SWAN INSURANCE COMPANY LIMITED

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Port Louis / Mauritius

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Swan Insurance

annual report 2009

Swan Insurance

annual report/2009

Swan Group

This Report has been printed on paper certified by FSC (Forest Stewarding Council A.C.) and PEFC (Programme for the Endorsement of Forest Certification Schemes).

our vision

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

our values

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

contents

corporate profile

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

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

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

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

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

The Group's Gross Premium Income amounted to Rs.2.6 billion for the year ended 31st December 2009. Assets under the management of the Swan Insurance Group amounted to Rs.20.3 billion and the Life Assurance Fund reached Rs.18.5 billion at 31st December 2009.

Reserves of the Swan Group stood at Rs. 878.1 million and that of the Company at Rs.795.5 million in 2009.

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.1.9 billion and loans on business properties totalled Rs.344 million at 31st December 2009.

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 2009 was Rs.1.1 billion.

notice of annual meeting to shareholders

Notice is hereby given that the Annual Meeting of the shareholders of **Swan Insurance Company Limited** will be held on **Thursday 24th June, 2010 at 9.30 hours** on the 6th floor of the Swan Group Centre, Intendance Street, Port Louis, to transact the following business:

1. To consider the Annual Report 2009 of the Company.
2. To receive the report of BDO & Co, the Auditors of the Company.
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2009.
4. To re-appoint BDO & Co as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.
5. To re-elect Mr. M. J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
6. To re-elect Mr. F. M. J. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
7. To re-elect Mr. M. D. Pierre Dinan as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.

By order of the Board of Directors

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

03 May 2010

Swan Group Centre
Port Louis
Mauritius

N.B. Members entitled to attend and vote at the meeting may appoint proxies, whether members of the Company or not, to attend and vote for them. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company not less than twenty-four hours before the day fixed for the meeting or else the instrument of proxy shall not be treated as valid.

annual report

DECEMBER 31, 2009

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Insurance Company Limited for the year ended December 31, 2009, contents of which are listed below:

This Annual Report was approved by the Board of Directors on 31 March 2010.

M.E. Cyril Mayer	M.J. Cyril lagesse
Chairperson	Director

principal activities

DECEMBER 31, 2009

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

The Anglo-Mauritius Assurance Society Limited	Life assurance, pension, actuarial and investment business
Swan International Co. Ltd.	Reinsurance broking, consultancy and investment
Swan Group Corporate Services Ltd.	Provision of Secretarial Services to Swan Group
Manufacturers' Distributing Station Ltd.	Investment Company
Pension Consultants and Administrators Ltd.	Pension and fund administration
The Anglo-Mauritius Financial Services Ltd.	Fund management and investment consulting
Processure Compagnie Ltée	Insurance back office services
Swan Group Foundation - Incorporated on 11/01/2010	Corporate Social Responsibility
Société de la Croix	Investment entity
Société de la Montagne	Investment entity
Société de la Rivière	Investment entity

directorate & management

DIRECTORS

Non-Executive

M. E. Cyril MAYER / B. Com., C.A. (SA) – Chairperson
M. J. Cyril LAGESSE
L. J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A. (UK)
F. M. J. Pierre DOGER DE SPÉVILLE
George J. DUMBELL / A.C.I.B. (UK)
M. A. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK)
M. D. Henri HAREL / A.C.I.S.
Thierry P. J. M. LAGESSE / M.B.A. (France)

Independent Non-Executive

M. D. Pierre DINAN / GOSK, B.Sc. Economics (LSE), F.C.A. (England)
Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A (Wales)
Victor C. SEEYAVE / M.B.A (USA), B.A. Economics (UK)

Executive

J. M. Louis RIVALLAND / B. Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
A. Michel THOMAS / LL.M., F.C.I.I., MCI Arb – Operations Executive


M. E. Cyril Mayer


M. J. Cyril Lagesse


L. J. Jérôme de Chasteauneuf


F. M. J. Pierre Doger de Spéville


George J. Dumbell


M. A. Eric Espitalier-Noël


M. D. Henri Harel


Thierry P. J. M. Lagesse

Group Chief Executive

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

Secretary

Swan Group Corporate Services Limited
(per Jean Paul CHASTEAU DE BALYON — F.MIoD)

M. D. Pierre Dinan

Peroomal Gopallen Mooroogen

Victor C. Seeyave

J. M. Louis Rivalland

A. Michel Thomas

directorate & management (cont'd)

DIRECTORS' PROFILE

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

Managing Director of Harel Frères Limited

Positions presently held on

(a) *sugar sector private institutions*

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

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

(b) *other institutions:*

Board Member of the Mauritius Sugar Authority

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

Directorships of listed Companies:

- Harel Frères Limited
- Omnicane Limited (Non-executive Chairperson)
- United Docks Limited

M. J. Cyril LAGESSE

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

Mr. Cyril Lagesse represents Groupe Mon Loisir on the Board of Directors of several most prestigious companies of the country, many of which are listed on the Stock Exchange of Mauritius.

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

Directorships of listed Companies:

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

L. J. Jérôme de CHASTEAUNEUF, B.Sc. Economics (LSE), A.C.A. (UK)

Head of Finance - Ciel Group of Companies

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

Directorship of listed Company:

- IPRO Growth Fund

F. M. J. Pierre DOGER DE SPÉVILLE

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

Directorship of listed Company:

- Innodis Limited

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

Chairperson, Constance Group of Companies

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

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

Director and Fellow of the Mauritius Institute of Directors

Directorships of listed Companies:

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

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

Chief Executive of ENL Commercial Limited

Directorships of listed Companies:

- Automatic Systems Ltd. (Non-executive Chairperson)
- ENL Commercial Limited
- Rogers & Co. Ltd.
- The Savannah S.E. Co. Ltd.

M. D. Henri HAREL, A.C.I.S.

Group Chief Finance Officer of Harel Frères Ltd.

Directorship of listed Company:

- Harel Frères Limited

directorate & management (cont'd)

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

Non-Executive Chairperson of Compagnie d'Investissement et de Développement Ltée. (CIDL)

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

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

Directorships of listed Companies:

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

M. D. Pierre DINAN, GOSK, B.Sc. Economics (LSE), F.C.A. (England)

Economic Consultant

Positions presently held:

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

Former Senior Partner at De Chazal Du Mée

Former Chairperson of the Mauritius Employers' Federation

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

Senior Executive – Mass Market - Mauritius Telecom

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

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

Managing Director of Altima Limited

Directorship of listed Company:

- Innodis Limited

MANAGEMENT TEAM

Group Chief Executive

J. M. Louis RIVALLAND — B.Sc. (Hons.), (SA), F.I.A. (U.K.), F.A.S. (SA)

Operations Executive

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

Secretary

Swan Group Corporate Services Limited

(Per Jean Paul CHASTEAU DE BALYON, F.MIod)

Senior Managers

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

Guy DE GAYE — Technical

Rémi DESVAUX DE MARIGNY — Diploma in Insurance – Commercial, Marine, Motor and Individual Business

Alan GODER — Group Systems & Processes

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

Vishnoo LUXIMAN / M.Sc. — Group Human Resources

Maxime REY — Group Finance, Loans and Legal

Managers

Gaël ALIPHON / A.C.I.I.— Individual Business (As from 1st March 2010)

Patrick ANDRÉ — Health and Travel

Herbert MADANAMOOTHOO — Maîtrise de Droit — Legal & Compliance, M.L.R.O

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

Gilbert MONTENOT — Maintenance

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

Nasser PANCHAMEAH — Marine Claims

Twayyab TAUJOO / F.C.C.A., M.Sc. — Finance

Jean Yves VIOLETTE — Claims

Guillaume WIEHE — Maîtrise en Droit des Affaires, D.E.S.S. en Droit des transports Maritimes et Aériens, Cert. C.I.I. — Commercial (As from 1st June 2009)

Gilbert XAVIER — Fire & Accident

senior management team profile

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

Group Chief Executive

Louis Rivalland (39) holds a Bachelor's degree in Actuarial Science and Statistics and is a Fellow of the Institute of Actuaries (UK). He is currently the Group Chief Executive of Swan Insurance and The Anglo-Mauritius Assurance Society Limited.

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

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

He is the President of the Joint Economic Council since March 2010, is a Past President of the Insurers' Association of Mauritius, a Board member of the Mauritius Revenue Authority and a member of the Financial Services Consultative Council. He has played an active role in the development of risk management, insurance and pensions in Mauritius having chaired or been part of various technical committees on these areas.

He is a Director to several private and public companies and is also a member of a number of Corporate Governance and Audit Committees. He is a Fellow member of the Mauritius Institute of Directors.

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

Operations Executive

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

From 1988 to 1997, he was in the Claims Department as Assistant Superintendent and was later promoted to Assistant Manager of the department.

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

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

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

He is member of the Board of Directors of Swan Insurance since January 2008 and also of the Medical and Surgical Centre Limited since January 2009.

Jean Paul CHASTEAU DE BALYON, F.MIoD

Swan Group Corporate Services Limited

Fellow Member of the Mauritius Institute of Directors
Member of The Chartered Insurance Institute (C.I.I.) – U.K.
Member of The Association of Company Secretaries – Mauritius

Jean Paul Chasteau de Balyon (59) joined Swan Insurance in 1969 as Underwriter motor and non-motor insurance and was appointed Assistant Company Secretary in 1974. In 1976, he was appointed Company Secretary of Swan Insurance and also attributed the responsibilities of Administration and Human Resources. He was appointed Group Company Secretary of the Swan Group in January 2003.

He has been fully involved in the following key projects:

Standardisation of the Swan Group conditions of employment (1979)
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

He has been Secretary General of the Insurers' Association and Secretary of the first consultative committee of the Swan Group. He has attended a number of management development courses given by the Chartered Insurance Institute of the United Kingdom.

He is the Chairperson of the sub-committee of the Insurers' Association on issues linked to the World Trade Organisation (WTO).

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

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

senior management team profile (cont'd)

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

Directorship of Listed Company:
Naïade Resorts Limited

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

Jean Marc CHEVREAU

Senior Manager

Jean Marc Chevreau (57) joined 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 short-term business section.

In 1989, he participated in the setting up of La Prudence Mauricienne Assurances Ltée (La Prudence). He then acted as Manager of La Prudence with overall responsibility of the short-term 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 Departments since 2003. In January 2005 he was attributed the responsibility for the Individual Business, Motor and Agents' Development. Since July 2007 he is responsible for Individual Business Development, Agents' Monitoring & Product Review.

