was appointed Manager of the Marine Department in January 1981.

He worked for Mercantile Mutual in Australia as Marine Manager for some six months in 1987.

He was promoted Senior Manager of the Marine Department of Swan Insurance in 2000 and has been responsible for the overall activities of the Marine Department of the Company for several years now.

He has developed regular working relationships with the reinsurance brokers in respect of facultative placements and treaties for marine insurance business. He is responsible for placing cargo and yacht insurance business.

#### **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)

Philippe Lo Fan Hin (46) joined Swan Insurance in April 1979. He qualified as an associate of the Chartered Insurance Institute (London) in 1983 (A.C.I.I.) and as Fellow (F.C.I.I.) by examination in 1991. He is a Chartered Insurer and was promoted to Senior Manager of the Reinsurance and Statistics Department of the Company in July 2003.

He has been working in the insurance industry for twenty-six years now. He has been dealing with Swan's Agents and then worked in various fields of insurance such as motor, personal lines as well as the commercial and industrial sectors. During the past ten years he has been heading the Reinsurance and Statistics Department of Swan Insurance.

#### **Maxime REY**

Senior Manager  
Group Finance

Maxime Rey (52) gained audit experience at Kemp Chatteris from 1973 to 1974, and at De Chazal Du Mée from 1974 to 1977.

From 1977 to 1981, he worked as Assistant Accountant at Deep River Beau Champ Sugar Estate Ltd.

From 1981 to 1993, he worked for the Johannesburg based South African division of Kuehne and Nagel International AG, Switzerland, a worldwide transport, travel consulting and insurance brokering organisation. He held up various financial functions within that Company, reaching the position of Group Financial Controller as from 1st April 1989 and of Director as from 1st August 1992.

He joined The Anglo-Mauritius Assurance Society Limited, part of the Swan Group, as Financial Controller as from 1st November 1993. He cumulated the responsibilities of heading the Loans and Legal Departments as from January 2003, and that of Deputy Money Laundering Reporting Officer (MLRO) as from December 2003.

Since January 2005, he has been appointed Senior Manager – Group Finance and heads the Finance Department of the Swan Group.

**Pierre XAVIER**

Senior Manager and Accountant

Pierre Xavier (59) joined Swan Insurance as Accounts Clerk in January 1965. He was appointed Accountant of the Company in 1975. In January 2000 he was promoted to Senior Manager.

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

Over the years, he has developed good working relationships with individual clients and with the Financial Departments of the Corporate Clients of the Company together with those of its Re-Insurers and Re-Insurance Brokers .

Reaching retirement age in July 2005, his main focus has recently been the transmission of knowledge to his colleagues to ensure an efficient and successful succession plan in the Swan Insurance finance management.

## 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 2004.***

### CORPORATE PROFILE

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

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

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

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

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

The Group's Gross Premium Income amounted to Rs. 1.5 billion for the year ended 31st December 2004. Assets under the management of the Swan Group amounted to Rs. 10.7 billion and the Life Assurance Fund reached Rs. 9.8 billion at 31st December 2004.

Reserves of the Swan Group stood at Rs. 527.4 million and that of the Company at Rs. 536.5 million in 2004.

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. 221.6 million at 31st December 2004.

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 2004 was Rs. 613.2 million.

### LEGAL AND REGULATORY FRAMEWORK

After extensive consultation with the stakeholders and the Industry at large, a new Insurance Act, which repeals the existing one of 1987, was voted by the National Assembly in March 2005. The Act aims principally at improving the soundness of the insurance market in Mauritius and providing greater protection to policyholders.

The Act provides, inter alia, for the separation of long term and general insurance business. As from year 2011 composite companies will not be allowed, in line with established practices in a number of jurisdictions. It also introduces the principle of risk based capital. The solvency margin will be specified by way of regulations to be made by the Financial Services Commission. Furthermore, the new legislation requires some degree of transparency on the shareholding of an insurer. Significant shareholders will require prior approval of the Regulator. However, under the Transitional Provisions, a significant shareholder will be deemed to have obtained such approval. Additional corporate governance requirements are in the law which also confers upon the Regulator powers to review reinsurance arrangements so as to assess the degree of reliance of these arrangements.

The Securities Act 2005, which replaces the Stock Exchange Act 1988, was also voted by the National Assembly in March 2005. The Act aims at ensuring a fair, efficient and transparent securities market and at striking an appropriate balance between the protection of investors and the interests of the securities market.

Since the 1st August 2004, the coming into force of the Road Traffic (Amendment no. 3) Act 2003, more commonly known as the "constat à l'amiable" has provided the proper tools for a fast track process of ascertaining liability and the payment of compensation in case of minor road accidents.

In addition, a Motor Vehicle Insurance Arbitration Committee has been set up in November 2004 for the purposes of determining unresolved disputes between the parties concerned.

There has not been any legislative amendments in 2004 to the existing Anti-Money Laundering Laws and Regulations in force. However, it is worth mentioning that the new provisions of the FIAML (Miscellaneous Provisions) Act 2003 have, inter alia, significantly widened the regulatory, supervisory and enforcement powers of the FSC as regards AML compliance.

### CORPORATE GOVERNANCE

The Group supports the highest standards stated in the Code of Corporate Governance for Mauritius published in October 2003 and is committed to business integrity,



transparency and professionalism in all its activities to ensure that the entities within the Group are managed ethically and responsibly to enhance business value for all stakeholders. During the year 2004, the Group ensured that its operations yielded acceptable returns to shareholders and was conducted in a way that displayed the following characteristic of good corporate governance: Discipline, transparency, independence, accountability, responsibility, fairness and social responsibility.

### The Board of Directors

The Board is responsible for organising and directing the affairs of the Group in a manner that is in the best interest of shareholders, in conformity with legal and regulatory requirements, and consistent with its Constitution and practices of Corporate Governance.

The Board as a whole is involved in the process of nomination, selection and appointment of directors who are selected on the basis of their integrity, skill, acumen and experience to make sound judgements relevant to the business of the Group, independent of management. All directors have the requisite knowledge and experience required to properly execute their duties and participate actively in proceedings at Board meetings.

There exists a division of responsibilities between the Chairperson and the Group Chief Executive. Each entity within the group has its own Board structure.

### Role of the Board

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

The Board meets regularly to:

- (a) Determine the Group's purpose, strategy and values.
- (b) Exercise leadership, enterprise, intellectual honesty, integrity and judgement in directing the Group so as to achieve sustainable prosperity.
- (c) Ensure that procedures and practices are in place that protect the Group's assets and reputation and review process and procedures to ensure the effectiveness of the internal control systems.
- (d) Monitor and evaluate the implementation of strategy, policies, management performance criteria and business plans.
- (e) Record that facts and assumptions on which the Board relies to conclude that the business will or will not continue as a going concern in the next financial year.
- (f) Define levels of materiality, reserving specific powers in

regard to itself and delegating other related matters to management. These matters are monitored and evaluated by the Board on a regular basis.

- (g) Ensure that technology and systems used in the company are adequate and subject to risk management so as to run the business with the most effective and efficient use of its assets, processes and human resources.
- (h) Identify key risk areas and key performance indicators of the business and take informed decisions to minimise these risks, in order for the Group to enhance shareholder value.
- (i) Ensure that the Group has developed a succession plan, both for its executive and senior management.
- (j) Identify, monitor and report regularly on the non financial aspects relevant to the business of the Group.
- (k) Ensure communication with shareholders and relevant stakeholders is made openly and promptly with substance prevailing over form. The purpose of this communication exercise is to disclose in a transparent manner all material information (other than sensitive commercial information) regarding amongst others, management contract, shareholder agreement, controlling shareholders so that minority shareholders and concerned stakeholders may make an informed decision in relation to their dealings with the Group and in the shares of the Group.

### Directors' Responsibilities

The directors are required to ensure that adequate accounting records are maintained so as to disclose at any time, and with reasonable adequacy, the financial position of the Group and the Company. They are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

They must present financial statements for each financial year, which give a true and fair view of the affairs of the Group and the Company, and the results for that period. In preparing such financial statements, they are required to:

- Select suitable accounting policies and apply them on a consistent basis using reasonable and prudent judgement;
- State whether or not Companies Act 2001 and International Financial Reporting Standards (IFRS) have been adhered to and explain material departures thereto; and
- Use the Going Concern basis unless it is inappropriate.

The Board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with IFRS and the responsibility of external auditors to report on these financial statements. The Board is responsible for ensuring the maintenance of adequate accounting records and an effective system of internal controls and risk management.

Nothing has come to the Board's attention, to indicate any material breakdown in the functioning of the internal controls and systems during the period under review, which could have a material impact on the business. The financial statements are

## Chairperson's Statement and Directors' Report (continued)

prepared from the accounting records on the basis of consistent use of appropriate accounting policies supported by reasonable and prudent judgements and estimates that fairly present the state of affairs of the Group and the Company.

The financial statements have been prepared on a going concern and there is no reason to believe that the Group and the Company will not continue as a going concern in the next financial year.

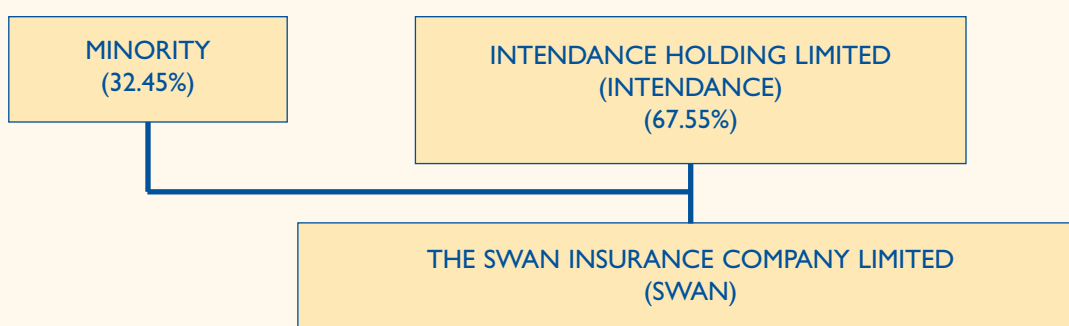
The directors confirm that they have followed the principles on the model code on securities transactions as required by

appendix 6 of the Listing Rules.

### Directorate

In compliance with the Code and consistent with the Group's commitment of adhering to its principles, the Board has proceeded with the appointment of two Non-Executive Independent and two Executive Directors. The Directors so appointed, are being proposed for election at the forthcoming Annual Meeting of shareholders.

### ULTIMATE HOLDING COMPANY



### COMMON DIRECTORS

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

### Attendance of Directors of Swan at Board Meetings in 2004:

NAME	CLASSIFICATION	DESIGNATION	NO. OF MEETINGS	ATTENDANCE
Cyril Mayer	Non-executive	Chairperson	9	8
M.J. Cyril Lagesse	Non-executive	Director	9	6
P.Arnaud Dalais	Non-executive	Director	9	7
Thierry Lagesse	Non-executive	Director	9	6
Pierre Doger de Spéville	Non-executive	Director	9	8
Noël Adolphe Vallet	Non-executive	Director	9	8
Late M. H. Patrick Guimbeau	Non-executive	Director	9	1
Philippe de Chasteauneuf	Non-executive	Director	9	8
M.M. Hector Espitalier-Noël	Non-executive	Director	9	2

## Risk Management

The Board has overall responsibility for the Group's systems of risk management and internal control and for reviewing their effectiveness. 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.

The Group's risk policy defines risk as the possibility that an action, inaction, event or failure will prevent or hinder the Group from achieving its strategic objectives or ultimately, from maximising shareholder value. Recognising this definition, the risk management framework uses principles in managing risk:

- *Culture* - The Group fosters a corporate culture, which accepts risk taking as fundamental to its business. However risk identification, measurement, monitoring and control are indispensable for the continuing strength of the organisation.
- *Education/Training* - The Group promotes risk awareness among all its employees. It is committed to embedding risk management policies through increasing the employees' awareness of risk. Regular training are dispensed to employees on various technical and regulatory matters.
- *Enterprise* - The Group's perspective of risk extends to all activities within the organisation and covers both existing and emerging risks.
- *Consistent standards* - The Group recognises the importance of adhering to consistent high standards of governance and risk management throughout its operations.
- *Risk ownership* - The Group recognises that ultimate responsibility for the management of risk lies with the Board, but day-to-day responsibility for the management of risk rests with the management of each business segment. Management have authority and flexibility to act and make decisions in order to manage risk in their area, but they must do so within a strict set of Group's policies and standards.

In order to establish norms of risk management, the Group has set clear parameters for insurance classes, retention limits, reinsurance protection and other appropriate measures. Within the group, the risk elements are viewed under the following headings:

- Insurance (underwriting, claims and reinsurance) risk;
- Operational risk; and
- Financial risk.