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

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

Guy DE GAYE, ANZIIF (Aff) CIP

Senior Manager

Member of the Australian and New Zealand Institute of Insurance and Finance
Member of The Insurance Institute of Mauritius (IIM)

Guy de Gaye (55) joined Swan Insurance in 1974 and has more than 35 years of service with the Company working at different levels.

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

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

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

He was appointed Senior Manager of the Commercial Department in 2000 with key responsibilities to service the insurances of the industrial and corporate sectors.

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

Rémi DESVAUX DE MARIGNY, Dip. C.I.I.

Senior Manager

Diploma in Insurance
Member of the Chartered Insurance Institute (C.I.I.) – U.K.
Member of The Insurance Institute of Mauritius (IIM)

Rémi Desvaux de Marigny (41) started his career in the insurance sector at Albatross Insurance Company Ltd in 1989 where he spent three years dealing mainly with Motor Insurance claims. In 1992, he joined Administrators and Consultants Ltd (A.C.L.) as sales and marketing representative of the Mauritius Employers' Federation Provident Association (M.E.F.P.A.).

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

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

He was appointed Senior Manager (Underwriting) in July 2007 and is actually heading the Commercial, Marine, Motor and Individual Business departments.

Alan GODER

Senior Manager

Alan Goder (42) worked in the Actuarial Department of The Anglo-Mauritius Assurance Society Limited as Actuarial Clerk from February 1988 to April 1989. From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of Albatross Insurance Company Ltd.

From August 1996 to June 2001, he was Executive Director of Actuarial & Capital Management Services Ltd., now the AXYS GROUP.

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

senior management team profile (cont'd)

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

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

His key areas of specialisation are pensions administration and consulting.

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

Senior Manager

Fellow of the Chartered Insurance Institute (F.C.I.I.) – United Kingdom (U.K.)
Chartered Insurer – U.K.
Member of the Chartered Insurance Institute (C.I.I.) – U.K.
Member of The Insurance Institute of Mauritius (IIM)

Tse Kwong Philippe LO FAN HIN (51) has joined Swan Insurance Co. Ltd. in April 1978. He qualified as an Associate of the Chartered Insurance Institute (London) in 1983 (A.C.I.I.) and obtained his Fellowship (F.C.I.I.) by examination in 1991. He is a Chartered Insurer and has been promoted to Senior Manager on the 1st July 2003.

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

He has been working in the Insurance Industry for 32 years. He has been dealing with Swan's Agents and worked in various fields of insurance such as Motor, Personal lines as well as the Commercial and Industrial sectors. During the past fourteen years he has been heading the Reinsurance and Statistics department of Swan Insurance Co. Ltd.

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

Vishnoo LUXIMAN, M.Sc.

Senior Manager

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

Vishnoo Luximan (48) worked as Assistant Personnel & Public Relations Officer at the Constance & La Gaieté SE Company Ltd from 1983 to 1988. He joined Deep River-Beau Champ Ltd (DRBC) as Assistant Personnel Manager/Public Relations Officer in 1988. He was promoted to the position of Personnel Manager/Public Relations Officer with the same company in 1990.

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

He joined the Group in 2006.

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

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

Maxime REY

Senior Manager

Maxime Rey (57) gained audit experience at Kemp Chatteris, in association with Touche Ross & Co., Chartered Accountants, from 1973 to 1974, and at Coopers & Lybrand (De Chazal du Mée), in association with Coopers & Lybrand (International), Chartered Accountants, from 1974 to 1977.

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

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

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

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

chairperson's statement

M. E. Cyril Mayer / Chairperson

On behalf of the Board of Directors, I am pleased to submit the Annual Report and Audited Financial Statements of Swan Insurance Company Limited and of the Group, for the year ended 31st December 2009.

On the economic front, most of the attention was devoted to the post-crisis recovery process. Against an international background of weak and volatile economic upturn our export sectors have been under pressure. On the occasion of its mid-year budgetary policy, the Minister of Finance and Economic Empowerment, in setting government's objectives of saving jobs, protecting people and preparing for recovery, undertook to support business development, build capacity and invest heavily in public infrastructure. Concurrently, performance of the additional stimulus package was being closely monitored. It was in anticipation of the new fiscal year-end that government presented, exceptionally, another budget in the course of November whereby the main objectives set consisted in shaping the recovery, consolidating social progress and sustaining Green Mauritius. The targeted measures for stimulating the traditional and emerging pillars of the economy included the maintenance of the additional stimulus package and of the tax suspensions in the tourism, construction and real estate sectors until December 2010.

Undoubtedly, Mauritius stood out by its exceptional degree of resilience. Although economic activity still is below pre-crisis levels, one can reasonably expect that, if international recovery gathers increasing momentum, growth rate should improve quite significantly this year.

On the social front, government's advocacy in favour of corporate social responsibility was reiterated and guidelines were set up jointly with the private sector so that expenditure of the corporate sector's statutory contribution be undertaken in the most structured manner.

It was in the context of this new legal environment that the Group, which has always been committed to foster social responsibility, has set up the Swan Group Foundation. The Foundation's activities will continue to show the human face of our organisation and demonstrate that a successful business and a caring corporate citizen are two flips of the same coin.

As for the Group's operations, I am pleased to report that the short-term segment recorded an exceptional growth with an unprecedented level of profitability. The global financial crisis has, however, adversely impacted the premium income derived from the long-term operations. The fund's equity portfolios, both locally and overseas, which had been impaired soon after the crisis, have recovered quite significantly since. Overall, the Group's performance has been satisfactory, especially since it was achieved in the wake of a major financial turmoil and in the context of a soft economic environment.

I am also pleased to report that the implementation exercise undertaken by an international firm, specialist in operational efficiency, has been successfully concluded. This major enterprise, which was carried out during almost the full year, also addressed issues like customer care and personnel behaviour.

The year under review has been a particularly challenging one which has required unrelenting efforts from all the staff. Turning the Group into a more proficient business has been yet another achievement.

I would like, on behalf of my colleagues of the Board, to express my appreciation to the Group Chief Executive, to the management team and to the personnel at large, who, by their dedication and hard work, contributed to the satisfactory performance of the Group.

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

M. E. Cyril Mayer
Chairperson

group chief executive's review

J. M. Louis Rivalland
/ Group Chief Executive

During the last few years, we have concentrated our efforts on six strategic initiatives in line with our business plan. These comprised profitability, human capital, our areas of operation, synergies within the Group, the use of technology and the core processes. I am pleased to report that a number of the large projects having to do with these initiatives are now either completed or well under way.

2009 was a year in which we invested significant resources to ensure that our processes are as efficient as possible. To help us in this task, we appointed the international firm, Alexander Proudfoot. They are the world's leading operational improvement firm, working with clients around the world to improve their processes and financial performance. The project was branded "Project Swift" with a tag line "Good to Excellent Together" and spanned over a period of 26 weeks. The Alexander Proudfoot team worked hand in hand with the internal team to review all the processes and identified ways in which we could improve the way we operate. In addition, Project Swift also identified opportunities to enhance customer service. To this end we also implemented a Customer Performance Index to help us monitor closely different elements of customer care and take promptly any corrective actions that may be necessary.

Having built solid foundations, we can now seek to expand our clientele and to be recognised not only as a financially strong organisation with excellent client service but also as one which is evolving and offering a range of products and services that meet the needs of the most demanding clients.

SHORT TERM OPERATIONS

The Company delivered robust results despite the challenging market and economic conditions, demonstrating the consistency, quality and depth of our expertise. The financial and economic crisis has also revealed the resilience of our business model and the benefits of a well-diversified and balanced portfolio.

The gross premium showed a steady growth of 14% reflecting our focus on sustainable profitability rather than volumes. The underwriting surplus increased significantly as a result of our continued focus on exercising underwriting and pricing discipline in all areas of business and the absence of major catastrophe losses during the year. The profit before tax also showed a marked improvement reflecting management actions on improving operational efficiency and controlling expenses.

The motor sector has this year again performed exceptionally well. This achievement is attributable mainly to the moderate claims severity and the stringent underwriting and pricing discipline put in place since 2007. The overall satisfactory results of the market in this class of business may result in some undue pressure on rates in the current year. As this sector is quite volatile, we remain alert to any change in the pattern, size and frequency of claims which will enable us to bring proper corrective actions with the help of sophisticated pricing techniques.

The health business has produced encouraging results, demonstrating the benefits of the array of underwriting measures taken at the end of the year. Our continued action on rate coupled with efficient claims management have contributed in reducing the impact of the high medical cost on our technical results. The increased competition between health care providers is likely to bring some stability to the inflationary trend observed in recent years. We are relentlessly pursuing our risk adequate pricing approach and improving our process efficiency to keep this line of business sustainable. Our products have been thoroughly reviewed so as to offer one of the broadest health care covers available in the market.

The excellent results in the commercial and personal lines are attributable to the absence of natural catastrophe events and our sound and rigorous underwriting philosophy. Despite the persistent soft market conditions, we managed to resist a dilution of the current premium rates through added value products and services. We have restructured the property and casualty department and set up an Individual Business Unit to cater for the insurance needs of individuals. The team has been strengthened with increased focus on service delivery.

The transportation sector performed in line with forecasts. A slight contraction of the marine cargo account was noted as a result of the economic downturn causing a reduction in the volume of imports. However, the technical results achieved are excellent. The hull business showed an appreciable growth whilst improving its loss ratio performance.

The efficient claims handling is at the heart of our good technical results. Our dedicated team remains focused on providing consistent and superior quality service to our valued customers. Emphasis is also laid on strict cost control, prompt recovery actions, regular monitoring of inflationary trends and periodical review of claims reserves. We are also working in close collaboration with motor dealers and other service providers to contain the claims expenditure to within reasonable levels.

We completed the restructuring of our reinsurance programme and chose to increase our retention levels in respect of selected classes of business. We also shifted our treaty renewal date to 1st October. Despite the general hardening of rates in respect of catastrophe reinsurance cover, we have been able to secure reasonable renewal terms with first class security reinsurers.

We have pursued our efforts to further strengthen our relationship with intermediaries by entering into service level agreements. We have also developed a unique and innovative management operating system for our agents with the ultimate objective of improving levels of service to both existing and prospective customers. Agents have been provided with proper technical and sales techniques training to enhance their portfolio. We appreciate enormously the significant contribution of agents and brokers in achieving this remarkable performance and are thankful for their high level of trust in our professionalism and efficiency.

Going forward, one of our key challenges for 2010 will be to achieve growth while maintaining an appropriate level of profitability. Given the strong executory capability of our team together with the unrivalled standards and levels of service to customers, we are well positioned to capitalise upon the opportunities ahead pushing the Company to new heights.

LONG TERM OPERATIONS

As expected, 2009 has been a challenging year for the long-term operations and in particular, the life insurance business. The unprecedented financial crisis and concerns that any potential recovery would be timid have dampened the mood amongst investors and the public at large. As a result, the premium income net of reinsurance of our life insurance business (i.e. excluding pension business) has suffered a reduction of around 11%. However, we are encouraged to note a marked recovery towards the tail end of 2009 as reflected by an increase to our gross premium income of around 6% during the 4th quarter as compared to the corresponding period in 2008.

Individual Business

The performance of our Equity based unit-linked funds was excellent during 2009. For example, the Equity Fund Life and Foreign Equity Fund Life recorded annual performances of around 49% and 29% respectively.

During the last quarter of 2009, we added the Oxygen Foreign Currency Plan to complement the existing range of Oxygen policies. Under this new option, policyholders can pay their premiums in one of three hard currencies (US Dollar, Euro or

group chief executive's review (cont'd)

Pound Sterling) and also receive their benefits (either the maturity proceed or the risk benefit) in the corresponding currency. In a similar way to the existing Oxygen policies, a policyholder has the choice of making either single or regular premium(s) and choose the investment fund which best suits his/her risk appetite. The response from our agents and clients has been very good and we are optimistic that this new addition will also be successful.

Further to the coming into force of the Insurance Act, we are pleased to report that we sent annual statements to all our policyholders (around 50,000 in total) showing the performance of their policies.

In 2010, we will endeavour to offer to our clients an even better service and fine tune our policies to appeal to a larger set of individuals.

Corporate Business

At the end of 2009, Anglo-Mauritius provided administrative services to around 530 pension schemes - 330 defined benefit and 200 defined contribution schemes. The total active membership of these schemes exceeds 20,500 lives.

Our pensions business is supported by a strong actuarial team consisting of two qualified actuaries and eight actuarial analysts. Coupled with our subsidiaries, Pension Consultants and Administrators Limited (PCA) and Anglo Mauritius Financial Services (AMFS), we provide the whole spectrum of pension services to corporate entities (i.e. actuarial, administration and fund management). We are widely recognised as the leader in this field due to our professional advice and excellent client service.

Pension Workshop

Further to the changes to the pension legislation in 2008 regarding the extension of the retirement age, we ran a workshop in April at the Swami Vivekananda International Convention Centre. Its purpose was to inform all of our clients of the implications of this important change. The workshop attracted more than 300 participants and was most successful. The feedback that we received directly from our clients was very positive and most of them said that our presentation clarified the uncertainties that had been brought about by the changes to the legislation. An important feature of the workshop was the presence of a barrister who addressed all the legal issues. As such, we not only looked into the pension and actuarial issues but also the legal implications of the changes. This holistic nature of the workshop was very much appreciated by all the participants.

The workshop also attracted a fair amount of media coverage including articles in the written press, interviews on the radio and a television report on the MBC. In addition, we also published our second edition of "Horizon" - our consulting brief to clients. The subject of this edition of "Horizon" was of course the implications of the changes to the retirement age.

Pension Consultants and Administrators Limited (PCA)

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

In 2009, PCA maintained its position as the market leader in the field of administration of self-administered pension schemes resulting in a 14% increase in income.

The year under review also saw more synergy between the company and the Pensions Department of the Anglo-Mauritius Assurance for the benefit of our respective clients and the Group generally.

PCA's objective for the current year will be to further strengthen its position on the market by being more attentive to its clients' needs in the rapidly changing and complex pension environment.

The Anglo-Mauritius Financial Services Ltd (AMFS)

AMFS provides portfolio management services to financial institutions, superannuation funds and private investors. Over the years, the company has developed a strong relationship with BlackRock, the world's largest Investment Management firm, and benefits from its vast expertise on investments in the international markets. The company also promotes the range of BlackRock Global Funds in Mauritius as well as the Schroders International Selection Funds and the GAM Funds.

In 2009, our partnership with BlackRock was made more visible by means of an advertising campaign which focused on the Global Allocation Fund and the Natural Resources Funds of BlackRock. We also had the pleasure of hosting a cocktail event for our stakeholders on the occasion of the visit of Ms Barbara Vintcent, Vice-President of BlackRock for the Eastern Europe, Middle East and Africa regions in Mauritius.

The reputation of The Anglo-Mauritius Financial Services Ltd is well established and continues to grow. This has impacted very well on our client base and portfolio under management, which grew steadily during the year and contributed positively to the increased profitability.

ECONOMIC HIGHLIGHTS

The World Economy

Global economic growth declined by 1.1 % for 2009 due to hampered demand in developed countries. The US receded by 2.7%, the Euro zone posted -4.2% for 2009 whilst it is predicted that Japan will endure a 5.4% retrenchment. Emerging and developing countries logged around 1.7%.

Domestic Economy

In 2009, the Mauritian economy's growth rate fell to an estimated 2.9% (2008: 5.1%) in a setting of global economic slowdown. GDP at basic prices amounted to Rs.247 billion (2008: Rs.234.2 billion). The primary sector grew by 13.5%, the secondary sector by 1.3% whilst the tertiary sector grew by 3%. GDP per capita at market prices is estimated at Rs.277,021 as compared to Rs.265,352 in 2008, representing an annual increase of 4.4%, in nominal terms. The rate of inflation for 2009 was 2.5% (2008: 9.7%). This is the lowest inflation rate since 1988. The investment rate increased to 25.4% over the year compared to 24.6% in 2008 with the share of private sector investments decreasing to 76.4% from 82.9% in 2008 and public sector investments increasing to 23.6% from 17.1% a year earlier. The projected unemployment rate stands at 7.7% as compared to 7.2% in 2008.

The sugar industry yielded a growth of 21.1% based on sugar production of 475,000 tonnes (2008: 460,000) and updated prices of refined and special sugars. Following the significant cut in guaranteed prices to ACP producers, the sugar cane industry has made significant advancement to adapt to new market conditions by improving its competitiveness and developing alternative economic activities.

The tourist industry suffered a drop of 6.4% on the back of lower tourist arrivals (860,000 compared to 930,456 the year before). Tourism earnings for the year 2009 are estimated at Rs.36.5 billion compared to Rs.41.2 billion in 2008.

The manufacturing sector grew at a reduced rate of 0.6% in 2009 (2008: 3.2%). Growth emanated from sugar milling and food processing. Textile manufacturing, on the other hand, decreased by 4%.

The construction sector maintained its momentum and grew by 3% helped by higher growth rate of public construction works to the tune of 14%. Private construction works increased marginally by 0.6%.

Financial intermediation sector grew by a consolidated 5% in 2009 essentially supported by growths of 5.3% and 4.0% in banking and insurance sectors respectively.

FINANCIAL HIGHLIGHTS

THE GROUP

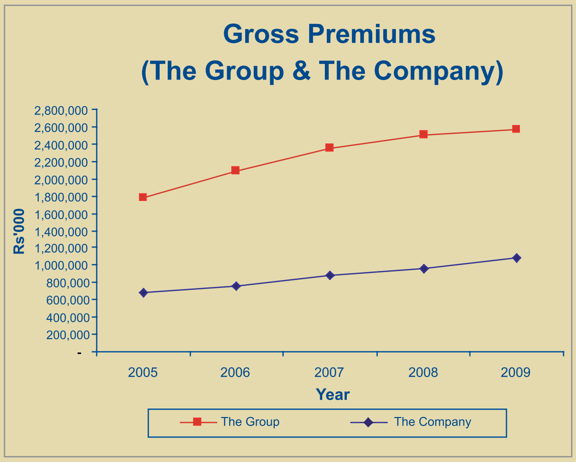
The Group's Gross Premium Income at 31st December 2009 amounted to Rs.2,565 million, representing an increase of 2.6% (Rs.2,500 million in 2008). The Net Earned Premiums has decreased from Rs.1,872 million in 2008 to Rs.1,834 million this year representing a decrease of 2%.

The Profit Before Tax increased to Rs.213.4 million in 2009, representing a rise of 33% (Rs.159.8 million in 2008).

Total assets under the management of the Swan Group amounted to Rs.20.3 billion at 31st December 2009 (Rs.17.4 billion in 2008) representing an increase of 16.7%.

The Life Assurance Fund amounted to Rs.18.5 billion at 31st December 2009 compared to Rs.15.7 billion in 2008, an increase of 17.9%.

The Net Asset Value per Share amounted to Rs.127.45 in 2009 (Rs.106.62 in 2008) and the Earnings per Share increased by 36.1% to Rs.24.10 compared to Rs.17.71 in 2008.



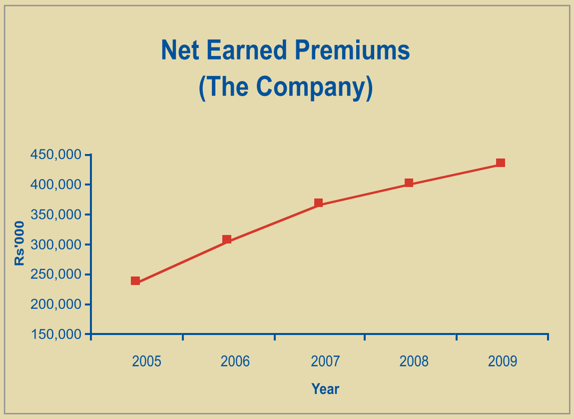
group chief executive's review (cont'd)

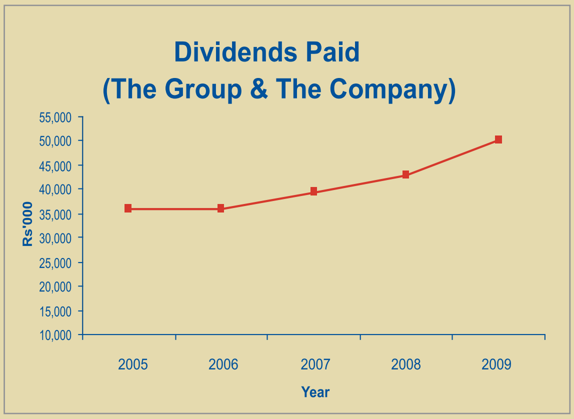
THE COMPANY

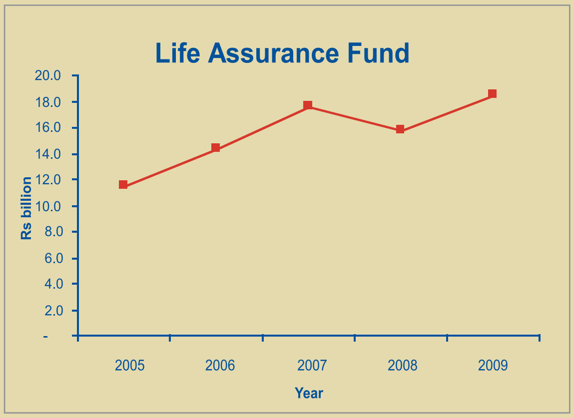
The Company's Gross Premium Income increased by 14.2% to Rs.1.09 billion in 2009 (Rs.954.6 million in 2008) while Net Earned Premiums increased by 8% to reach Rs.433.1 million (Rs.401 million in 2008).