### Insurance Risk

The Group's general insurance activities are primarily

concerned with the pricing, acceptance and management of risks from customers.

Management uses a number of tools to write certain higher risk classes of business, review performance and management of insurance portfolios throughout the Group.

The Group's reinsurance strategy and appetite is set and agreed at Board level. Treaty purchases are analysed by the Reinsurance team who also assess risk exposure of the Group.

### Operational Risk

Operational risk is defined as risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational loss events have significant negative impact on the market value of insurers.

Losses may further result from:

- *Human Resource risk:*  
Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.
- *Compliance risk:*  
Dishonest or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involves at least one internal party and a third party respectively.
- *Physical risk:*  
Losses due to fire, explosion, riots, etc.
- *Technology risk:*  
Includes hardware and software failures, system development and infrastructure issues.
- *Business Continuity risk:*  
Losses from failed transaction processing, and process management.
- *Reputational risk:*  
Losses due to unintentional or negligent failure to meet a professional obligation to specific clients or arising from the nature or design of a product.

The Group has a proper operational risk management framework in place to effectively, systematically identify, assess and contain operational risk throughout the organisation. Operational losses are understood, monitored and corrected so as to remain within acceptable levels.

### Financial Risk

The primary sources of financial risk within the Group are reinsurance counterparties' credit risk inherent to the insurance contracts, treasury and investment activities and premium debtors. The management of these risks are further discussed in note 3 to the financial statements.

## Chairperson's Statement and Directors' Report (continued)

### Remuneration Philosophy

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

The following principles are used to determine the proper remunerations levels:

- Remuneration practices are structured to provide clear differentiation between individuals with regard to performance;
- Incentives are created for superior performance;
- Top contributors are awarded higher bonuses;
- Under performers are not rewarded and steps are taken to encourage individuals to improve or leave the Group in line with accepted practices;
- Market norms and practices are benchmarked and participation to remuneration surveys is supported.

Remuneration is reviewed annually by the Board after taking cognisance of market norms and practices as well as additional performance and responsibilities placed on employees.

Non-Executive directors are remunerated for their knowledge, experience and insight given to the Boards.

### Group Company Secretary

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

### Constitution

The new Constitution of the Company adopted in October 2003 does not provide any ownership restriction or pre-emption rights. It is in conformity with the Companies Act 2001 and the Listing Rules of the Stock Exchange of Mauritius.

### Social, Safety, Health and Environmental Practices

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.

### Shareholders Agreements/Third Party Management Agreements

There is no Shareholders Agreement/ Third Party Management Agreement.

### Dividend Policy

The Company's objective is to provide value added to its

shareholders through optimum return on equity. Dividends are proposed and paid after taking into account the level of profit after taxation, provision for technical, statutory and other reserves required to be made for sound ongoing operational activities.

The payment of dividends, and the amount thereof, are decided in compliance with the solvency test requirements pursuant to Section 6 of Part I of the Company's Act 2001.

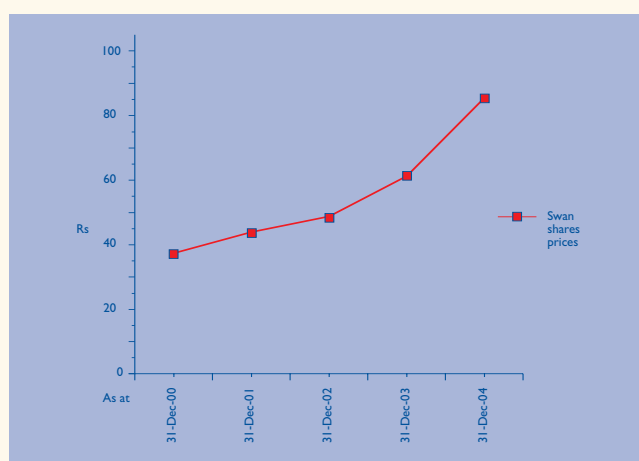
The dividend cover and dividend yields of the Company compare favourably with those of other listed companies operating in the local financial sector. The trends over the past five years are shown in the table below:

Year	Dividend Cover* (Times)	Dividend Yield** %
2004	1.71	5.26
2003	1.61	6.56
2002	1.67	8.33
2001	2.22	8.50
2000	2.31	8.64

\* 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.

### Share Price Information



### Political Contributions

The Group and the Company in line with Group's policy did not make any contribution to political parties during the year under review.

### Relationship with Shareholders

The Board's objective is also to properly understand the

information needs of all shareholders and places great importance on an open and meaningful dialogue with all those involved with the Group. It ensures that shareholders are kept informed on matters affecting the Group. The Group website is used to provide relevant information. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the annual meeting, to which all shareholders are invited.

### 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 Committee as adapted to meet the specific needs of the Group.

### Important Events

- The Annual Meeting of Shareholders was held on 25th June 2004.
- Unaudited Results as at 31st December 2003 were published on 29th March 2004.
- Interim Results at 30th June 2004 were published on 22nd September 2004.
- A dividend was declared on 17th November 2004 and paid to shareholders on 27th December 2004.

### ORGANISATION STRUCTURE

During the year under review the Directors have approved a new Organisation Structure for the Group effective as from 1st January 2005.

The Directors have also made the following consequential appointments:

Group Chief Operations Officer: Louis Rivalland  
 Operations Executive (Short Term Operations):  
 Michel Thomas  
 Operations Executive (Actuarial & Long Term Operations):  
 Mark Whatley  
 Senior Manager - Group Finance: Maxime Rey  
 Senior Manager - Group Information Technology: Suzanne Chung Tak Lun.

Under the new structure all operational departments report directly to the Group Chief Operations Officer and ultimately to the Group Chief Executive.

The departments of Finance, Information Technology, Communication, Marketing Support & Human Resources and the one of Investments are directly accountable to the Group Chief Executive.

An Executive Committee has also been constituted as follows:

Jean de Fondaumière, Group Chief Executive, as Chairperson  
 Paul Rousset, Consultant  
 Louis Rivalland, Group Chief Operations Officer  
 Jean Paul Chasteau de Balyon, Group Company Secretary, as Secretary.

### ACKNOWLEDGEMENTS TO OUR KEY PARTNERS AND EMPLOYEES

We are pleased to acknowledge the professional assistance of AON, the Company's International Reinsurance Brokers and of its Reinsurers, Legal Advisers, Auditors and Consulting Actuaries.

Our management and staff have continued to show their dedication and commitment to the Group. On behalf of the Board and of the shareholders, I would like to thank them. We also express our gratitude to our agents and local insurance brokers.



**Cyril Mayer**  
**Chairperson**

# Group Chief Executive's Review

## SHORT TERM OPERATIONS

2004 has been a relatively stable year for our operations and was not marked by any large catastrophe. The trend noted in previous years relating to reinsurance costs have stabilised and the Company is pursuing its efforts to manage its risks in a prudent and professional way to ensure a stable growth of its portfolio.

Satisfactory underwriting results have been registered in our property and casualty business whereas our health portfolio had to be restructured in view of adverse results.

The Company was actively involved, through the Insurers Association, in the implementation of measures associated with the "Constat a l'amiable" system introduced by Government to simplify the reporting of road accident cases and it is hoped that this procedure will accelerate the claims settlement between insurers and the motoring public.

The Group welcomes the new insurance legislation presently being introduced to better regulate insurance activities in Mauritius. This legislation will establish a better framework for the regulation and supervision of insurers, agents, brokers and other insurance professionals, as well as enhancing a better protection for policyholders. The gross premium income of the Company as at 31st December 2004 amounted to Rs 583.6 M ( Rs577.3 in 2003 ) while net premium income reduced to Rs 210.6 M in 2004 ( Rs 214.6M in 2003).

The profit before tax amounted to Rs 60.5M compared to Rs 49.9 M in 2003. Dividends paid in 2004 were increased to Rs 32.3 M ( Rs 4.50 per share ) against Rs 28.7 M ( Rs 4 per share ) in 2003.

The company's reserves at 31st December 2004 stood at Rs 536.5 M compared to Rs 489.0 M in 2003.

## LONG TERM OPERATIONS

### Individual Business

During the year under review our attention was focused on further changes in the financial services sector prompted this time by the introduction of a new Insurance Bill and of a proposed Code of Business Conduct. The Bill and the Code have as their main objectives the enhancing of the regulatory and supervisory framework to international best practice and the safeguard of consumers. The Bill was enacted on the 25 March 2005 and together with the coming into force of the Code will bring considerable changes in the Industry's way of doing business. The resulting energies required for their implementation will be considerable. Whilst appreciating the need to replace the Insurance Act 1987 and to have a better-regulated industry we express the hope that the life insurance industry will continue to play a major role as one of the most attractive avenues for personal savings.

The residential loan market remains very buoyant and competitive offering a wide choice of very competitive products to customers. We continue to participate actively in the loan market, offering variable interest rates that are comparable to those offered by the main banks, combined with

the added flexibility for our customers to switch to a fixed rate at a later date if they wish to. During the last quarter we have seen an increase in the Lombard rate and should this trend continue we might well see a customer shift from variable to fixed interest loans.

The pensions portability market is also very active and we believe that the Company is well poised to take full advantage of this market through its attractive selection of competitive and uniquely adaptable products.

We remain committed in our pursuit of excellence in service standards and improved value to our policyholders. We are constantly looking at ways to enhance our service levels, to ensure customers receive the information they need when they need it. A number of projects are under way in this respect, in terms of reviewing systems, processes and standards of service. The service offered by our medical centre has also been improved to respond more conveniently to the needs and expectations of our customers.

The Company has a proud record as a leader in the all-important area of policy values. One of the key elements in our ongoing search for excellence is to constantly review our strategies in the light of changing conditions so as to ensure that policyholders receive the best possible return on their investment.

On the individual business side we have witnessed a solid growth in annual premium income during 2004. The unit-linked personal pension has performed particularly well, building a strong position in the market since its launch in December 2002. Customers value highly the flexibility with regard to premium payments, the choice of two top-performing investment funds and the options available at retirement.

To ensure future growth we continue to look for ways of increasing and diversifying our sales. In this regard we established an individual business development team during the year, with a view to supplementing the strong agency network that is already in place.

To increase our already wide range of individual products we launched a new unit-linked product in June, the Capital Life Plan. The Capital Life Plan is a single premium policy which combines both life cover and savings. The initial response has been very positive.

### Corporate Business

On the corporate side we have continued to consolidate our position as one of the key players in the Mauritian pensions market. In October 2004, we acquired Pension Consultants and Administrators Limited ("PCA"), one of the leading service providers in the self-invested pension scheme market. Although PCA will remain a separate legal entity with its own staff and systems, the combination of the knowledge of both pension teams has created a strong synergy. Our team of over thirty pensions professionals can offer expertise and experience that is unrivalled in the Mauritian market.

We offer the full range of pension solutions to our corporate clients, from the provision of insured schemes to the administration of self-invested funds. Any type of pension structure can be catered for, depending on a client's exact



requirements in terms of benefit strategy, budget and desired level of management involvement in the running of the scheme. Our aim is to provide a top level of service to our clients. By working in partnership with our clients we ensure that their pension arrangements are the best fit for their business.

2004 has witnessed continuing interest in the defined contribution approach to pension provision. Under a defined contribution scheme, a member's benefit depends on the contributions paid, the investment returns achieved on the contributions, and the cost of converting the accumulated fund into a pension at retirement. The trend reflects the desire of employers to control what they spend on providing pensions.

Our group disability product launched in 2003 has proved a continued success. This product offers protection to both an employer and its employees, offering income protection if an employee is unable to work due to accident or illness. Such an arrangement supplements the usual range of pension scheme benefits. The clients that have implemented such arrangements to-date are already reaping returns from their schemes.

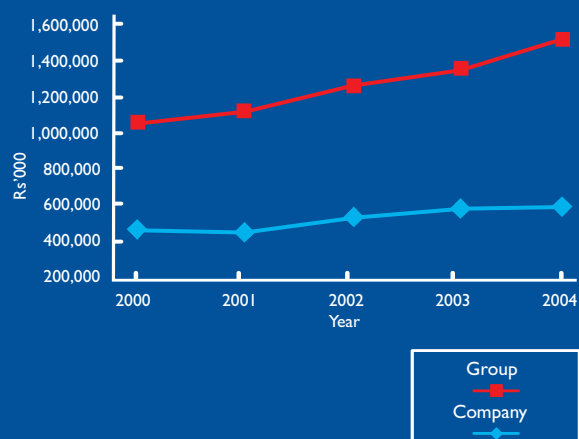
### ECONOMIC HIGHLIGHTS\*

#### The World Economy

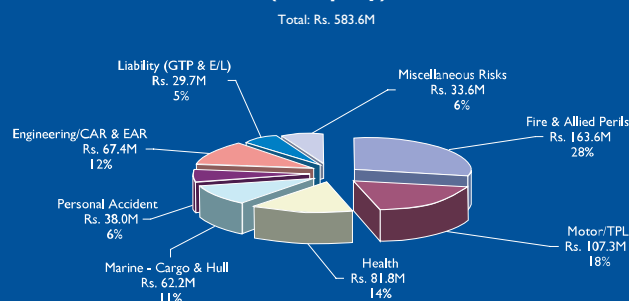
In 2004 the world economy strengthened and the global recovery was well established. The global Gross Domestic Product (GDP) grew by 5.1%, exceeding the 4% trend. The global recovery was mainly driven by the strong growth in The United States and the rapid expansion in emerging markets in Asia, particularly China.

Global GDP growth was 5.1% in 2004 compared to 4.0% in 2003. The growth rate of The United States was 4.4% in 2004 compared to 3.0% in 2003 whilst the growth rates were 2.0% in 2004 compared to 0.5% in 2003 for the Euro area and 8.2% in 2004 compared to 8.1% in 2003 for the developing Asia. World trade volume growth was 9.9% in 2004 compared to 4.9% in 2003. Global GDP growth and world trade volume growth are forecast at 4.3% and 7.4% respectively for 2005. Positive growth rates are forecast for most advanced economies, emerging markets and developing countries for 2005 with a forecast of 3.6% for The United States, 1.6% for the Euro area and 7.4% for the developing Asia.

Gross Premiums  
(Group & Company)



Gross Premium Income by  
Class of Business  
(Company)



## Group Chief Executive's Review (continued)

### The Mauritian Economy

The Mauritian economy grew by 4.2% in 2004 compared to 4.4% in 2003. The growth rate excluding sugar works out to 4.0% compared to 4.3% in 2003. Gross Domestic Product (GDP) at basic prices increased by 10.1% in 2004 to reach Rs. 151.7 billion in 2004 compared to Rs. 137.9 billion in 2003. GDP per capita at basic prices is estimated at Rs. 122,984 compared to Rs. 112,720 in 2003, indicating an increase of 9.1%. Gross National Income (GNI) at basic prices reached Rs. 151.3 billion in 2004 compared to Rs. 137.0 billion in 2003 representing an increase of 10.4% over the previous year. GNI per capita at basic prices increased by 9.5% to reach Rs. 122,648 compared to Rs. 112,039 in 2003.

The following growths were registered in the different sectors of the economy in 2004: the sugar sector grew by 6.5% compared to 3.1% in 2003, the financial intermediation sector grew by 1.0% compared to 7.2% in 2003 and the construction sector grew by 3.1% compared to 11.1% in 2003. The Export Processing Zone (EPZ) sector declined by 5.0% after a decline of 6.0% in 2003. The tourism sector grew by 2.6% compared to 3.0% in 2003 in line with the increase in tourist arrivals 720,000 compared to 702,018 in 2003. The insurance sector grew by 5.0% compared to 7.3% in 2003 with a contribution of Rs. 4.1 billion to the GDP. Commercial banks grew by 7.4% compared to 5.9% in 2003, offshore banks by -15.4% compared to 12.3%, and other financial intermediation activities by 0.7% compared to 0.5% in 2003.

The growth rate is forecast at 5.1% for 2005. The growth rate excluding sugar works out to 5.0%, higher than the 4.0% recorded in 2004. The following output is expected from the key sectors of the economy: a sugar production of 600,000 tonnes, a stabilisation of the EPZ sector with an output of Rs. 35.0 billion, tourist arrivals of 775,000 and a growth of 5.0% for the financial intermediation sector.

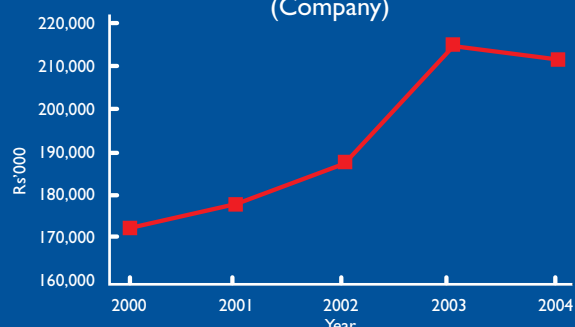
Aggregate final consumption expenditure of households and General Government increased by 14.1% to reach Rs. 135.0 billion in 2004 from Rs. 118.4 billion in 2003. Compensation of employees reached Rs. 63.9 billion compared to Rs. 58.3 billion in 2003 representing an increase of 9.5%. The share of compensation of employees in GDP at basic prices decreased slightly from 42.3% in 2003 to 42.1% in 2004. Gross National Disposable Income (GNDI) increased by 10.9% to reach Rs. 175.7 billion in 2004 from Rs. 158.4 billion in 2003. Gross National Saving (GNS) increased from Rs. 39.9 billion in 2003 to Rs. 40.7 billion in 2004. However, the saving rate decreased from 25.4% in 2003 to 23.3% in 2004.

Total investment reached Rs. 38.9 billion in 2004 compared to Rs. 35.6 billion in 2003 which represents an increase of 9.2%. In real terms, the growth is estimated at 5.5% compared to 10.0% in 2003. The investment rate decreased from 22.6% in 2003 to 22.3% in 2004.

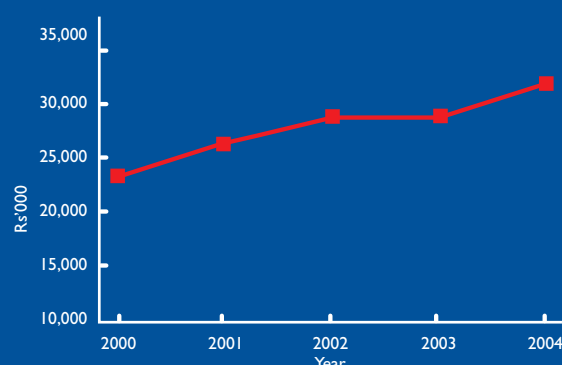
The inflation rate was 4.7% in 2004 as compared to 3.9% in 2003 and is forecast at 5.5% for financial year 2004-2005.

The population of the Republic of Mauritius was slightly more than 1.2 million in 2004, which indicates a 0.8% growth over 2003. Total labour force was 527,800 (349,400 males and 178,400 females) and total employment reached 483,500 (329,800 males and 153,700 females) in 2004. Unemployment rate was 8.4% (5.6% for males and 13.8% for females) in 2004.

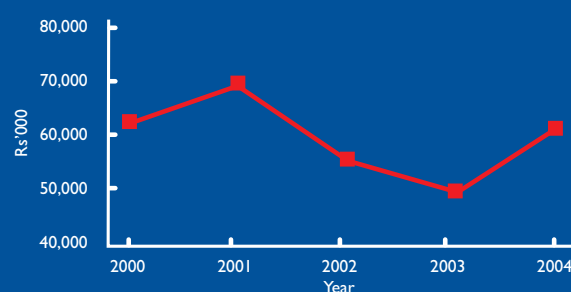
Net Earned Premiums  
(Company)



Dividends Paid  
(Group & Company)



Profit Before Tax  
(Company)





## FINANCIAL HIGHLIGHTS

The Group's Gross Premium Income at 31st December 2004 amounted to Rs. 1,531.5 million, representing an increase of 11.3% (Rs. 1,376.1 million in 2003). The Net Earned Premiums increased from Rs. 973.3 million in 2003 to Rs. 1,109.1 million this year.

The Profit Before Tax increased to Rs. 71.6 million in 2004, representing a rise of 19.5 % (Rs. 59.9 million in 2003).

Total assets under the management of the Swan Group amounted to Rs. 10.7 billion at 31st December 2004 (Rs. 9.0 billion in 2003) and thus increased by 18.9%.

The Life Assurance Fund amounted to Rs. 9.8 billion at 31st December 2004 compared to Rs. 8.1 billion in 2003, representing an increase of 21.0%.

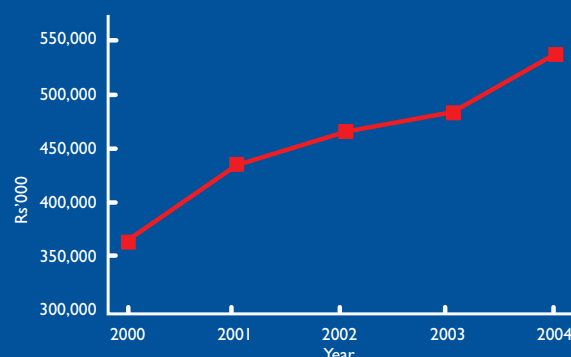
Thus, the Net Asset Value per Share amounted to Rs. 78.6 in 2004 (Rs. 75.5 in 2003) and the Earnings per Share increased by 18.8% at Rs.7.64 compared to Rs. 6.43 in 2003.

The Company's Gross Premium Income increased by 1.1% to Rs. 583.6 million in 2004 (Rs. 577.3 million in 2003) while Net Earned Premiums decreased to Rs. 210.6 million (Rs. 214.6 million in 2003) representing a decrease of 1.9 %.

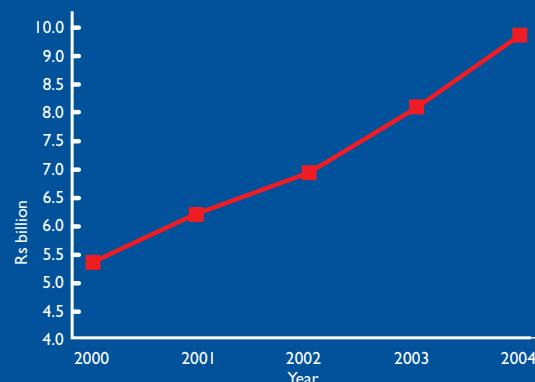
The Profit Before Tax for 2004 amounted to Rs. 60.5 million compared to Rs. 49.9 million in 2003. Dividends paid increased to Rs. 32.3 million compared to Rs. 28.7 million in 2003 and amounts of Rs. 2.7 million and Rs. 19.8 million were transferred to Statutory Reserve Fund and General Reserves respectively.

The Company's reserves at 31st December 2004 stood at Rs. 536.5 million compared to Rs. 489.0 million in 2003.

Reserves  
(Company)



Life Assurance Fund



## Group Chief Executive's Review (continued)

### INVESTMENTS

During the year 2004, the Semtri increased by 35.6% as compared to 29.6% and 49.1 % in 2002 & 2003 respectively. The total return on the Stock Exchange of Mauritius over the last three years has reached 176% in dollars term. In comparison, over the same period, the Dow Jones, the main index of the New York Stock Exchange increased by only 7.6% while the FTSE 100 in London dropped by 7.7%.

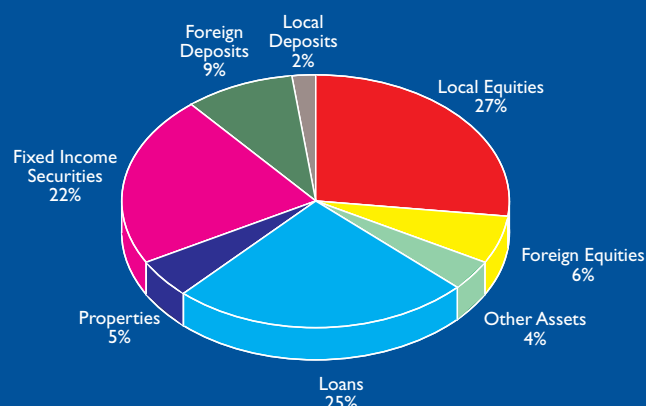
As regards interest rates, a clear reversal of trend is noticeable. After having reached historically low level in 2003/04, the rates have started going up again. The interest rates have increased by 25 bps in Mauritius in 2004 while soaring by 125 bps in the United States. This trend of rising interest rate is expected to continue in 2005.

The Non-Linked Fund is our largest fund with assets of Rs 9.1 billion at market value as at 31st December 2004 compared to Rs 7.7 billion the previous year. The assets are invested principally in fixed income instruments (approximately 60%) and around 40% in shares and properties. This fund has recorded a very satisfactory performance in 2004, mainly due to returns of above 30% on its equity portfolio. The percentage of the fund invested overseas stood at 15%.

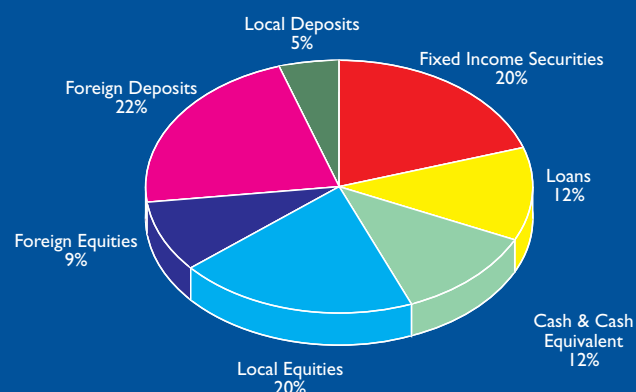
The Equity Fund (Pension) was our overall best performing fund over 2004 with a return of 33.2%. This fund invests at least 90% of its assets in quoted shares of well-established companies, on the local and foreign markets. On the other hand, our most popular unitised funds, the General Fund (Life) and the Secure Fund (Pension), which are mainly invested in fixed income instruments, have achieved returns of slightly above 10%, which is in line with our expectation.