The Profit Before Tax for 2009 amounted to Rs.185.8 million compared to Rs.140.3 million in 2008. Dividends paid amounted to Rs.50.2 million (Rs.43.0 million in 2008), in line with the Company's dividend policy as stated in the Governance Report.

The Company's reserves at 31st December 2009 stood at Rs.795.5 million compared to Rs. 634.8 million in 2008.







INVESTMENTS

Equity Market

Stock markets worldwide recovered quite significantly. In Mauritius, the Semtri compared favorably as demonstrated by its 45.7% gain. Support for the market was broad-based. However, foreign investors were net sellers to the tune of Rs.902 million.

On the international scene, global equities notched a 30.8% gain as measured by the MSCI World Index (US Dollars). Developed markets also experienced similar upbeat path with the US notching a 29.4% gain whilst Europe clinched 36.8% and Asia had a 24.3% gain during the same period. Emerging markets were also well into positive territory with the BSE SENSEX winning 81% and China SSE gaining 80%.

Fixed Income Market

On the fixed income side, interest rates in Mauritius furthered their downtrend with the Repo rate sliding down by 100 bps over the year. However, the rupee was strong vis-à-vis its trading currencies, the US Dollar and the Euro each depreciating by 4.8% and 3.6% respectively. The rupee was however weak against GBP and the local currency depreciated by 5.4% over the year. In the US, the Central Bank maintained an almost zero percent interest rate as evidenced by the FED's rate standing at 0.25%. Action with respect to interest rate by central banks around the world mostly followed a similar trend, with rate cuts on the agenda of the monetary authorities to help in shoring up the economy.

Company's Investment Portfolio

The investment portfolio recorded appreciable gains over the year. Investment income grew satisfactorily although operating in an environment of low interest rates while other income benefited from a booster from sale of equities over the period.

Performance of The Anglo-Mauritius Funds

The whole range of our unit-linked funds performed satisfactorily over the year. The Equity Fund (Life) in particular offered a good performance with a 49% gain. Both the asset allocation and the security selection were tilted in a way to reap maximum benefits of the year's upturn.

Secure Fund (Pension) also delivered a satisfactory performance in an environment of low interest rates. This Fund invests wholly in prime fixed income instruments such as secured mortgage loans, government securities, rupee and forex deposits.

The Non-Linked Fund also performed well. This fund's strength is attributable to highly diversified asset classes thus offering a comfortable amount of stability. The fund topped up its exposure in Foreign Equity at the start of the year 2009 and as such benefited from the subsequent rally.

LEGAL & REGULATORY FRAMEWORK

The remaining sections of the Competition Act 2007 were proclaimed and came into effect on 25th November 2009. This completes the legislative process of bringing competition law to Mauritius. The Act was passed in 2007 and was partially proclaimed, to allow the Competition Commission to be established the following year.

As from 25th November, enterprises which take actions that restrict, prevent or distort competition, may be in breach of the Competition Act. In particular, the Competition Commission is empowered to fine businesses up to 10% of turnover for an intentional or negligent breach of the prohibition on collusive agreements.

The Insolvency Act 2009, adopted by parliament in June 2009, has entirely restructured the legal framework relating to corporate and individual insolvency. Its aim is to ensure that the interests of all stakeholders in a business venture are fully protected, especially when companies face difficulties and become insolvent. The main objects of the Act are :

(a) to provide straightforward and fair procedures for realising and distributing the assets of insolvent individuals and companies;

(b) to promote honest trading and the prudent incurring of liabilities and to impose penalties on fraudulent and reckless trading and management of assets which may lead to insolvency and, lastly, to place appropriate sanctions on profligate individual and commercial behaviour;

(c) to provide alternatives to bankruptcy for individuals facing insolvency and to provide procedures for

group chief executive's review (cont'd)

workout and administration of companies as alternatives to winding up with a view to their rehabilitation;

(d) to make provision for netting arrangements in financial contracts and to address the position of cross-border insolvencies in relation to companies.

In addition, the law redefines the priority of claims in the distribution of assets in liquidation and gives unpaid salaries and wages higher priority than the secured creditors.

The Data Protection Act was implemented in 2009. The object of this Act is to provide for the protection of the privacy rights of individuals in view of the developments in the techniques used to capture, transmit, manipulate, record or store data relating to individuals.

In the Finance Act 2009, provision was made for a statutory contribution equivalent to 2% of companies' book profits towards programmes that contribute to the social and environmental development of the country.

The Financial Intelligence and Anti-Money Laundering Act was also amended in 2009. Companies now have to implement appropriate screening procedures to ensure high standards when recruiting employees. It is also worth mentioning that the Money Laundering Reporting Officer has conducted an appraisal on anti-money laundering compliance within the Group. A report identifying the adequacy/shortcomings of internal controls and other procedures implemented to combat money laundering has been submitted to the Audit Committee.

HUMAN RESOURCES & ORGANISATION STRUCTURE

The Swan Group was deeply aggrieved by the demise of Mr. Cyril Koa Wing on 7th May last year after a courageous struggle with the incurable. Mr. Koa Wing started his career with The Anglo-Mauritius Assurance Society Ltd. in 1959 and served the company in various capacities. Prior to his retirement in 2002, he was Senior Manager of the Pensions Department. I take this opportunity to pay tribute to his contribution to the long-term business during his long career with the Swan Group.

After almost 42 years of service, Paul Lam retired as Senior Manager of the Pensions Department in August 2009. Throughout all these years, Paul served the company with unrelenting enthusiasm and dedication. He has been a highly respected figure of the pension industry and has worked in the Pensions Department at different levels to culminate to the most senior position in 2001.

On behalf of the Board of Directors and in my own name, I would like to thank Paul for his immense contribution to the development of the company and wish him a long and happy retirement.

Following Paul's departure, we have reorganised the Pensions Department as follows:

- Mr. Bernard Kishtoo will be responsible for the operations of insured defined benefit arrangements.
- Mr. Sanjay Bhugaloo from Pension Consultants and Administrators Ltd will henceforth also take responsibility for all Anglo-Mauritius self-administered plans and defined contributions schemes.

Both Bernard and Sanjay will be reporting to Mr. Alan Goder who will take the ultimate responsibility for the pensions area.

We are confident that the improved synergies between Anglo-Mauritius and PCA will benefit our pension corporate clients.

An important change was brought to the structure of Swan Insurance with the setting up of the Individual Business Unit (IBU) in May 2009. Initially composed of five full time staff members, the IBU aims mainly at providing a 'one stop shop' service as well as a personalised service to our customers.

As mentioned earlier, the Swan Group culture underwent a major change in 2009 with the implementation of Project Swift. Our management and supervisory staffs acquired new skills in the day-to-day management of human resources. The internal communication system was given a boost with the introduction of the daily 'Huddle Meeting', the 'Walk the Floor' and the 'Banner Presentations'.

This new Management Operating System has resulted in clearer goals, better feedback on performance and more on-the-job coaching. Staff members now participate in the setting of targets and the review of achievements on a daily basis. The motivational and job satisfaction components of this process cannot be over-emphasised.

Project Swift has also enabled us to have a clearer idea of the human resource requirements across different departments of the Group. A process of redeployment was set up to deal with situations where an excess capacity was noted. A greater emphasis on internal recruitments enabled the Group to offer alternative positions to staff members who formed part of the excess capacity within a relatively short period of time.

Project Swift also provided training opportunities to a number of staff members of the Swan Group. The know-how of the external consultants was transferred to four of our professional staff members who formed part of the Task Force. Moreover around seventy supervisory and management staff members were given formal training in the field of Active Management. The knowledge and skills acquired were reinforced through an e-learning module.

As a follow-up to Project Swift, the Continuous Business Improvement Unit was set up. Comprising of two members of staff, this Unit has the responsibility of ensuring that the Management Operating System functions properly, that opportunities for further improvements are identified and appropriate corrective actions are put in place.

I take this opportunity to express my gratitude to all members of the staff whose dedication and hard work, in the course of this particularly challenging year, have significantly contributed to the Group's results. My thanks also go to our intermediaries and other stakeholders for their valuable support.

Rivalland

J. M. Louis Rivalland
Group Chief Executive

corporate governance report

1. COMPLIANCE STATEMENT

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

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

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

2. ULTIMATE HOLDING COMPANY

MINORITY
30.56% *

INTENDANCE HOLDING LIMITED (INTENDANCE)
69.44% *

* at 31.12.09

Swan Insurance

3. COMMON DIRECTORS (at 31.12.2009)

	SWAN	INTENDANCE
M. E. Cyril Mayer	■	■
M. J. Cyril Lagesse	■	■
L. J. Jérôme de Chasteauneuf	■	■
M. A. Eric Espitalier-Noël	■	■
F. M. J. Pierre Doger de Spéville	■	■

4. MAJOR SHAREHOLDERS

At April 30, 2010 the following shareholders held more than 5% of the ordinary share capital of Swan Insurance.

	Direct		Indirect
	No. of shares	% of voting rights	% of voting rights
Intendance Holding Limited	4,979,627	69.44	-
Forward Investment & Development Enterprises Ltd	-	-	10.94
HF Investments Ltd*	-	-	18.61
Excelsior United Development Companies Limited	-	-	8.10
Compagnie d'Investissement et de Développement Limitée	-	-	8.08
Deep River Beau Champ Ltd	-	-	7.01
ENL Investment Limited	-	-	5.48
	4,979,627	69.44	

* Following the amalgamation of Mount S.E. Co. Ltd with Harel Frères Ltd. on 1st January 2010, shares held by Mount S.E. Co. Ltd. in Intendance Holding Limited are owned by Harel Frères Ltd. As a result, Harel Frères Group holds indirectly more than 20% of Swan Insurance (21.08%). The Financial Services Commission has given its written approval thereof, in compliance with The Insurance Act 2005.

5. DIVIDEND POLICY

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

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

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

Year	Dividend Cover* (Times)	Dividend Yield** %
2009	3.33	4.57
2008	2.88	7.05
2007	1.53	6.11
2006	0.90	4.07
2005	2.47	4.55

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

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

6. THE BOARD OF DIRECTORS

There is a clear separation of the roles of the chairperson and the Group Chief Executive. The Chairperson leads the Board, ensuring that each director, particularly the non-executive directors, is able to make an effective contribution. He monitors, with the assistance of the Company Secretary, the information distributed to the Board to ensure it is sufficient, accurate, timely and clear. The Group Chief Executive has the day-to-day management responsibility for the Group's operations, implementing the strategies and policies agreed by the Board. The non-executive directors constructively challenge and help develop proposals on strategy, scrutinise the performance of management in achieving objectives and monitor the reporting of performance.

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

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

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

(a) Role of the Board

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

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

(b) Election of Directors

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

(c) Evaluation

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

(d) Interests in shares at 31 December 2009

(i) Directors

	In the Company				In the Subsidiary (The Anglo-Mauritius Assurance Society Limited)			
	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%
M. E. Cyril Mayer	-	-	155	0.002	-	-	200	0.008
M. J. Cyril Lagesse	1,249	0.017	-	-	1,250	0.050	-	-
F. M. J. Pierre Doger de Spéville	1,888	0.026	-	-	70	0.003	-	-
Thierry P. J. M. Lagesse	67	0.001	-	-	-	-	-	-
J. M. Louis Rivalland	4,000	0.056	-	-	7,200	0.288	-	-
	7,204	0.100	155	0.002	8,520	0.341	200	0.008

(ii) Senior Officers other than Directors

	In the Company				In the Subsidiary (The Anglo-Mauritius Assurance Society Limited)			
	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%
Jean Paul Chasteau de Balyon (Group Company Secretary)	260	0.004	-	-	-	-	-	-
	260	0.004	-	-	-	-	-	-

(e) Directors' dealing in shares of the Company

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

7. REMUNERATION POLICY

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

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

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

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

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

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

8. BOARD COMMITTEES

(a) The Audit and Risks Committee

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

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

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

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

The Audit and Risks Committee's focus is on:

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

(b) The Corporate Governance Committee

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

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

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

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

corporate governance report (cont'd)

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

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

9. (a) BOARD AND COMMITTEES' ATTENDANCE AND REMUNERATION IN 2009

		Board	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held during the year		4	4	2
Directors	Classification	Attendance		
M. E. Cyril Mayer	Non-executive	3	N/A	1
M. J. Cyril Lagesse	Non-executive	4	N/A	N/A
L. J. Jérôme de Chasteauneuf	Non-executive	4	N/A	N/A
M. D. Pierre Dinan	Independent non-executive	3	4	2
F. M. J. Pierre Doger de Spéville	Non-executive	4	N/A	N/A
George J. Dumbell	Non-executive	4	N/A	N/A
M. A. Eric Espitalier-Noël	Non-executive	1	N/A	N/A
M. D. Henri Harel	Non-executive	3	2	N/A
Thierry P. J. M. Lagesse	Non-executive	3	N/A	N/A
Peroomal Gopallen Mooroogen	Independent non-executive	4	4	2
Victor C. Seeyave	Independent non-executive	4	1	1
J. M. Louis Rivalland	Executive	4	4	2
A. Michel Thomas	Executive	4	N/A	N/A

(b) DIRECTORS' REMUNERATION IN 2009

	From the Company	From Subsidiary Companies
	Rs.	Rs.
Non-Executives	952,500	1,068,500
Executives	8,779,688	5,935,214

10. COMPANY SECRETARY

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

11. RELATED PARTY TRANSACTIONS

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

12. CONSTITUTION

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

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year under review.

14. INTERNAL AUDIT

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

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

- **Role and Responsibilities**

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

- **Reporting and disclosures**

  - *Structure and Organisation*

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

  - *Reporting lines*

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

- **Coverage and Risk management**

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

corporate governance report (cont'd)

- *Accessibility*

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

15. RISK MANAGEMENT

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

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

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

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

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

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

- **Insurance risk**

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

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

- **Reinsurance risk**

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

- **Environment and Strategy risks**

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

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

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

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

- *Regulatory Risks:*

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

- *Industry Risks:*

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

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

- **Operational risks**

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

  Operational risks are further broken down into:

  - *Human resource risks:*

    Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.

  - *Fraud risks:*

    Intentional or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involving one internal party and/or a third party.

  - *Physical risks:*

    Losses due to fire, cyclone, explosion, riots etc.

  - *Business Continuity risks:*

    Losses from failed transaction processing, and process management, inadequate back-ups and loss of data.

  - *Reputational risks:*

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

- **Information Processing/Technology Risks**

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

corporate governance report (cont'd)

- **Financial Risks**

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

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

16. INTERNAL CONTROLS

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

The system of internal controls has been designed to safeguard assets of the Group from unauthorised use. The Group maintains proper accounting records to ensure effective operation of its business and compliance with laws and regulations. Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Group's activities, including the operation of the internal control system. The system of internal controls is, however, designed to provide assurance against material misstatement or loss, and manage risks of failure in operational systems.

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

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

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

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

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

5) A compliance function has been put in place under the leadership of the Money Laundering Reporting Officer and clear compliance procedures have been established. Regular training is being conducted to ensure that:
   - New staff are trained in compliance with requirements that the Group is subject to; and
   - Existing staff are regularly updated on compliance issues;

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

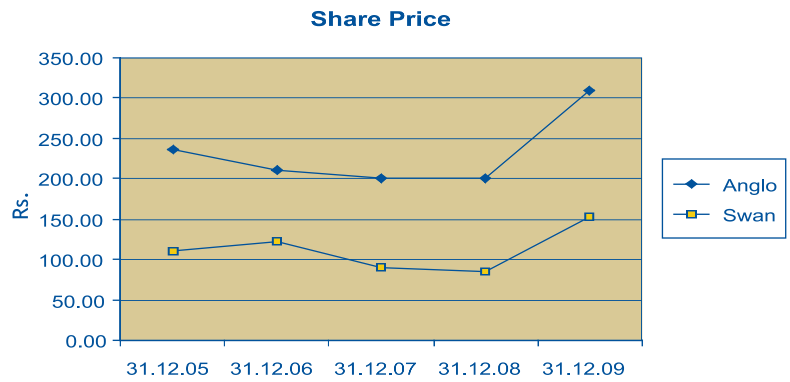
7) Management has put in place appropriate operational and compliance controls at all operating units.

17. SHARE OPTION

The Group has no share option plan.

18. SHARE PRICE INFORMATION

Share price of the Company and its subsidiary, The Anglo-Mauritius Assurance Society Limited increased by 39.09% and 31.35% respectively over the last five years, from Rs.110.- and Rs.236.- per share at December 31, 2005 to Rs.153.- and Rs.310.- per share in 2009.



19. SHAREHOLDERS' PROFILE

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

(a)

Range of shares	No. of shareholders	No. of shares	% holding
1 - 500	608	82,245	01.15
501 - 1,000	99	78,093	01.09
1,001 - 5,000	171	393,250	05.48
5,001 - 10,000	37	256,593	03.58
10,001 - 50,000	27	459,976	06.41
50,001 - 100,000	4	300,244	04.19
100,001 - 250,000	-	-	-
250,001 - 500,000	2	621,318	08.66
Over 500,000	1	4,979,627	69.44
TOTAL	**949**	**7,171,346**	**100.00**

(b)

Category	No. of shareholders	No. of shares	% holding
Individuals	864	1,055,432	14.72
Insurance and Assurance Companies	6	162,972	2.27
Pension and Provident Funds	8	95,513	1.33
Investment and Trust Companies	9	26,297	0.37
Other Corporate Bodies	61	851,505	11.87
The Holding Company	1	4,979,627	69.44
TOTAL	**949**	**7,171,346**	**100.00**

corporate governance report (cont'd)

20. CHARITABLE DONATIONS AND CORPORATE SOCIAL RESPONSIBILITY

Please refer to 'Other Statutory Disclosures' on page 95.

21. STAKEHOLDERS' RELATIONS AND COMMUNICATION

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

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

22. CODE OF ETHICS

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

23. SUSTAINABILITY REPORTING

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

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

24. TIME-TABLE OF IMPORTANT FORTHCOMING EVENTS

June 2010	Annual Meeting of Shareholders
August 2010	Publication of Unaudited Condensed Financial Statements for quarter and half-year ending June 30, 2010
November 2010	Publication of Unaudited Condensed Financial Statements for quarter ending September 30, 2010 Board of Directors meets to examine provisional results for year ending December 2010 and decide on the advisability of declaring a dividend.

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

statement of directors' responsibilities

Directors acknowledge their responsibilities for:

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

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

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

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

The Directors report that:

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

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

(iii) applicable accounting standards have been adhered to. Any departure in fair presentation has been disclosed, explained and quantified.

Signed on behalf of the Board of Directors

M. E. Cyril Mayer Chairperson	M. J. Cyril Lagesse Director

independent auditors' report to the members

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

Report on the Financial Statements

We have audited the financial statements of Swan Insurance Company Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 44 to 92 which comprise the balance sheets at December 31, 2009, and the income statements, statement of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 44 to 92 give a true and fair view of the financial position of the Group and of the Company at December 31, 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Insurance Act 2005

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

BDO & Co

BDO & CO
(Formerly BDO DE CHAZAL DU MEE & CO)
Chartered Accountants

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

Port Louis,
Mauritius
31 March 2010

balance sheets

AS AT DECEMBER 31, 2009

	Notes	THE GROUP 2009 Rs'000	THE GROUP 2008 Rs'000	THE COMPANY 2009 Rs'000	THE COMPANY 2008 Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	**86,249**	91,831	**86,133**	91,698
Intangible assets	6	**14,297**	382	**14,297**	382
Investment in Subsidiary companies	7	**-**	-	**31,462**	31,462
Investment in Associated company	8	**63,748**	35,323	**-**	-
Investment in Joint Venture	8	**286**	-	**500**	-
Investment in Financial Assets	9	**437,561**	384,363	**437,561**	384,363
Loans and receivables	10	**74,989**	78,475	**74,989**	78,475
Net deferred tax assets	11	**3,714**	1,422	**3,714**	1,422
		680,844	591,796	**648,656**	587,802
Current assets					
Investment in Financial Assets	9	**18,569**	9,891	**18,569**	9,891
Loans and receivables	10	**1,964**	2,497	**1,964**	2,497
Trade and other receivables	12	**718,412**	788,792	**606,163**	641,197
Bank balances, deposits and cash	26(b)	**359,127**	294,201	**353,490**	287,414
		1,098,072	1,095,381	**980,186**	940,999
Life Business Assets	13	**18,507,136**	15,701,377	**-**	-
Total assets		**20,286,052**	17,388,554	**1,628,842**	1,528,801
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent company)					
Share Capital	14	**35,857**	35,857	**35,857**	35,857
Reserves	15	**878,147**	728,751	**795,522**	634,813
Owners' interest		**914,004**	764,608	**831,379**	670,670
Minority Interest	16	**60,844**	61,299	**-**	-
Total equity		**974,848**	825,907	**831,379**	670,670
Technical provisions					
Life Assurance Fund	13	**18,507,136**	15,701,377	**-**	-
Gross Outstanding claims and IBNR	20/27(a)	**250,112**	302,487	**250,112**	302,487
Gross Unearned premiums	20/27(b)/2(n)(i)	**424,147**	376,540	**424,147**	376,540
		19,181,395	16,380,404	**674,259**	679,027
Non-current liabilities					
Retirement Benefit Obligations	17	**39,165**	31,934	**39,093**	31,872
Current liabilities					
Trade and other payables	18	**80,603**	134,145	**74,078**	131,134
Current tax liabilities	19	**10,041**	16,164	**10,033**	16,098
		90,644	150,309	**84,111**	147,232
Total equity and liabilities		**20,286,052**	17,388,554	**1,628,842**	1,528,801

These financial statements have been approved for issue by the Board of Directors on : 31 March 2010.