The investment portfolio of Swan Insurance has also fully benefited from the good returns of the Mauritius Stock Exchange in 2004. The equity portfolio has generated a return of more than 35% over the year. The fund is invested at 30% in equities and 70% in fixed income instruments.

**The Anglo-Mauritius Non Linked Fund**



**Swan Investment Portfolio**



### **ANTI – MONEY LAUNDERING**

The Company remains committed to ensuring compliance with Anti-Money Laundering and Terrorism Financing laws and code in force.

It has pursued its efforts in maintaining awareness and vigilance amongst its staff and has also improved internal control mechanisms.

Due diligence and Know Your Client (KYC) exercises are being carried out and records of documentation submitted by clients are kept in accordance with the requirements of AML/CFT laws and code.

The Financial Action Task Force (FATF) revised its Forty Recommendations for combating Money Laundering and terrorist financing. The present AML code prepared by the FSC is presently being reviewed so as to ensure consistency with the revised FATF recommendations.

### **HUMAN RESOURCES AND COMMUNICATION**

J. Raymond Avrillon retired as Chief Medical Officer to The Anglo-Mauritius on 31st December 2004. I would like to take this opportunity and express to Dr.Avrillon my warmest gratitude for his total commitment and dedication to The Anglo-Mauritius and to wish him a happy retirement.

We believe that the key to competitiveness lies with the people, particularly with the ability of the organisation to leverage the knowledge and skills of those people. By focusing on human capital, we privilege an approach whereby people are assets and people management is a value-added process. Investment in training and development are critical success factors to valuing employees' competencies and commitment to business performance. Several courses have thus been attended by the staff in view of further developing their skills in long term and short term insurance, finance, information technology and management. Processes have been further developed to encourage continuous professional development across grading structures and job levels.

During the year, the sales representatives and the staff of The Anglo-Mauritius followed courses on Basic Insurance, Conventional (With Profits) Plans, Residential Loans, Unit-linked Personal Pension Plans. These courses were conducted by the Individual Business Marketing Department of The Anglo-Mauritius.

Taking into consideration the commitment of the Group to participate in the national socio-economic development, we believe that corporations need to work towards the improvement of society, in the broadest sense of the term, and to the protection of the environment. We thus pay attention to the social aspects of our activities and to the new expectations of the various stakeholders in society, without detracting from the economic purpose of the enterprise or impairing its competitiveness.

We have been involved for several years now in corporate social responsibility initiatives whereby the objectives are consistent with our core corporate values. We are currently working on projects jointly managed by the public and private sectors whereby priority is given to the promotion of education, welfare, sports and arts.

The processes of changing environment and of globalisation will continue to impact on the core businesses of The Group. In this ever-changing environment, leadership, flexibility, adaptability, creativity, teamwork are key factors of success. The restructuring process which has been carried out within the Swan Group whereby the technical functions have been reinforced and the support functions merged into Group functions should enable the Group to better grasp the challenges ahead in a highly competitive environment worldwide.



**Jean de Fondaumière**  
Group Chief Executive

#### **\*Sources:**

*World Economic Outlook (WEO), April 2005 – International Monetary Fund (IMF)*

*Central Statistical Office (CSO), Republic of Mauritius – Economic and Social Indicators*

## **Report of the Auditors to the Members**

We have audited the financial statements of **Swan Insurance Company Limited (the Company) and its Subsidiaries (the Group)** set out on pages 28 to 54 which have been prepared on the basis of the accounting policies set out on pages 33 to 36.

This report is made solely to the Group's and the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001 and the Insurance Act 1987. Our audit work has been undertaken so that we might state to the Group's and 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 Group's and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of Directors and Auditors***

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

### ***Basis of opinion***

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

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

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

## Opinion

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

In our opinion:

- a) proper accounting records have been kept by the Group and the Company as far as it appears from our examination of those records;
- b) the financial statements give a true and fair view of the state of affairs of the Group and the Company as at December 31, 2004 and of the profits and cash flows for the year then ended, comply with the Companies Act 2001 and the Insurance Act 1987 and have been prepared in accordance with International Financial Reporting Standards.

Port Louis,  
Mauritius.  
22nd March 2005

*De Chazal Du Mee & Co*

DE CHAZAL DU MEE & CO  
Chartered Accountants

*M. Yacoob A. Ramtoola*

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

## Balance Sheets – as at December 31, 2004

		THE GROUP		THE COMPANY	
	Notes	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property and equipment	4	96,686	100,850	96,686	100,850
Intangible asset	5	2,131	2,842	2,131	2,842
Statutory Deposit		8,000	8,000	8,000	8,000
Investments in Subsidiary Companies	6	—	—	31,039	31,055
Investments in Financial Assets	7	245,576	226,177	245,576	226,177
Loans and receivables	8	53,373	49,381	53,373	49,381
Net deferred tax assets	9	3,470	4,836	3,470	4,836
		409,236	392,086	440,275	423,141
<b>Current assets</b>					
Trade and other receivables	10	298,048	316,373	267,354	256,612
Bank balances, deposits and cash	24(b)	206,081	190,476	205,570	189,945
		504,129	506,849	472,924	446,557
Life Business Assets	11	9,762,358	8,117,046	—	—
<b>Total assets</b>		10,675,723	9,015,981	913,199	869,698
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share Capital	12	35,857	35,857	35,857	35,857
Reserves	13	527,441	505,787	536,515	488,996
Shareholders' interests		563,298	541,644	572,372	524,853
Minority Interests	14	8,867	18,819	—	—
		572,165	560,463	572,372	524,853
<b>Technical Provisions</b>					
Life Assurance Fund	11	9,762,358	8,117,046	—	—
Net unearned premiums (Insurance Fund)	18/2(h)	115,100	107,889	115,100	107,889
		9,877,458	8,224,935	115,100	107,889
<b>Non-current liabilities</b>					
Retirement Benefit Obligations	15	34,024	30,575	34,024	30,575
<b>Current liabilities</b>					
Trade and other payables	16	188,572	194,121	188,199	200,494
Current tax liabilities	17	3,504	5,887	3,504	5,887
		192,076	200,008	191,703	206,381
<b>Total equity and liabilities</b>		10,675,723	9,015,981	913,199	869,698

These financial statements have been approved for issue by the Board of Directors on 22nd March 2005.

**Cyril Mayer**  
Chairperson

**M.J. Cyril Lagesse**  
Director

The notes on pages 33 to 54 form an integral part of these financial statements.  
Auditors' report on pages 26 and 27.

## Profit and Loss Accounts – Year ended December 31, 2004

	Notes	THE GROUP		THE COMPANY	
		2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
<b>Gross premiums</b>		<b>1,531,478</b>	1,376,082	<b>583,609</b>	577,273
Premiums ceded to Reinsurers		<b>(415,205)</b>	(401,277)	<b>(365,823)</b>	(361,214)
Change in unearned premiums (Insurance Fund)	18	<b>(7,211)</b>	(1,494)	<b>(7,211)</b>	(1,494)
<b>Net earned premiums</b>	1(n)	<b>1,109,062</b>	973,311	<b>210,575</b>	214,565
Net earned premiums relating to Life Assurance Fund		<b>(898,487)</b>	(758,746)	–	–
		<b>210,575</b>	214,565	<b>210,575</b>	214,565
Gross claims paid		<b>(340,508)</b>	(687,413)	<b>(340,508)</b>	(687,413)
Claims recovered from Reinsurers		<b>201,432</b>	557,971	<b>201,432</b>	557,971
Movement in claims outstanding and IBNR		<b>(5,896)</b>	(6,946)	<b>(5,896)</b>	(6,946)
Commission receivable from Reinsurers		<b>75,666</b>	72,206	<b>75,666</b>	72,206
Commission paid to Agents and Brokers		<b>(52,439)</b>	(51,143)	<b>(52,439)</b>	(51,143)
		<b>(121,745)</b>	(115,325)	<b>(121,745)</b>	(115,325)
<b>Underwriting Surplus</b>		<b>88,830</b>	99,240	<b>88,830</b>	99,240
<b>Investment income</b>	19	<b>62,655</b>	59,371	<b>51,485</b>	49,226
<b>Operating profit</b>		<b>151,485</b>	158,611	<b>140,315</b>	148,466
<b>Other income</b>	20	<b>25,770</b>	6,298	<b>25,733</b>	6,195
		<b>177,255</b>	164,909	<b>166,048</b>	154,661
Marketing and administrative expenses	21	<b>(96,052)</b>	(91,887)	<b>(95,948)</b>	(91,687)
Depreciation	4	<b>(8,900)</b>	(12,374)	<b>(8,900)</b>	(12,374)
Amortisation	5	<b>(711)</b>	(711)	<b>(711)</b>	(711)
<b>Profit before taxation</b>		<b>71,592</b>	59,937	<b>60,489</b>	49,889
Taxation	17	<b>(5,628)</b>	(3,657)	<b>(5,628)</b>	(3,657)
<b>Profit after taxation</b>		<b>65,964</b>	56,280	<b>54,861</b>	46,232
Minority interests	14	<b>(11,170)</b>	(10,143)	–	–
<b>Net profit for the year</b>	13	<b>54,794</b>	46,137	<b>54,861</b>	46,232
Dividends	22	<b>(32,271)</b>	(28,685)	<b>(32,271)</b>	(28,685)
		<b>22,523</b>	17,452	<b>22,590</b>	17,547
Transfer to Statutory Reserve Fund		<b>(2,743)</b>	(2,312)	<b>(2,743)</b>	(2,312)
<b>Retained profit for the year</b>		<b>19,780</b>	15,140	<b>19,847</b>	15,235
<b>Earnings per share</b>					
(Rupees and cents)	23	<b>7.64</b>	6.43	<b>7.65</b>	6.45

The notes on pages 33 to 54 form an integral part of these financial statements.  
Auditors' report on pages 26 and 27.

## Statements of Changes in Equity – Year ended December 31, 2004

(a)	THE GROUP							
	Notes	Share Capital Rs'000	Fair Value Reserve Rs'000	Revaluation & Other Reserves Rs'000	Proprietors' Fund Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000
Balance at January 1, 2003		35,857	46,584	39,378	35,417	317,918	61,756	536,910
Increase in fair value of								
available-for-sale financial assets	7	–	11,969	–	–	–	–	11,969
Release from fair value								
reserve on disposal		–	(4,157)	–	–	–	–	(4,157)
Exchange differences on								
translation of the financial								
statements of Global Business								
Category I subsidiary		–	–	(63)	–	–	–	(63)
Movement for the year		–	–	–	(20,467)	–	–	(20,467)
Net profit		–	–	–	–	46,137	–	46,137
Dividends	22	–	–	–	–	(28,685)	–	(28,685)
Transfer to Statutory Reserve Fund		–	–	–	–	(2,312)	2,312	–
Balance at December 31, 2003		<u>35,857</u>	<u>54,396</u>	<u>39,315</u>	<u>14,950</u>	<u>333,058</u>	<u>64,068</u>	<u>541,644</u>
Balance at January 1, 2004		35,857	54,396	39,315	14,950	333,058	64,068	541,644
Increase in fair value of								
available-for-sale financial assets	7	–	33,390	–	–	–	–	33,390
Release from fair value								
reserve on disposal		–	(8,461)	–	–	–	–	(8,461)
Exchange differences on translation								
of financial statements of								
Global Business Category I subsidiary		–	–	49	–	–	–	49
Consolidation adjustment		–	–	–	–	(1,452)	–	(1,452)
Movement for the year		–	–	–	(24,395)	–	–	(24,395)
Net profit		–	–	–	–	54,794	–	54,794
Dividends	22	–	–	–	–	(32,271)	–	(32,271)
Transfer to Statutory Reserve Fund		–	–	–	–	(2,743)	2,743	–
Balance at December 31, 2004		<u>35,857</u>	<u>79,325</u>	<u>39,364</u>	<u>(9,445)</u>	<u>351,386</u>	<u>66,811</u>	<u>563,298</u>

The notes on pages 33 to 54 form an integral part of these financial statements.  
Auditors' report on pages 26 and 27.