M.E. Cyril Mayer
Chairperson

M. J. Cyril Lagesse
Director

The notes on pages 50 to 92 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

income statements

FOR THE YEAR ENDED DECEMBER 31, 2009

	Notes	THE GROUP 2009 Rs'000	THE GROUP 2008 Rs'000	THE COMPANY 2009 Rs'000	THE COMPANY 2008 Rs'000
Gross premiums		**2,565,091**	2,500,254	**1,090,038**	954,607
Premiums ceded to Reinsurers		**(707,100)**	(615,108)	**(633,090)**	(540,246)
Change in gross unearned premiums	20/27(b)	**(47,607)**	(22,327)	**(47,607)**	(22,327)
Recoverable from reinsurers	20/27(b)	**23,789**	8,947	**23,789**	8,947
Net earned premiums	2(l)	**1,834,173**	1,871,766	**433,130**	400,981
Net earned premiums relating to Life Assurance Fund		**(1,401,043)**	(1,470,785)	**-**	-
		433,130	400,981	**433,130**	400,981
Gross claims paid	27(a)	**(433,512)**	(527,150)	**(433,512)**	(527,150)
Claims recovered from Reinsurers	27(a)	**232,249**	317,049	**232,249**	317,049
Movement in claims outstanding and IBNR:					
Gross claims outstanding and IBNR	27(a)	**52,376**	110,312	**52,376**	110,312
Recoverable from reinsurers	27(a)	**(64,289)**	(120,430)	**(64,289)**	(120,430)
Net claims incurred		**(213,176)**	(220,219)	**(213,176)**	(220,219)
Commissions receivable from Reinsurers		**144,618**	128,672	**144,618**	128,672
Commissions paid to Agents and Brokers		**(115,177)**	(106,222)	**(115,177)**	(106,222)
Net commissions		**29,441**	22,450	**29,441**	22,450
Underwriting surplus		**249,395**	203,212	**249,395**	203,212
Investment income	21	**94,714**	84,257	**79,626**	71,200
Operating profit		**344,109**	287,469	**329,021**	274,412
Other income	22	**23,762**	19,824	**16,779**	17,253
		367,871	307,293	**345,800**	291,665
Marketing and administrative expenses	23	**(150,385)**	(143,811)	**(148,401)**	(142,659)
Depreciation	5	**(7,056)**	(8,307)	**(7,039)**	(8,290)
Amortisation	6	**(4,532)**	(382)	**(4,532)**	(382)
Share of profit of Associated company and Joint Venture	8	**7,463**	4,982	**-**	-
Profit before taxation		**213,361**	159,775	**185,828**	140,334
Taxation	19	**(19,638)**	(16,643)	**(18,843)**	(16,577)
Profit for the year		**193,723**	143,132	**166,985**	123,757
Attributable to:					
Owners of Parent		**172,820**	126,978	**166,985**	123,757
Minority interest	16	**20,903**	16,154	**-**	-
		193,723	143,132	**166,985**	123,757
Earnings per share					
(Rupees and cents)	25	**24.10**	17.71	**23.29**	17.26

The notes on pages 50 to 92 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

statements of comprehensive income

FOR THE YEAR ENDED DECEMBER 31, 2009

	Notes	THE GROUP 2009 Rs'000	THE GROUP 2008 Rs'000	THE COMPANY 2009 Rs'000	THE COMPANY 2008 Rs'000
Profit for the year		**193,723**	143,132	**166,985**	123,757
Other comprehensive income:					
Net movement in fair value changes of available-for-sale financial assets		**62,493**	(98,303)	**62,493**	(98,303)
Release on disposal of available-for-sale financial assets		**(18,570)**	(7,665)	**(18,570)**	(7,665)
Net movement in other reserves		**(38,506)**	65,030	**-**	(10,569)
Other comprehensive income for the year		**5,417**	(40,938)	**43,923**	(116,537)
Total comprehensive income for the year		**199,140**	102,194	**210,908**	7,220
Attributable to:					
Owners of Parent		**199,595**	63,785	**210,908**	7,220
Minority Interest	16	**(455)**	38,409	**-**	-
		199,140	102,194	**210,908**	7,220

The notes on pages 50 to 92 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2009

(a) THE GROUP

	Notes	Share Capital Rs'000	Fair Value Reserve Rs'000	Other Reserves Rs'000	Proprietors' Fund Rs'000	Retained Earnings Rs'000	Total Rs'000	Minority Interest Rs'000	Total Equity Rs'000
		(Attributable to owners of the parent)							
Balance at January 1, 2009		**35,857**	**64,290**	**48,155**	**60,125**	**556,181**	**764,608**	**61,299**	**825,907**
Total comprehensive income for the year:									
Profit for the year		**-**	**-**	**-**	**-**	**172,820**	**172,820**	**20,903**	**193,723**
Other comprehensive income:									
- Net movement in fair value changes of available-for-sale financial assets	**9**	**-**	**62,493**	**-**	**-**	**-**	**62,493**	**-**	**62,493**
- Release on disposal of available-for-sale financial assets	**9**	**-**	**(18,570)**	**-**	**-**	**-**	**(18,570)**	**-**	**(18,570)**
- Net movement for the year		**-**	**-**	**13,024**	**(30,172)**	**-**	**(17,148)**	**(21,358)**	**(38,506)**
Dividends	**24**	**-**	**-**	**-**	**-**	**(50,199)**	**(50,199)**	**-**	**(50,199)**
Balance at December 31, 2009		**35,857**	**108,213**	**61,179**	**29,953**	**678,802**	**914,004**	**60,844**	**974,848**
Balance at January 1, 2008									
- As previously stated		35,857	170,258	78,431	(12,926)	498,761	770,381	22,890	793,271
Reinsurers' balances adjustment		-	-	-	-	(26,530)	(26,530)	-	(26,530)
- As restated		35,857	170,258	78,431	(12,926)	472,231	743,851	22,890	766,741
Total comprehensive income for the year:									
Profit for the year		-	-	-	-	126,978	126,978	16,154	143,132
Other comprehensive income:									
- Net movement in fair value changes of available-for-sale financial assets	9	-	(98,303)	-	-	-	(98,303)	-	(98,303)
- Release on disposal of available-for-sale financial assets	9	-	(7,665)	-	-	-	(7,665)	-	(7,665)
- Net movement for the year		-	-	(30,276)	73,051	-	42,775	22,255	65,030
Dividends	24	-	-	-	-	(43,028)	(43,028)	-	(43,028)
Balance at December 31, 2008		35,857	64,290	48,155	60,125	556,181	764,608	61,299	825,907

The notes on pages 50 to 92 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

statements of changes in equity (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

(b) THE COMPANY

	Notes	Share Capital Rs'000	Fair Value Reserve Rs'000	Other Reserves Rs'000	Retained Earnings Rs'000	Total Equity Rs'000
Balance at January 1, 2009		**35,857**	**64,290**	**28,719**	**541,804**	**670,670**
Total comprehensive income for the year:						
Profit for the year		**-**	**-**	**-**	**166,985**	**166,985**
Other comprehensive income:						
- Net movement in fair value changes of available-for-sale financial assets	**9**	**-**	**62,493**	**-**	**-**	**62,493**
- Release on disposal of available-for-sale financial assets	**9**	**-**	**(18,570)**	**-**	**-**	**(18,570)**
- Net movement for the year		**-**	**-**	**-**	**-**	**-**
Dividends	**24**	**-**	**-**	**-**	**(50,199)**	**(50,199)**
Balance at December 31, 2009		**35,857**	**108,213**	**28,719**	**658,590**	**831,379**
Balance at January 1, 2008						
- As previously stated		35,857	170,258	39,288	487,605	733,008
Reinsurers' balances adjustment		-	-	-	(26,530)	(26,530)
- As restated		35,857	170,258	39,288	461,075	706,478
Total comprehensive income for the year:						
Profit for the year		-	-	-	123,757	123,757
Other comprehensive income:						
- Net movement in fair value changes of available-for-sale financial assets	9	-	(98,303)	-	-	(98,303)
- Release on disposal of available-for-sale financial assets	9	-	(7,665)	-	-	(7,665)
- Net movement for the year		-	-	(10,569)	-	(10,569)
Dividends	24	-	-	-	(43,028)	(43,028)
Balance at December 31, 2008		35,857	64,290	28,719	541,804	670,670

The notes on pages 50 to 92 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

cash flow statements

FOR THE YEAR ENDED DECEMBER 31, 2009

		THE GROUP		THE COMPANY	
	Notes	2009	2008	2009	2008
		Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities					
Cash from operations	26(a)	98,181	114,998	82,961	93,964
Tax paid		(28,003)	(2,583)	(27,202)	(2,567)
Net cash generated from operating activities		70,178	112,415	55,759	91,397
Cash flows from investing activities					
Purchase of property and equipment	5	(1,474)	(5,559)	(1,474)	(5,494)
Purchase of intangible assets		(18,447)	-	(18,447)	-
Disposal proceeds of property and equipment		768	1,359	768	1,359
Acquisition of interest in Joint Venture		(500)	-	(500)	-
Purchase of financial assets	9	(56,718)	(161,199)	(56,718)	(161,199)
Disposal/maturity of financial assets	9	58,778	89,329	58,778	89,329
Loans granted	10	(4,427)	(13,067)	(4,427)	(13,067)
Loans recovered	10	7,129	6,727	7,129	6,727
Investment income received		80,944	71,775	80,944	71,775
Net cash generated from/(used in) investing activities		66,053	(10,635)	66,053	(10,570)
Cash flows from financing activities					
Dividends paid to Company's shareholders	24	(50,199)	(43,028)	(50,199)	(43,028)
Dividends paid to minority interest	16	(15,088)	(14,999)	-	-
Net cash used in financing activities		(65,287)	(58,027)	(50,199)	(43,028)
Increase in cash and cash equivalents		70,944	43,753	71,613	37,799
Movement in cash and cash equivalents					
At January 1,		294,201	242,615	287,414	241,780
Increase		70,944	43,753	71,613	37,799
Effect of foreign exchange rate changes	15/22	(6,018)	7,833	(5,537)	7,835
At December 31,	26(b)	359,127	294,201	353,490	287,414

The notes on pages 50 to 92 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2009

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) available-for-sale financial assets are stated at their fair values; and
(ii) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

Amendments to published standards, Standards and Interpretations effective in the reporting period

IFRIC 13, 'Customer Loyalty Programmes (effective July 1, 2008)' clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. This IFRIC will not have any impact on the Group's/Company's financial statements.

Amendments to IAS 39 and IFRS 7 Reclassification of Financial Assets (effective July 1, 2008) permit an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendments also permit an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendments will not have any impact on the Group's/Company's financial statements.

IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation', clarifies that the net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group.

IAS 1, 'Presentation of Financial Statements' (Revised 2007), prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in either one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IAS 23, 'Borrowing Costs' (Revised 2007), requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. This IAS is currently not applicable to the Group/Company as there are no qualifying assets.

IFRS 8, 'Operating Segments', requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

Amendments to IAS 32 and IAS 1 ‘Puttable financial instruments and obligations arising on liquidation’, require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The amendment is not expected to have any impact on the Group’s/Company’s financial statements.

Amendments to IFRS 2 ‘Vesting conditions and cancellations’, clarify that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is not expected to have any impact on the Group’s/Company’s financial statements.

Amendments to IFRS 7 ‘Improving Disclosures about Financial Instruments’, requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IFRIC 15, ‘Agreements for the Construction of Real Estate’, clarifies whether IAS 18, ‘Revenue’, or IAS 11, ‘Construction contracts’, should be applied to particular transactions. IFRIC 15 is not relevant to the Group’s/Company’s operations as all revenue transactions are accounted under IAS 18 and not IAS 11.

Improvements to IFRSs (issued 22 May 2008)

IAS 1 (Amendment), ‘Presentation of Financial Statements’, clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, ‘Financial instruments: Recognition and measurement’, are examples of current assets and liabilities respectively. This amendment is not expected to have any impact on the Group’s/Company’s financial statements.

IAS 8 (Amendment), ‘Accounting Policies, Changes in Accounting Estimates and Errors’ clarifies that application of the guidance issued with IFRSs that is not an integral part of the Standard is not mandatory in selecting and applying accounting policies. This amendment is unlikely to have an impact on the Group’s/Company’s financial statements.

IAS 10 (Amendment), ‘Events after the Reporting Period’ reinforces the clarification of the explanation as to why a dividend declared after the reporting period does not result in the recognition of a liability.

IAS 16 (Amendment), ‘Property, Plant and Equipment’ requires entities whose ordinary activities comprise renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and transfer the carrying amount of the asset to inventories when the asset becomes held for sale. Consequential amendment to IAS 7 requires that cash flows arising from purchase, rental and sale of those assets to be classified as cash flows from operating activities. The amendment will not have an impact on the Group’s/Company’s operations.

IAS 18 (Amendment), ‘Revenue’, removes the inconsistency between IAS 39 and the guidance in IAS 18 relating to the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest rate.

IAS 19 (Amendment), ‘Employee Benefits’, clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

IAS 20 (Amendment), ‘Government Grants and Disclosure of Government Assistance’, clarifies that the benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, ‘Financial instruments: Recognition and measurement’, and the proceeds received with the benefit accounted for in accordance with IAS 20. This amendment will not have an impact on the Group’s/Company’s operations.

IAS 23 (Amendment), 'Borrowing Costs', has amended the definition of borrowing costs so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This amendment is currently not applicable to the Group/Company as there are no qualifying assets.

IAS 27 (Amendment), 'Consolidated and Separate Financial Statements', requires an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', and is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued operations', to continue to apply IAS 39. The amendment will not have an impact on the Group's/Company's operations.

IAS 28 (Amendment), 'Investments in Associates' clarifies that an investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. Where an investment is an investment in an associate that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', only certain rather than all disclosure requirements in IAS 28 need to be made. This amendment will not have an impact on the Group's/Company's operations.

IAS 29 (Amendment), 'Financial Reporting in Hyperinflationary Economies', has amended the guidance to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have an impact on the Group's/Company's operations.

IAS 31 (Amendment), 'Interests in Joint Ventures', requires where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made. The amendment will not have an impact on the Group's/Company's operations.

IAS 34 (Amendment), 'Interim Financial Reporting', clarifies that the presentation of basic and diluted earnings per share in interim financial reports is required only when the entity is within the scope of IAS 33.

IAS 36 (Amendment), 'Impairment of Assets', clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.

IAS 38 (Amendment), 'Intangible Assets', clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Advertising and promotional activities includes mail order catalogues.

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement', clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used. The amendment will not have an impact on the Group's/Company's operations.

IAS 40 (Amendment), 'Investment Property', clarifies that property under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment will not have an impact on the Group's/Company's operations, as there are no investment properties held by the Group/Company.

IAS 41 (Amendment), 'Agriculture', requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment replaces the terms 'point-of sale costs' and 'estimated point-of-sale costs' with 'costs to sell'. The amendment will not have an impact on the Group's/Company's operations, as no agricultural activities are undertaken.

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', clarifies that interest income is not a component of finance costs.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2010 or later periods, but which the Group/Company has not early adopted.

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

Amendments to IFRIC 9 and IAS 39 Embedded Derivatives
IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
IFRS 3 Business Combinations (Revised 2008)
Amendments to IAS 39 Eligible hedged items
Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary
IFRIC 17 Distributions of Non-cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers
Amendments to IFRS 1 Additional Exemptions for First-time Adopters
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions
Classification of Rights Issues (Amendment to IAS 32)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IAS 24 Related Party Disclosures (Revised 2009)
IFRS 9 Financial Instruments

Improvements to IFRSs (issued 22 May 2008)

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Improvements to IFRSs (issued 16 April 2009)

IFRS 2 Share-based Payment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
IFRS 8 Operating Segments
IAS 1 Presentation of Financial Statements
IAS 7 Statement of Cash Flows
IAS 17 Leases
IAS 18 Revenue
IAS 36 Impairment of Assets
IAS 38 Intangible Assets
IAS 39 Financial Instruments: Recognition and Measurement
IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 16 Hedges of a Net Investment in a Foreign Operation

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

(b) Property and equipment

All property and equipment is stated at historical cost/deemed cost less depreciation. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item is expected and the cost of the item can be measured reliably.

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

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

Land is not depreciated.

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

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

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

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

(c) Intangible assets

Intangible assets consist of purchased goodwill in respect of customer portfolio purchased from agents who ceased their activities, of computer softwares and of development and other costs incurred by the company.

Intangible assets are shown at historical cost, have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the assets' estimated useful lives of three (3) to five (5) years.

(d) Impairment of assets

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

(e) Investment in subsidiaries

(i) <u>Separate financial statements</u>
In the separate financial statements of the Company, investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

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

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

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

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

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

(f) Investment in associates

Consolidated financial statements
An associate is an entity over which the Group has significant influence but not control, or joint control. Investments in associates are accounted for by the equity method. Investments is associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

(g) Investment in joint venture

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

(h) Financial assets

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

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

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

(iii) Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date. Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recorded at fair value plus transaction costs.

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

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

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

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and net assets basis.

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

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

(iv) Trade and other receivables and payables

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

(i) Trade and other receivables

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

(ii) Trade and other payables

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

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

(v) Cash and cash equivalents

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

(i) Deferred income tax

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

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

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

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

(j) Life Assurance Fund

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

(ii) Linked Account
Earmarked assets in respect of segregated funds are assigned in the Life Assurance Fund - Linked account within the Life Assurance Fund of the subsidiary - The Anglo-Mauritius Assurance Society Limited.

(k) Insurance Contracts

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

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

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

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

(l) Revenue Recognition - Premiums Earned

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

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

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

(m) Reinsurance Contracts

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

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

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

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

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

(n) Short term insurance

(i) Unearned premiums
The provision for unearned premiums represents the proportion of written premiums relating to periods of insurance risks subsequent to the balance sheet date calculated on a daily pro-rata basis (365th method). The change in this provision is taken to the Income Statement.

(ii) Claims expenses and outstanding claims provisions
Claims expenses are charged to the Income Statement as incurred based on the estimated liability for compensation owed to contract holders or third parties.

Outstanding claims provisions are made up of:
(a) provisions for claims incurred but not reported (IBNR) and
(b) the net estimated costs of claims admitted or intimated but not yet settled at balance sheet date.

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

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

(o) Retirement benefit obligations

(i) Defined Benefit Plan

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

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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

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

(ii) Defined Contribution Plan

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

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

(iii) The Subsidiary

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

(iv) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when they are demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. .

(p) Other revenues

Other revenues earned by the Group are recognised on the following bases:
• Interest income - as it accrues unless collectibility is in doubt.
• Dividend income - when the shareholder's right to receive payment is established.
• Commission receivable - as it accrues in accordance with the substance of the relevant agreements.

(q) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement or the Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance

Society Limited). Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

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

(iii) Group companies
The results and financial position of the subsidiary, Swan International Co. Limited, holding a Global Business 1 Licence (GBL 1),which has a functional currency different from that of the presentation currency of the Company, are translated as follows:
(a) assets and liabilities are translated at the closing balance sheet date rate;
(b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(c) the resulting exchange differences are recognised in the 'Translation Reserve', as a separate component of equity.