## Statements of Changes in Equity – Year ended December 31, 2004

(b)	Notes	THE COMPANY					Total Rs'000
		Share Capital Rs'000	Fair Value Reserve Rs'000	Other Reserves Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	
Balance at January 1, 2003		35,857	46,584	39,288	316,009	61,756	499,494
Increase in fair value of available-for-sale financial assets	7	–	11,969	–	–	–	11,969
Release from fair value reserve on disposal		–	(4,157)	–	–	–	(4,157)
Net profit		–	–	–	46,232	–	46,232
Dividends	22	–	–	–	(28,685)	–	(28,685)
Transfer to Statutory Reserve Fund		–	–	–	(2,312)	2,312	–
Balance at December 31, 2003		<u>35,857</u>	<u>54,396</u>	<u>39,288</u>	<u>331,244</u>	<u>64,068</u>	<u>524,853</u>
Balance at January 1, 2004		35,857	54,396	39,288	331,244	64,068	524,853
Increase in fair value of available-for-sale financial assets	7	–	33,390	–	–	–	33,390
Release from fair value reserve on disposal		–	(8,461)	–	–	–	(8,461)
Net profit		–	–	–	54,861	–	54,861
Dividends	22	–	–	–	(32,271)	–	(32,271)
Transfer to Statutory Reserve Fund		–	–	–	(2,743)	2,743	–
<b>Balance at December 31, 2004</b>		<u><b>35,857</b></u>	<u><b>79,325</b></u>	<u><b>39,288</b></u>	<u><b>351,091</b></u>	<u><b>66,811</b></u>	<u><b>572,372</b></u>

The notes on pages 33 to 54 form an integral part of these financial statements.  
Auditors' report on pages 26 and 27.

## Cash Flow Statements – Year ended December 31, 2004

	Notes	THE GROUP		THE COMPANY	
		2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
<b>Operating activities</b>					
Cash (used in)/generated from operations	24(a)	(8,428)	39,937	(19,492)	29,986
Tax paid		(6,645)	(8,597)	(6,645)	(8,597)
<b>Net cash (used in)/generated from operating activities</b>		<b>(15,073)</b>	<b>31,340</b>	<b>(26,137)</b>	<b>21,389</b>
<b>Investing activities</b>					
Purchase of property and equipment	4	(4,736)	(5,143)	(4,736)	(5,143)
Purchase of intangible asset	5	–	(1,553)	–	(1,553)
Disposal of property and equipment		565	940	565	940
Disposal of investment in Subsidiary Company	6	139	195	139	195
Purchase of financial assets	7	(60,897)	(105,313)	(60,897)	(105,313)
Disposal of financial assets	7	81,319	100,231	81,319	100,231
Loans granted	8	(7,129)	(7,878)	(7,129)	(7,878)
Loans recovered	8	3,130	3,985	3,130	3,985
Investment income received		47,279	48,085	47,279	48,083
<b>Net cash generated from investing activities</b>		<b>59,670</b>	<b>33,549</b>	<b>59,670</b>	<b>33,547</b>
<b>Financing activities</b>					
Dividends paid to Group shareholders	22	(32,271)	(28,685)	(32,271)	(28,685)
Dividends paid to minority shareholders	14	(11,170)	(10,143)	–	–
<b>Net cash used in financing activities</b>		<b>(43,441)</b>	<b>(38,828)</b>	<b>(32,271)</b>	<b>(28,685)</b>
<b>Increase in cash and cash equivalents</b>		<b>1,156</b>	<b>26,061</b>	<b>1,262</b>	<b>26,251</b>
<b>Movements in cash and cash equivalents</b>					
At January 1,		190,476	166,899	189,945	166,220
Increase in cash equivalents		1,156	26,061	1,262	26,251
Effect of exchange rate changes	20/13	14,449	(2,484)	14,363	(2,526)
<b>At December 31,</b>	24(b)	<b>206,081</b>	<b>190,476</b>	<b>205,570</b>	<b>189,945</b>

The notes on pages 33 to 54 form an integral part of these financial statements.  
Auditors' report on pages 26 and 27.

# Notes to the Financial Statements – Year ended December 31, 2004

## I. GENERAL INFORMATION

Swan Insurance Company Limited is a limited liability Company, incorporated and domiciled in Mauritius. These financial statements will be considered and approved at the forthcoming Annual Meeting of the Company.

## 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) and 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 value and;
- (iii) held-to-maturity financial assets, loans and receivables and relevant financial liabilities are carried at amortised cost.

### (b) Principles of consolidation

#### *Consolidated financial statements*

The consolidated financial statements include the Company and its Subsidiaries. The results of Subsidiaries acquired or disposed of during the year are included in the consolidated Profit and Loss Account from the date of their acquisition or up to the date of their disposal. Intragroup transactions are eliminated on consolidation.

The consolidated financial statements have been prepared in accordance with the purchase method.

A 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.

### (c) Foreign currencies

Transactions in currencies other than Mauritian rupees are initially recorded at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Profit and Loss Account/Life Assurance Fund Account. Such balances are translated at year-end exchange rates.

Profit and Loss Account of the Global Business Category I Subsidiary is translated into the Group's reporting currency at average exchange rates for the year and the Balance Sheet is translated at the year end exchange rates ruling on December 31, 2004. Exchange differences arising from the retranslation of the net investment in the offshore Subsidiary are taken to "Translation Reserve" in shareholders' equity. In the event of disposal of the offshore Subsidiary, such translation differences are recognised in the Profit and Loss Account as part of the gain or loss on sale.

### (d) Intangible asset

Intangible asset consists of purchased goodwill.

Intangible asset is initially recorded at cost and amortised using the straight-line method over its estimated useful life. The estimated useful life of the intangible asset is 5 years.

The carrying amount of the intangible asset is reviewed annually and adjusted for permanent impairment where it is considered necessary.

# Notes to the Financial Statements – Year ended December 31, 2004

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (e) Property and equipment

All property and equipment are 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. All other property and equipment are stated at historical cost less depreciation.

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

Buildings	2%
Motor vehicles	20%
Office furniture, fittings and equipment	10%
Computer equipment	15%

Land is not depreciated.

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 reference to their carrying amount and are taken into account in determining profit before tax.

### (f) Impairment

At each balance sheet date, the Group and the Company review the carrying amounts of the tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

### (g) Life Assurance Fund

#### Non-Linked Account

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

#### Linked Account

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

### (h) Unearned premiums (Insurance Fund)

The provision for unearned premiums (Insurance Fund) represents the proportion of premiums written relating to periods of insurance subsequent to the balance sheet date calculated on a daily pro-rata basis (365th method).

### (i) Provision for claims outstanding

Outstanding claims provisions are made up of:

- (a) provision 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.

### (j) Trade 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.

The Group's and the Company's accounting policies in respect of the Receivables and Payables related to insurance contracts are set out on the next page.

# Notes to the Financial Statements – Year ended December 31, 2004

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (j) Trade Receivables and Payables (continued)

#### (i) Insurance receivables

Insurance receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

#### (ii) Insurance payables

Insurance payables are stated at their nominal value.

The nominal value less estimated credit adjustments of insurance receivables and payables are assumed to approximate their fair values.

### (k) Investments

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

#### (i) Loans and receivables

Loans and receivables are unquoted financial assets with fixed or determinable payments.

They arise when the Group and the Company provides money or services directly to a debtor with no intention of trading the receivable. They are included in current assets when maturity is within twelve months of balance sheet date or non-current for maturities greater than twelve months.

#### (ii) Held-to-maturity financial assets

Held-to-maturity financial assets are financial assets that the Group and the Company have the positive intention and ability to hold to maturity.

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

Available-for-sale financial assets are financial assets that are either designated in this category or not classified in any other categories.

#### *Initial recognition*

Purchases and sales of investments 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 financial assets are subsequently carried at amortised cost using the effective interest method. Available-for-sale financial assets are measured at subsequent reporting dates at fair value.

Unrealised gains and losses on such securities 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 and in the Life Assurance Fund is included in the Profit and Loss Account and Linked and Non-Linked Accounts of the respective Life Assurance Fund for the year.

On disposal, the profit or loss recognised in the Profit and Loss Account and Linked and Non-Linked Accounts of the respective Life Assurance Fund, is the difference between the proceeds and the carrying amount of the asset.

#### *Derecognition*

Investments 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 also transferred substantially all risks and rewards of ownership.

#### *Valuation*

The fair values of quoted financial assets are based on current bid prices. For unquoted financial assets, the Group and the Company establish fair value by using valuation techniques. These include use of recent arm's length transactions reference to other instruments that are substantially the same, discounted cash flow analysis and net assets basis.

#### *Investments in Subsidiary Companies*

Investments in Subsidiary Companies are stated at cost net of any impairment in value. Impairment in value of the investments and any surpluses or losses arising on disposal are accounted in the Profit and Loss Account.

# Notes to the Financial Statements – Year ended December 31, 2004

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (l) Deferred Income Taxes

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Under this method, the Group and the Company are required to make provision for deferred income taxes on the revaluation of certain non-current assets and, in relation to an acquisition, on the difference between the fair values of the net assets acquired and their tax base.

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

### (m) Retirement Benefit Obligations

The Company contributes to a defined benefit plan, the assets of which are held independently and administered by The Anglo-Mauritius Assurance Society Limited. The pension accounting costs are assessed 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. The actuarial gains and losses are spread over the remaining service life of the relevant employees. The principal actuarial assumptions are disclosed in the notes to the financial statements.

Its 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. The liability has been included in the Life Business Assets.

### (n) Revenue Recognition

Revenue represents Net Earned Premiums receivable net of reinsurances and adjusted for unearned premiums, life assurance premiums receivable net of reassurances and annuity consideration.

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.

### (o) Provisions

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

# Notes to the Financial Statements – Year ended December 31, 2004

## 3. FINANCIAL RISK FACTORS

The Group and the Company issue insurance contracts that transfer financial risk. This section summarises the main risks and the way they are managed.

The Group's and 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 their financial assets are not sufficient to fund the obligations arising from its insurance and investment contracts. The most important components of these financial risks are:

- Interest rate risk;
- Equity price risk;
- Currency risk ;
- Credit risk ; and
- Reinsurers' default.

**(a) Interest rate risk**

The Group and the Company are exposed to interest rate fluctuations on the international and domestic markets with respect to interest income. The Group and the Company earn interest income on their surplus cash. Management closely monitors interest rate trends and their impact on interest income.

**(b) Equity price risk**

The valuations of the Group's and the Company's available-for-sale equity portfolio are subject to equity price risk. Exposure to price risk on the equity portfolio is not hedged.

**(c) Currency risk**

Reinsurance policies by the Group and the Company are purchased from the international markets, thereby exposing them to foreign currency fluctuations. The Group and the Company primary exposures are associated with the British Pounds, Euros and US dollars.

The Company has investment in a Global business license I Subsidiary whose net assets are exposed to currency translation risk. Exposures to foreign currencies are not hedged.

**(d) Credit risk**

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

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

**(e) Reinsurers' default**

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

## Notes to the Financial Statements – Year ended December 31, 2004

### 4. PROPERTY AND EQUIPMENT

	THE GROUP AND THE COMPANY				
	Buildings Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Office Equipment Rs'000	Total Rs'000
<b>COST</b>					
At January 1, 2004	86,391	29,446	19,450	45,275	180,562
Additions	–	2,648	574	1,514	4,736
Disposals	–	(1,897)	–	(523)	(2,420)
<b>At December 31, 2004</b>	<b>86,391</b>	<b>30,197</b>	<b>20,024</b>	<b>46,266</b>	<b>182,878</b>
<b>DEPRECIATION</b>					
At January 1, 2004	3,456	18,809	17,446	40,001	79,712
Charge for the year	1,728	4,823	493	1,856	8,900
Disposal adjustments	–	(1,897)	–	(523)	(2,420)
<b>At December 31, 2004</b>	<b>5,184</b>	<b>21,735</b>	<b>17,939</b>	<b>41,334</b>	<b>86,192</b>
<b>NET BOOK VALUES</b>					
<b>At December 31, 2004</b>	<b>81,207</b>	<b>8,462</b>	<b>2,085</b>	<b>4,932</b>	<b>96,686</b>
At December 31, 2003	82,935	10,637	2,004	5,274	100,850

### 5. INTANGIBLE ASSET

	THE GROUP AND THE COMPANY	
		Purchased Goodwill Rs'000
<b>COST</b>		
<b>At January 1, 2004 and December 31, 2004</b>		<b>3,553</b>
<b>AMORTISATION</b>		
At January 1, 2004		711
Charge for the year		711
<b>At December 31, 2004</b>		<b>1,422</b>
<b>NET BOOK VALUE</b>		
<b>At December 31, 2004</b>		<b>2,131</b>
At December 31, 2003		2,842



## Notes to the Financial Statements – Year ended December 31, 2004

### 6. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST

(a)	THE COMPANY			2003 Total Rs'000
	2004			
	OTC Quoted Rs'000	Unquoted Rs'000	Total Rs'000	
At January 1, Disposals	30,898 (16)	157 –	31,055 (16)	31,082 (27)
<b>At December 31,</b>	<b>30,882</b>	<b>157</b>	<b>31,039</b>	31,055
Disposal proceeds	139	–	139	195

The market value of the Subsidiary Company, The Anglo-Mauritius Assurance Society Limited based on the OTC bid price at December 31, 2004 amounted to **Rs.425.9m** (2003: Rs.277.0m).

- (b) The financial statements of the following Subsidiary Companies/Corporations, incorporated in Mauritius, have been included in the consolidated financial statements.

Name of companies	Class of shares held	Nominal Value of Investment		Swan Insurance Company Limited % Holding		Other Group Company % Holding		Activity
		2004 Rs'000	2003 Rs'000	2004	2003	2004	2003	
• The Anglo-Mauritius Assurance Society Limited	Ordinary	17,746	17,755	70.90	71.02	–	–	• Life insurance, pensions, actuarial and investment business
• Swan International Co Limited	Ordinary	156	156	100	100	–	–	• Reinsurance Brokers and Consultants
• Swan Properties Limited	Ordinary	–	–	–	–	100	100	• Purchase, development and sale of land
• Verdun Industrial Building Co. Limited	Ordinary	1	1	0.01	0.01	99.99	99.99	• Rental of industrial buildings
• Standard Property Limited	Ordinary	–	–	–	–	100	100	• Rental of property
• Manufacturers' Distributing Station Limited	Ordinary	–	–	–	–	99.99	99.99	• Investment Company
• Ilot Fortier Limited	Ordinary	–	–	–	–	100	100	• Purchase, development and sale of Land (Dormant)
• Investment and Administrative Co. (Mtius) Limited	Ordinary	–	–	–	–	100	100	• Investment Company (Dormant)
• Themis Limited	Ordinary	–	–	–	–	100	100	• Purchase, development and sale of Land (Dormant)
• Pension Consultants and Administrators Limited	Ordinary	–	–	–	–	100	–	• Pension and fund administration
• The Anglo-Mauritius Financial Services Limited	Ordinary	–	–	–	–	100	–	• Fund management and investment consulting
• Société de La Croix	Share of Interest	–	–	–	–	100	100	• Investment Corporation
• Société de La Montagne	Share of Interest	–	–	–	–	100	100	• Investment Corporation
• Société de La Rivière	Share of Interest	–	–	–	–	100	100	• Investment Corporation

## Notes to the Financial Statements – Year ended December 31, 2004

### 7. INVESTMENTS IN FINANCIAL ASSETS

	THE GROUP AND THE COMPANY		
	Held-to-maturity Rs'000	2004 Available-for-sale Rs'000	2003 Total Rs'000
At January 1,	108,498	117,679	226,177
Additions	60,870	27	60,897
Increase in fair value	–	33,390	33,390
Disposals	(69,811)	(9,302)	(79,113)
Accrued interest	4,225	–	4,225
<b>At December 31,</b>	<b>103,782</b>	<b>141,794</b>	<b>245,576</b>
Disposal proceeds			81,319
			100,231

- (a) Held-to-maturity financial assets comprise of Debentures, Treasury Bills and Mauritius Development Loan Stocks with fixed interest rates and maturity dates varying between 2005 and 2010.
- (b) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.

### 8. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2004 Rs'000	2003 Rs'000
At January 1,	49,381	45,960
Mortgage loans granted	7,129	7,878
Mortgage loans recovered	(3,130)	(3,985)
Accrued interest	(7)	(472)
<b>At December 31,</b>	<b>53,373</b>	<b>49,381</b>

The rate of interests on the above loans vary between 7% and 11%.

### 9. DEFERRED INCOME TAXES

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

	THE GROUP AND THE COMPANY	
	2004 Rs'000	2003 Rs'000
At January 1,	4,836	2,449
Profit and loss account (note 17)	(1,366)	2,387
<b>At December 31,</b>	<b>3,470</b>	<b>4,836</b>

## Notes to the Financial Statements – Year ended December 31, 2004

### 9. DEFERRED INCOME TAXES (continued)

- (b) Deferred income 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	
	2004 Rs'000	2003 Rs'000
Deferred tax assets	8,506	7,644
Deferred tax liabilities	(5,036)	(2,808)
Net deferred tax assets	3,470	4,836

- (c) Deferred tax assets and liabilities, deferred tax (charge)/credit in the Profit and Loss Account are attributable to the following items:

	THE GROUP AND THE COMPANY		
	At January 1, 2004 Rs'000	(Charged)/ Credited to Profit and Loss A/c Rs'000	At December 31, 2004 Rs'000
<b>Deferred income tax liabilities</b>			
Accelerated tax depreciation	(1,265)	103	(1,162)
Unrealised exchange gain	(1,543)	(2,331)	(3,874)
	(2,808)	(2,228)	(5,036)
<b>Deferred income tax assets</b>			
Retirement benefit obligations	7,644	862	8,506
<b>Net deferred income tax assets</b>	4,836	(1,366)	3,470

### 10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
Insurance receivables:				
- Premiums and agents balances	144,574	141,840	144,574	141,840
- Receivable on portfolio transfers (note 16)	60,728	88,501	60,728	88,501
- Amounts due by Reinsurers	55,316	17,259	46,593	17,259
Prepayments	3,528	3,762	3,538	3,762
Other receivables	3,597	343	11,921	5,250
	267,743	251,705	267,354	256,612
Group's and minority interests in Life Business Assets (note 11(b))	30,305	64,668	—	—
	298,048	316,373	267,354	256,612

# Notes to the Financial Statements – Year ended December 31, 2004

## 11. LIFE BUSINESS ASSETS

	THE GROUP	
	2004 Rs'000	2003 Rs'000
a) Life Business Assets comprise of the following items:		
<b>Non-current assets</b>		
Property and equipment	167,351	151,414
Intangible assets	27,386	—
Investment property	312,639	310,969
Investment in financial assets	4,276,744	3,396,816
Loans and receivables	2,318,432	2,382,261
Statutory Deposit	8,000	8,000
	<b>7,110,552</b>	<b>6,249,460</b>
<b>Current assets</b>		
Trade and other receivables	84,333	118,322
Short term finance	2,711,057	1,992,089
Bank and cash balances	59,912	70,714
	<b>2,855,302</b>	<b>2,181,125</b>
<b>Current liabilities</b>		
Trade and other payables	(72,317)	(155,849)
Current tax liabilities	(12,732)	(13,269)
Borrowings	(484)	(3,175)
	<b>(85,533)</b>	<b>(172,293)</b>
<b>Non current liabilities</b>		
Retirement benefit obligations	(83,113)	(75,092)
Borrowings	(2,968)	—
Deferred tax liabilities	(1,577)	(1,486)
	<b>(87,658)</b>	<b>(76,578)</b>
<b>TOTAL</b>	<b>9,792,663</b>	<b>8,181,714</b>
(b) Total Life Business Assets of Subsidiary as shown above	<b>9,792,663</b>	<b>8,181,714</b>
Less Group's and minority interests (note 10)	<b>(30,305)</b>	<b>(64,668)</b>
Policyholders' share	<b>9,762,358</b>	<b>8,117,046</b>

## 12. SHARE CAPITAL

	THE GROUP AND THE COMPANY
	2004 & 2003 Rs'000
<b>Authorised</b>	
Ordinary shares of Rs.5 each	<b>48,000</b>
<b>Issued and fully paid</b>	
Ordinary shares of Rs.5 each	<b>35,857</b>

## Notes to the Financial Statements – Year ended December 31, 2004

### 13. RESERVES

(a)	THE GROUP						
	Proprietors'	Fair Value	Capital	Translation	Retained	Statutory	Total
	Fund	Reserve	Reserve	Reserve	Earnings	Reserve	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Fund Rs'000	Rs'000
Reserves are analysed as follows:							
Balance at January 1, 2004	14,950	54,396	39,228	87	333,058	64,068	505,787
Increase in fair value of available-for-sale financial assets	–	33,390	–	–	–	–	33,390
Release from fair value reserve on disposal	–	(8,461)	–	–	–	–	(8,461)
Exchange differences on translation of the financial statements of Global Business Licence Category I Subsidiary	–	–	–	49	–	–	49
Consolidation adjustment	–	–	–	–	(1,452)	–	(1,452)
Movement during the year	(24,395)	–	–	–	–	–	(24,395)
Net profit	–	–	–	–	54,794	–	54,794
Dividends	–	–	–	–	(32,271)	–	(32,271)
Transfer to Statutory Reserve Fund	–	–	–	–	(2,743)	2,743	–
<b>Balance at December 31, 2004</b>	<b>(9,445)</b>	<b>79,325</b>	<b>39,228</b>	<b>136</b>	<b>351,386</b>	<b>66,811</b>	<b>527,441</b>

(b)	THE COMPANY				
	Fair Value	Other	Retained	Statutory	Total
	Reserve	Reserves	Earnings	Reserve	
	Rs'000	Rs'000	Rs'000	Fund Rs'000	Rs'000
Balance at January 1, 2004	54,396	39,288	331,244	64,068	488,996
Increase in fair value of available-for-sale financial assets	33,390	–	–	–	33,390
Release from fair value reserve on disposal	(8,461)	–	–	–	(8,461)
Net profit	–	–	54,861	–	54,861
Dividends	–	–	(32,271)	–	(32,271)
Transfer to Statutory Reserve Fund	–	–	(2,743)	2,743	–
<b>Balance at December 31, 2004</b>	<b>79,325</b>	<b>39,288</b>	<b>351,091</b>	<b>66,811</b>	<b>536,515</b>

## Notes to the Financial Statements – Year ended December 31, 2004

### 14. MINORITY INTERESTS

	THE GROUP	
	2004 Rs'000	2003 Rs'000
At January 1,	18,819	27,099
Share of dividend receivable (page 29)	11,170	10,143
Share of dividend received (note 24(a))	(11,170)	(10,143)
Movement in Proprietors' Fund	(9,952)	(8,280)
<b>At December 31,</b>	<b>8,867</b>	<b>18,819</b>

### 15. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP AND THE COMPANY	
	2004 Rs'000	2003 Rs'000
(a) The amounts recognised in the Balance Sheets are as follows:		
Present value of funded obligations	99,940	88,624
Fair value of Plan Assets	(50,399)	(47,223)
	49,541	41,401
Unrecognised actuarial losses	(15,517)	(10,826)
Liability in the Balance Sheets	34,024	30,575

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 was **Rs.50 millions** (2003: Rs.41 millions).

	THE GROUP AND THE COMPANY	
	2004 Rs'000	2003 Rs'000
(b) The amounts recognised in the Profit and Loss Accounts are as follows:		
Current service cost	4,853	4,462
Interest cost	8,575	7,795
Expected return on Plan Assets	(4,645)	(4,312)
Actuarial losses	140	209
Total included in staff costs (note 15(c))	8,923	8,154

## Notes to the Financial Statements – Year ended December 31, 2004

### 15. RETIREMENT BENEFIT OBLIGATIONS (continued)

	THE GROUP AND THE COMPANY	
	2004 Rs'000	2003 Rs'000
(c) Movement in the liability recognised in the Balance Sheets:		
At January 1,	30,575	28,314
Total expenses as per page 44 (note 15 (b))	8,923	8,154
Contributions paid	(5,474)	(5,893)
<b>At December 31,</b>	<b>34,024</b>	<b>30,575</b>

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

	2004	2003
(d) The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10.0%	10.0%
Expected return on plan assets	10.5%	10.5%
Future long-term salary increase	8.0%	8.0%
Future expected pension increase	3.0%	3.0%

### 16. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
Insurance payables:				
- Due on Portfolio transfers (note 10)	60,728	88,501	60,728	88,501
- Outstanding claims provision including IBNR (note 18)	94,174	88,277	94,174	88,277
Amount due to Subsidiary Company	—	—	—	6,398
Accrued expenses	8,788	994	8,788	994
Other payables	24,882	16,349	24,509	16,324
	<b>188,572</b>	<b>194,121</b>	<b>188,199</b>	<b>200,494</b>

### 17. INCOME TAX

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
Current tax on the adjusted profit for the year at 25%	3,504	5,887	3,504	5,887
Under provision	758	157	758	157
Deferred tax (note 9)	1,366	(2,387)	1,366	(2,387)
<b>Tax charge for the year</b>	<b>5,628</b>	<b>3,657</b>	<b>5,628</b>	<b>3,657</b>

## Notes to the Financial Statements – Year ended December 31, 2004

### 17. INCOME TAX (continued)

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

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
Profit before taxation	<b>71,592</b>	59,937	<b>60,489</b>	49,889
Tax calculated at rate of 25%	<b>17,898</b>	14,984	<b>15,122</b>	12,472
Income not subject to tax	<b>(13,974)</b>	(13,025)	<b>(11,198)</b>	(10,513)
Expenses not deductible for tax purposes	<b>1,117</b>	1,262	<b>1,117</b>	1,262
Investment tax credit	<b>(98)</b>	(105)	<b>(98)</b>	(105)
Investment allowance	<b>(73)</b>	(71)	<b>(73)</b>	(71)
Under provision	<b>758</b>	–	<b>758</b>	–
Adjusting items	<b>–</b>	612	<b>–</b>	612
Tax charge for the year	<b>5,628</b>	<b>3,657</b>	<b>5,628</b>	<b>3,657</b>

### 18. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2004 Rs'000	2003 Rs'000
<b>Gross</b>		
- Claims reported and loss adjustment expenses	<b>209,422</b>	237,466
- Claims incurred but not reported (IBNR)*	<b>12,328</b>	12,328
- Unearned premiums (Insurance Fund)	<b>230,639</b>	221,875
Total gross insurance liabilities	<b>452,389</b>	471,669
<b>Less</b>		
- Claims reported and loss adjustment expenses	<b>(127,576)</b>	(161,517)
- Unearned premiums (Insurance Fund)	<b>(115,539)</b>	(113,986)
	<b>(243,115)</b>	(275,503)
<b>Net</b>		
- Claims reported and loss adjustment expenses (note 16)	<b>81,846</b>	75,949
- Claims incurred but not reported IBNR* (note 16)	<b>12,328</b>	12,328
- Unearned premiums (Insurance Fund) (page 28)	<b>115,100</b>	107,889
	<b>209,274</b>	196,166

\* IBNR represents the Group's and the Company's net share only.



## Notes to the Financial Statements – Year ended December 31, 2004

### 19. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
Interest income				
- Quoted	<b>7,220</b>	6,324	<b>7,220</b>	6,324
- Unquoted	<b>11,501</b>	13,036	<b>11,501</b>	13,034
	<b>18,721</b>	19,360	<b>18,721</b>	19,358
Investment income:				
- Dividend income				
Listed	<b>3,713</b>	3,918	<b>3,713</b>	3,918
OTC quoted	<b>39,547</b>	35,651	<b>28,377</b>	25,508
Unquoted	<b>674</b>	442	<b>674</b>	442
	<b>43,934</b>	40,011	<b>32,764</b>	29,868
	<b>62,655</b>	59,371	<b>51,485</b>	49,226
Total Investment income:				
Minority interests - dividend income	<b>11,170</b>	10,143	<b>–</b>	–
Interest and investment income	<b>51,485</b>	49,228	<b>51,485</b>	49,226
	<b>62,655</b>	59,371	<b>51,485</b>	49,226

### 20. OTHER INCOME

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
Profit on disposal of available-for-sale financial assets	<b>10,666</b>	7,612	<b>10,666</b>	7,612
Profit on disposal of investment in Subsidiary Company	<b>139</b>	169	<b>139</b>	169
Profit on disposal of property and equipment	<b>565</b>	940	<b>565</b>	940
	<b>11,370</b>	8,721	<b>11,370</b>	8,721
Net foreign exchange gains/(losses)	<b>14,400</b>	(2,423)	<b>14,363</b>	(2,526)
Total	<b>25,770</b>	6,298	<b>25,733</b>	6,195

## Notes to the Financial Statements – Year ended December 31, 2004

### 21. MARKETING AND ADMINISTRATIVE EXPENSES

	THE COMPANY	
	2004 Rs'000	2003 Rs'000
(a) Marketing and administrative expenses include: Staff costs (see note 21(b) below)	<b>72,751</b>	70,290
(b) Analysis of staff costs:		
Salaries	<b>53,762</b>	50,892
Pension and other costs	<b>18,989</b>	19,398
	<b>72,751</b>	70,290

	THE COMPANY	
	2004	2003
The number of employees at the end of the year was:		
Management	<b>9</b>	9
Staff	<b>93</b>	98
Non-clerical	<b>25</b>	24
	<b>127</b>	131

### 22. DIVIDENDS PAID

	2004 Rs'000	2003 Rs'000
Dividends paid: Rs.4.50 per ordinary share (2003 : Rs.4.00 per ordinary share )	<b>32,271</b>	28,685

### 23. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2004	2003	2004	2003
Earnings per share				
Net profit attributable to shareholders (Rs'000)	<b>54,794</b>	46,137	<b>54,861</b>	46,232
Number of ordinary shares in issue	<b>7,171,346</b>	7,171,346	<b>7,171,346</b>	7,171,346
Basic earnings per share (Rs/cs)	<b>7.64</b>	6.43	<b>7.65</b>	6.45

## Notes to the Financial Statements – Year ended December 31, 2004

### 24. NOTES TO THE CASH FLOW STATEMENT

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
<b>(a) Operating activities</b>				
Profit before taxation and minority interests	<b>60,422</b>	49,794	<b>60,489</b>	49,889
Adjustments for:				
Depreciation (note 4)	<b>8,900</b>	12,374	<b>8,900</b>	12,374
Amortisation (note 5)	<b>711</b>	711	<b>711</b>	711
Foreign exchange (gains)/losses (note 20)	<b>(14,400)</b>	2,423	<b>(14,363)</b>	2,526
Profit on sale of equipment (note 20)	<b>(565)</b>	(940)	<b>(565)</b>	(940)
Release from fair value reserve upon disposal of financial assets (note 20)	<b>(8,461)</b>	(4,157)	<b>(8,461)</b>	(4,157)
Profit on disposal of financial assets (note 7/20)	<b>(2,205)</b>	(3,455)	<b>(2,205)</b>	(3,455)
Profit on disposal of investment in Subsidiary (note 6)	<b>(139)</b>	(168)	<b>(139)</b>	(168)
Investment income (note 19)	<b>(51,485)</b>	(49,228)	<b>(51,485)</b>	(49,226)
Retirement benefit obligations	<b>3,449</b>	2,261	<b>3,449</b>	2,261
Minority interests (Dividend) (note 14)	<b>11,170</b>	10,143	–	–
Change in Unearned Premiums (Insurance Fund) (note 18)	<b>7,211</b>	1,494	<b>7,211</b>	1,494
Changes in working capital:				
- Trade and other receivables	<b>(10,742)</b>	23,043	<b>(10,742)</b>	23,043
- Trade and other payables	<b>(12,294)</b>	(4,358)	<b>(12,292)</b>	(4,366)
<b>Cash (used in)/generated from operating activities</b>	<b>(8,428)</b>	39,937	<b>(19,492)</b>	29,986

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
<b>(b) Cash and cash equivalents</b>				
Short term deposits	<b>166,085</b>	176,313	<b>166,085</b>	176,313
Bank balances and cash	<b>39,996</b>	14,163	<b>39,485</b>	13,632
<b>Cash and cash equivalents</b>	<b>206,081</b>	190,476	<b>205,570</b>	189,945

The average interest rate on short term deposits was 5.6% (2003: 6.5%) and has average maturity of 90 days.

### 25. COMMITMENTS

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000
<b>Other commitments:</b>				
Outstanding commitments for loans and investments approved by the Board of Directors	<b>172,000</b>	193,300	–	–

## Notes to the Financial Statements – Year ended December 31, 2004

### 26. SEGMENT INFORMATION - "GROUP"

(a) Primary reporting format - business segments - year ended December 31, 2004

	Life	General				2004 Total Rs'000.
	Rs'000.	Fire & Allied Perils Rs'000.	Motor Rs'000.	Health Rs'000.	Others Rs'000.	
Gross premiums	947,869	164,602	107,260	81,817	229,930	1,531,478
Net earned premiums	898,487	25,895	85,230	39,071	60,379	1,109,062
Underwriting surplus	–	30,804	2,935	6,524	48,567	88,830
Investment income						62,655
Operating profit						151,485
Other income						25,770
						177,255
Marketing and Administrative expenses						(96,052)
Depreciation						(8,900)
Amortisation						(711)
Profit before taxation						71,592
Taxation						(5,628)
Profit after taxation						65,964
Minority interests						(11,170)
Net profit for the year						54,794

	Life	General					2004 Total Rs'000.
		Fire & Allied Perils	Motor	Health	Others	Unallocated	
	Rs'000.	Rs'000.	Rs'000.	Rs'000.	Rs'000.	Rs'000.	
Segment assets	9,762,358	42,802	120,087	46,738	88,857	614,881	10,675,723
Segment liabilities	(9,762,358)	(11,833)	(78,616)	(38,423)	(26,031)	(195,165)	(10,112,426)
Shareholders' interests and funds and other reserves							563,298
Capital expenditure	–	805	234	879	2,819	–	4,736
Depreciation	–	1,512	439	1,651	5,297	–	8,900
Other non-cash (income)/expenses	–	2,635	765	2,877	9,230	–	15,507

## Notes to the Financial Statements – Year ended December 31, 2004

### 26. SEGMENT INFORMATION - "GROUP" (continued)

(b) Primary reporting format - business segments - year ended December 31, 2003

	Life	General				2003
	Rs'000.	Fire & Allied Perils Rs'000.	Motor Rs'000.	Health Rs'000.	Others Rs'000.	Total Rs'000.
Gross premiums	798,809	161,911	104,972	98,223	212,167	1,376,082
Net earned premiums	758,746	28,713	87,280	42,643	55,929	973,311
Underwriting surplus	–	32,862	11,153	7,620	47,605	99,240
Investment income						59,371
Operating profit						158,611
Other income						6,298
						164,909
Marketing and administrative expenses						(91,887)
Depreciation						(12,374)
Amortisation						(711)
Profit before taxation						59,937
Taxation						(3,657)
Profit after taxation						56,280
Minority interests						(10,143)
Net profit for the year						46,137

	Life	General					2003
	Rs'000.	Fire & Allied Perils Rs'000.	Motor Rs'000.	Health Rs'000.	Others Rs'000.	Unallocated Rs'000.	Total Rs'000.
Segment assets	8,117,046	33,134	100,718	49,208	64,540	657,733	9,022,379
Segment liabilities	(8,117,046)	(13,271)	(87,445)	(52,414)	(23,648)	(186,911)	(8,480,735)
Shareholders' interests and funds and other reserves							541,644
Capital expenditure	–	688	2,092	1,341	1,022	–	5,143
Depreciation	–	1,656	5,035	1,767	3,916	–	12,374
Other non-cash (income)/expenses	–	3,338	10,148	4,958	6,502	–	24,946

(c) All the activities of the Group are carried out in Mauritius, with the exception of those of the Global Business License Category I Subsidiary, 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.

## Notes to the Financial Statements – Year ended December 31, 2004

### 27. POST BALANCE SHEET EVENTS

No material events occurred after the year ended December 31, 2004 within the Group and the Company, which need to be disclosed in these financial statements.

### 28. HOLDING COMPANY

The Directors regard Intendance Holding Limited, incorporated in Mauritius, as the Holding Company. Both the Company's and the Holding Company's registered offices are situated at Swan Group Centre, Intendance Street, Port-Louis.

### 29. RELATED PARTY TRANSACTIONS - GROUP

	Sales of services Rs'000	Claims paid Rs'000	Equities Rs'000	Loans/ Debentures Rs'000	Debtors Rs'000	Claims Outstanding Rs'000	Emoluments and benefits Rs'000
<b>2004</b>							
Individual shareholders with significant influence	71,922	63,672	11,829	50,575	14,508	29,768	–
Enterprises that have a number of Directors in common	23,871	8,400	67,738	7,284	27,901	4,032	–
Enterprises on which the Company and Subsidiaries exert significant influence	–	–	165,980	112,064	5,933	–	–
Key Management Personnel	–	–	–	–	–	–	45,283
	<u>95,793</u>	<u>72,072</u>	<u>245,547</u>	<u>169,923</u>	<u>48,342</u>	<u>33,800</u>	<u>45,283</u>
<b>2003</b>							
Individual shareholders with significant influence	60,274	17,675	719	94,000	1,153	21,959	–
Enterprises that have a number of Directors in common	50,283	23,046	112	538	5,589	6,175	–
Enterprises on which the Company and Subsidiaries exert significant influence	3,618	1,027	86,688	49,040	725	402	–
Key Management Personnel	–	–	–	–	–	–	39,898
	<u>114,175</u>	<u>41,748</u>	<u>87,519</u>	<u>143,578</u>	<u>7,467</u>	<u>28,536</u>	<u>39,898</u>

The above transactions have been made at arm's length, on normal commercial terms and in the normal course of business.

## Notes to the Financial Statements – Year ended December 31, 2004

### 30. FIVE YEAR SUMMARY

(a)	THE GROUP				
	2004 Rs'000	2003 Rs'000	2002 Rs'000	2001 Rs'000	2000 Rs'000
<b>PROFIT AND LOSS ACCOUNTS</b>					
Gross premiums	<b>1,531,478</b>	1,376,082	1,295,884	1,160,638	1,073,778
Net earned premiums	<b>1,109,062</b>	973,311	906,203	847,733	680,867
Underwriting surplus	<b>88,830</b>	99,240	99,726	99,914	87,472
Operating profit	<b>151,485</b>	158,611	157,328	160,966	145,906
Profit before taxation	<b>71,592</b>	59,937	63,846	79,813	72,886
Taxation	<b>5,628</b>	3,657	5,901	9,605	9,736
Profit after taxation	<b>65,964</b>	56,280	57,945	70,208	63,150
Minority interests	<b>11,170</b>	10,143	8,676	10,642	9,725
Net profit for the year	<b>54,794</b>	46,137	49,269	59,566	53,425
<b>BALANCE SHEETS</b>					
Non-current assets	<b>409,236</b>	392,086	370,351	376,751	343,050
Current assets	<b>504,129</b>	506,849	535,044	346,961	411,954
Life Business Assets	<b>9,762,358</b>	8,117,046	6,949,516	6,272,755	5,398,265
	<b>10,675,723</b>	9,015,981	7,854,911	6,996,467	6,153,269
Capital and reserves	<b>563,298</b>	541,644	536,910	485,671	428,559
Minority interests	<b>8,867</b>	18,819	27,099	11,725	20,861
Life Assurance Fund	<b>9,762,358</b>	8,117,046	6,949,516	6,272,755	5,398,265
Insurance Fund	<b>115,100</b>	107,889	106,395	89,579	86,763
Non-current liabilities	<b>34,024</b>	30,575	28,314	25,951	23,557
Current liabilities	<b>192,076</b>	200,008	206,677	110,786	195,264
	<b>10,675,723</b>	9,015,981	7,854,911	6,996,467	6,153,269
Dividends per share (rupees and cents)	<b>4.50</b>	4.00	4.00	3.75	3.25
Earnings per share (rupees and cents)	<b>7.64</b>	6.43	6.87	8.30	7.45
Net assets value per share (rupees and cents)	<b>78.55</b>	75.53	74.87	67.72	59.76
Number of shares used in calculation	<b>7,171,346</b>	7,171,346	7,171,346	7,171,346	7,171,346

## Notes to the Financial Statements – Year ended December 31, 2004

### 30 FIVE YEAR SUMMARY (continued)

(b)	THE COMPANY				
	2004 Rs'000	2003 Rs'000	2002 Rs'000	2001 Rs'000	2000 Rs'000
<b>PROFIT AND LOSS ACCOUNTS</b>					
Gross premiums	<b>583,609</b>	577,273	546,930	461,610	481,666
Net earned premiums	<b>210,575</b>	214,565	188,047	178,578	172,166
Underwriting surplus	<b>88,830</b>	99,240	99,821	99,687	87,053
Operating profit	<b>140,315</b>	148,466	148,635	150,082	135,750
Profit before taxation	<b>60,489</b>	49,889	55,153	69,165	62,987
Taxation	<b>5,628</b>	3,657	7,295	9,508	9,052
Net profit for the year	<b>54,861</b>	46,232	47,858	59,657	53,935
<b>BALANCE SHEETS</b>					
Non-current assets	<b>440,275</b>	423,141	401,433	384,127	350,164
Current assets	<b>472,924</b>	446,557	446,070	316,316	358,801
	<b>913,199</b>	869,698	847,503	700,443	708,965
Capital and reserves	<b>572,372</b>	524,853	499,494	472,682	400,973
Insurance Fund	<b>115,100</b>	107,889	106,395	89,579	86,763
Non-current liabilities	<b>34,024</b>	30,575	28,314	25,640	23,557
Current liabilities	<b>191,703</b>	206,381	213,300	112,542	197,672
	<b>913,199</b>	869,698	847,503	700,443	708,965
Dividends per share (rupees and cents)	<b>4.50</b>	4.00	4.00	3.75	3.25
Earnings per share (rupees and cents)	<b>7.65</b>	6.45	6.67	8.32	7.52
Net assets value per share (rupees and cents)	<b>79.82</b>	73.19	69.65	65.91	55.92
Number of shares used in calculation	<b>7,171,346</b>	7,171,346	7,171,346	7,171,346	7,171,346



## Other Statutory Disclosures – Year ended December 31, 2004

(pursuant to Section 221 of the Companies Act 2001)

### DIRECTORS OF THE SUBSIDIARY COMPANIES at 31st December 2004

#### (i) The Anglo-Mauritius Assurance Society Limited

Mr. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 21st July 2004)  
 Mr. M. J. Cyril LAGESSE - (Chairperson up to 21st July 2004)  
 Mr. P. Arnaud DALAIS  
 Me. M.F.I. Jean Hugues MAIGROT  
 Me. Pierre DOGER DE SPÉVILLE  
 Mr M.M. Hector ESPITALIER-NOËL, A.C.A.  
 Mr J.L. Philippe DE CHASTEAUNEUF, F.A.I.A.  
 Mr Thierry LAGESSE, MBA (France)

#### (ii) Swan International Limited

Mr. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 21st July 2004)  
 Mr. M. J. Cyril LAGESSE - (Chairperson up to 21st July 2004)  
 Mr Jean de FONDAUMIÈRE, C.A.

#### (iii) Swan Properties Ltd.

Mr. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 21st July 2004)  
 Mr. M. J. Cyril LAGESSE - (Chairperson up to 21st July 2004)  
 Mr. Jean de FONDAUMIÈRE, C.A.  
 Mr. Gérald LINCOLN

#### (iv) Verdun Industrial Building Co. Ltd.

Mr. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 21st July 2004)  
 Mr. M. J. Cyril LAGESSE - (Chairperson up to 21st July 2004)  
 Mr. Jean de FONDAUMIÈRE, C.A.  
 Mr. Gérald LINCOLN

#### (v) Standard Property Co. Ltd.

Mr. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 21st July 2004)  
 Mr. M. J. Cyril LAGESSE - (Chairperson up to 21st July 2004)  
 Mr. Jean de FONDAUMIÈRE, C.A.  
 Mr. Gérald LINCOLN

## Other Statutory Disclosures – Year ended December 31, 2004

(pursuant to Section 221 of the Companies Act 2001)

### DIRECTORS OF THE SUBSIDIARY COMPANIES at 31st December 2004

#### (vi) Manufacturers' Distributing Station Limited

Mr. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 21st July 2004)  
 Mr. M. J. Cyril LAGESSE - (Chairperson up to 21st July 2004)  
 Mr. Jean de FONDAUMIÈRE, C.A.  
 Mr. Gérald LINCOLN

#### (vii) Ilot Fortier Ltd.

Mr. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 21st July 2004)  
 Mr. M. J. Cyril LAGESSE - (Chairperson up to 21st July 2004)  
 Mr. Jean de FONDAUMIÈRE, C.A.

#### (viii) Investment & Administrative Co. (Mtius) Ltd.

Mr. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 21st July 2004)  
 Mr. M. J. Cyril LAGESSE - (Chairperson up to 21st July 2004)  
 Mr. Jean de FONDAUMIÈRE, C.A.

#### (ix) Themis Ltd.

Mr. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 21st July 2004)  
 Mr. M. J. Cyril LAGESSE - (Chairperson up to 21st July 2004)  
 Mr. Jean de FONDAUMIÈRE, C.A.

#### (x) Pension Consultants and Administrators Ltd

Mr. Jean de FONDAUMIÈRE, C.A. - (as from 21st October 2004) - Chairperson  
 Mr. Louis RIVALLAND B.Sc.(Hons.), F.I.A. (as from 21st October 2004)  
 Mr. Gérald LINCOLN (as from 21st October 2004)  
 Mr. Jean Pierre HARDY (up to 21st October 2004)  
 Mr. Michel RIVALLAND (up to 21st October 2004)  
 Mr. Arnaud LAGESSE (up to 21st October 2004)

#### (xi) The Anglo-Mauritius Financial Services Limited

Mr. Jean de FONDAUMIÈRE, C.A. - Chairperson  
 Mr. Louis RIVALLAND B.Sc.(Hons.), F.I.A.  
 Mr. Gérald LINCOLN  
 Mr. Paul ROUSSET, A.C.I.I.

## Other Statutory Disclosures – Year ended December 31, 2004

(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.

	2004 Rs'000	2003 Rs'000
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### DIRECTORS' REMUNERATION AND BENEFITS

Emoluments paid by the Company and Related Corporations to:

- Directors of Swan Insurance Company Limited
- Executive
- Non-Executive

-	-
1,084	1,189

- Directors of Subsidiary Companies
- Executive
- 3 Non-Executive (3 in 2003)

-	-
69	72

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000

### DONATIONS

Donations made during the year

518	496	237	313
-----	-----	-----	-----

	THE GROUP		THE COMPANY	
	2004 Rs'000	2003 Rs'000	2004 Rs'000	2003 Rs'000

### AUDITORS' FEES

Audit fees paid to

- De Chazal du Mée & Co
- Other firms

1,363	1,244	690	661
68	75	-	-

Fees paid for other services provided by

- De Chazal du Mée & Co
- Other firms

1,501	696	1,049	325
21	7	-	-
2,953	2,022	1,739	986

### CONTRACT OF SIGNIFICANCE

The Group and the Company have no contract of significance.

## Other Statutory Disclosures – Year ended December 31, 2004

(pursuant to Section 221 of the Companies Act 2001)

### DIRECTORS' SHARE INTEREST

#### Directors:

- Mr M. J. Cyril Lagesse (Chairperson up to 21st July 2004)
- Mr. Pierre Bernard Arnaud Dalais
- Mr. Thierry Pierre Joseph M Lagesse
- Me. Pierre Doger de Spéville

In the Company		In the Subsidiary (The Anglo-Mauritius Assurance Society Limited)	
Direct		Direct	
No. of ordinary shares	%	No. of ordinary shares	%
981	0.01	1,250	0.050
179	—	—	—
67	—	—	—
—	—	70	0.003
1,227	0.01	1,320	0.053

The other Directors have no interest in the shares of the Company and the Subsidiary Companies.

The Group Chief Executive has no interest in the shares of the Company but holds 653 shares in the Subsidiary Company, The Anglo-Mauritius Assurance Society Limited.

### SUBSTANTIAL SHAREHOLDERS

At December 31, 2004, the following shareholders held more than 5% of the ordinary share capital of the Company:

	Direct			Indirect		
	Number of shares	% of voting rights	Amount Rs'000	Number of shares	% of voting rights	Amount Rs'000
- Intendance Holding Limited	4,844,627	67.55	24,221	—	—	—
- Harel Frères Ltd.	—	—	—	704,247	9.82%	3,521
- Forward Investment & Development Enterprises Ltd	—	—	—	763,513	10.65%	3,817
- Excelsior United Development Companies Limited	—	—	—	564,884	7.88%	2,824
- Compagnie D'investissement et de Développement Ltée	—	—	—	564,884	7.88%	2,824
- Deep River Beau Champ Ltd	—	—	—	489,307	6.82%	2,446
- Espitalier-Noël Investment Trust	—	—	—	382,564	5.33%	1,913
	<u>4,844,627</u>	<u>67.55</u>	<u>24,221</u>	<u>3,469,399</u>	<u>48.38%</u>	<u>17,345</u>

## Group Company Secretary's Certificate - Year ended December 31, 2004

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



**Jean Paul CHASTEAU DE BALYON**  
**Group Company Secretary**

22nd March 2005

**Auditors:**

BDO De Chazal Du Mée & Co.

**Bankers:**

Bank of Baroda  
Barclays Bank PLC  
The Hongkong and Shanghai Banking Corporation Ltd.  
The Mauritius Commercial Bank Ltd.  
Union de Banques Suisses (Luxembourg) S.A.

**Reinsurance Broker:**

AON Limited

**Legal Advisers:**

De Comarmond-Koenig

# Proxy Form

## SWAN INSURANCE CO. LTD.

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 shareholders of the Company to be held on Wednesday 1st June 2005  
 at 10.00 hours and at any adjournment thereof.

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

	FOR					AGAINST					ABSTAIN				
2. To consider and approve the Annual Report including the Audited Financial Statements of the Company and the Group at 31st December 2004.															
3. To re-appoint BDO De Chazal du Mée & Co. as Auditors of the Company until the conclusion of the next Annual Meeting and to fix their remuneration.															
4. 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.															
5. To elect as Directors of the Company Messrs. Henri Harel, Sulliman Adam Moollan, Victor Seeyave, Jean de Fondaumière and Paul Rousset. Each of the above-named shall be elected by a separate resolution.	HH	SAM	VS	JDF	PR	HH	SAM	VS	JDF	PR	HH	SAM	VS	JDF	PR

Dated this ..... day of ..... 2005.

(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.