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

(r) Provisions

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

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

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

3.1 Insurance risk

Short term insurance

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

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

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

Insurance contracts

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

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

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

(ii) Concentration of insurance risk

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

	Outstanding claims					
	2009			2008		
Class of Business	No. of Claims	Gross	Net	No. of claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	163	26,757	7,132	155	23,899	4,065
Motor	2,582	99,269	94,926	3,015	89,733	81,655
Health	411	8,548	2,156	813	15,822	4,436
Others	710	94,038	33,362	708	151,533	35,507
	3,866	228,612	137,576	4,691	280,987	125,663
IBNR			21,500			21,500
			159,076			147,163

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

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

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

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

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

(iv) Claims development table

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

	2005	2006	2007	2008	**2009**	**TOTAL**
	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**	**Rs'000**
GROSS						
Estimate of ultimate claim costs:						
- At end of claim year	59,876	80,518	307,359	152,992	**122,495**	**723,240**
- one year later	16,642	24,148	58,146	19,225	**-**	**118,161**
- two years later	11,323	22,766	33,545	-	**-**	**67,634**
- three years later	9,934	14,225	-	-	**-**	**24,159**
- four years later	9,627	-	-	-	**-**	**9,627**
Current estimate of cumulative claims	255,687	328,540	638,123	417,263	**447,011**	**2,086,624**
Less Cumulative payments to date	246,060	314,315	604,578	398,038	**324,515**	**1,887,506**
Liability recognised in the Balance Sheet	9,627	14,225	33,545	19,225	**122,496**	**199,118**
Liability in respect of prior years						**29,494**
						228,612

	2005	2006	2007	2008	**2009**	**TOTAL**
	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**	**Rs'000**
NET						
Estimate of ultimate claim costs:						
- At end of claim year	33,070	54,281	66,914	54,524	**74,974**	**283,763**
- one year later	11,921	19,363	23,355	13,456	**-**	**68,095**
- two years later	9,028	18,784	12,424	-	**-**	**40,236**
- three years later	7,786	12,039	-	-	**-**	**19,825**
- four years later	7,487	-	-	-	**-**	**7,487**
Current estimate of cumulative claims	158,770	219,929	250,139	209,036	**233,905**	**1,071,779**
Less Cumulative payments to date	151,283	207,890	237,715	195,580	**158,931**	**951,399**
Liability recognised in the Balance Sheet	7,487	12,039	12,424	13,456	**74,974**	**120,380**
Liability in respect of prior years						**17,196**
						137,576
IBNR						**21,500**
Net liability at year end (notes 20/27(a))						**159,076**

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

3.2 Financial risk

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

The most important components of this financial risk are :

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

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

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

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

3.2.1 Market risk

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

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

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

(i) Currency risk

The Group purchases reinsurance contracts internationally, thereby being exposed to foreign currency fluctuations.

The Group's primary exposures are with respect to the Euro, US Dollar and UK pound sterling.

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

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

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

The Group's financial assets and financial liabilities by currency is detailed below :

		Equivalent in Rs.			
At December 31, 2009	**Rs.**	**GBP**	**USD**	**Euro**	**Total**
Assets:					
Non-current assets					
- Financial assets :					
• Held-to-Maturity	**80,335**	**-**	**-**	**-**	**80,335**
• Available-for-sale	**135,091**	**-**	**181,110**	**41,025**	**357,226**
• Loans and receivables	**74,989**	**-**	**-**	**-**	**74,989**
- Other non-current assets	**168,294**	**-**	**-**	**-**	**168,294**
Current assets					
- Financial assets :					
• Held-to-Maturity	**18,569**	**-**	**-**	**-**	**18,569**
• Available-for-sale	**-**	**-**	**-**	**-**	**-**
• Loans and receivables	**1,964**	**-**	**-**	**-**	**1,964**
- Trade and other receivables	**718,412**	**-**	**-**	**-**	**718,412**
- Bank balances, deposits and cash	**294,048**	**45**	**2,086**	**62,948**	**359,127**
TOTAL ASSETS	**1,491,702**	**45**	**183,196**	**103,973**	**1,778,916**
Liabilities:					
- Technical Provisions :					
• Gross unearned premiums	**424,147**	**-**	**-**	**-**	**424,147**
• Outstanding claims and IBNR	**250,112**	**-**	**-**	**-**	**250,112**
- Non-current liabilities	**39,165**	**-**	**-**	**-**	**39,165**
- Current liabilities	**90,644**	**-**	**-**	**-**	**90,644**
TOTAL LIABILITIES	**804,068**	**-**	**-**	**-**	**804,068**

		Equivalent in Rs.			
At December 31, 2008	Rs.	GBP	USD	Euro	Total
Assets:					
Non-current assets					
- Financial assets :					
• Held-to-Maturity	98,903	-	-	-	98,903
• Available-for-sale	120,520	-	116,691	48,249	285,460
• Loans and receivable	78,475	-	-	-	78,475
- Other non-current assets	128,958	-	-	-	128,958
Current assets					
- Financial assets :					
• Held-to-Maturity	9,891	-	-	-	9,891
• Available-for-sale	-	-	-	-	-
• Loans and receivable	2,497	-	-	-	2,497
- Trade and other receivables	788,792	-	-	-	788,792
- Bank balances, deposits and cash	214,546	23	43,158	36,474	294,201
TOTAL ASSETS	1,442,582	23	159,849	84,723	1,687,177
Liabilities:					
- Technical Provisions :					
• Gross unearned premiums	376,540	-	-	-	376,540
• Outstanding claims and IBNR	302,487	-	-	-	302,487
- Non-current liabilities	31,934	-	-	-	31,934
- Current liabilities	150,309	-	-	-	150,309
TOTAL LIABILITIES	861,270	-	-	-	861,270

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

Sensitivity

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

	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results :						
• At December 31, 2009						
- Financial assets	**-**	**-**	**9,055**	**(9,055)**	**2,051**	**(2,051)**
- Bank balances and deposits	**2**	**(2)**	**104**	**(104)**	**3,147**	**(3,147)**
• At December 31, 2008						
- Financial assets	-	-	6,085	(6,085)	2,158	(2,158)
- Bank balances and deposits	1	(1)	2,158	(2,158)	1,824	(1,824)

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

(ii) Interest rate risk

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

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

Sensitivity

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

	Impact on results	
	+1%	-1%
At December 31, 2009	Rs'000	Rs'000
- Held-to-maturity investments	**113**	**(113)**
- Loans and receivables	**57**	**(57)**
- Bank balances and deposits	**129**	**(129)**
At December 31, 2008		
- Held-to-maturity investments	122	(122)
- Loans and receivables	61	(61)
- Bank balances and deposits	112	(112)

(iii) Equity price risk

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

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

Sensitivity

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

	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2009	Rs'm	Rs'm
- Available-for-sale financial assets	**36**	**(36)**
At December 31, 2008		
- Available-for-sale financial assets	28	(28)

3.2.2 Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Group's credit risk is primarily attributable to :

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

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

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

Reinsurance credit exposures

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

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

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

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

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

	Neither past due nor impaired	Financial assets that are past due but not impaired 1m-3m	3m-6m	6m-1yr	>1yr	Financial assets that have been impaired	Financial assets that have been written off	Carrying amount at year end
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2009								
- Financial assets	**456,130**	**-**	**-**	**-**	**-**	**-**	**-**	**456,130**
- Loans and receivables	**76,953**	**-**	**-**	**-**	**-**	**-**	**-**	**76,953**
- Trade and other receivables	**544,820**	**68,376**	**67,922**	**17,239**	**4,255**	**15,800**	**-**	**718,412**
2008								
- Financial assets	394,254	-	-	-	-	-	-	394,254
- Loans and receivables	80,972	-	-	-	-	-	-	80,972
- Trade and other receivables	637,573	61,641	57,616	17,883	5,279	8,800	-	788,792

3.2.3 Liquidity risk

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

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

3.2.4 Capital Management

The main objectives of the Company when managing capital are :

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

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

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

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

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

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

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

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

3.2.5 Fair value estimation

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Critical accounting estimates and assumptions

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

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

4.1 Insurance contracts

The uncertainty inherent in the financial statements of the Company arises principally in respect of the technical provisions. The technical provisions of the Company include Provision for Unearned Premiums and Outstanding claims (including IBNR).

(i) Estimates of future claims payments

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

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

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

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

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

(ii) Sensitivity

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

(iii) Uncertainties and judgements

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

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

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

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

4.2 Reinsurance

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

4.5 Impairment of other assets

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

4.6 Limitations of sensitivity analysis

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

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

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

5. PROPERTY AND EQUIPMENT

THE GROUP 2009	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST/DEEMED COST					
At January 1, 2009	86,391	23,597	22,386	59,554	191,928
Additions	-	-	503	971	1,474
Disposals	-	(3,386)	-	(39)	(3,425)
At December 31, 2009	86,391	20,211	22,889	60,486	189,977
DEPRECIATION					
At January 1, 2009	12,096	14,286	19,937	53,778	100,097
Charge for the year	1,728	2,395	500	2,433	7,056
Disposal adjustment	-	(3,386)	-	(39)	(3,425)
At December 31, 2009	13,824	13,295	20,437	56,172	103,728
NET BOOK VALUE					
At December 31, 2009	72,567	6,916	2,452	4,314	86,249

THE GROUP 2008	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST/DEEMED COST					
At January 1, 2008	86,391	26,817	21,530	57,769	192,507
Additions	-	2,841	856	1,862	5,559
Disposals	-	(6,061)	-	(77)	(6,138)
At December 31, 2008	86,391	23,597	22,386	59,554	191,928
DEPRECIATION					
At January 1, 2008	10,368	17,844	19,462	49,891	97,565
Charge for the year	1,728	2,177	475	3,927	8,307
Disposal adjustment	-	(5,735)	-	(40)	(5,775)
At December 31, 2008	12,096	14,286	19,937	53,778	100,097
NET BOOK VALUE					
At December 31, 2008	74,295	9,311	2,449	5,776	91,831

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY 2009	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2009	86,391	23,597	22,386	59,383	191,757
Additions	-	-	503	971	1,474
Disposals	-	(3,386)	-	(39)	(3,425)
At December 31, 2009	86,391	20,211	22,889	60,315	189,806
DEPRECIATION					
At January 1, 2009	12,096	14,288	19,937	53,738	100,059
Charge for the year	1,728	2,395	500	2,416	7,039
Disposal adjustment	-	(3,386)	-	(39)	(3,425)
At December 31, 2009	13,824	13,297	20,437	56,115	103,673
NET BOOK VALUE					
At December 31, 2009	72,567	6,914	2,452	4,200	86,133

THE COMPANY 2008	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2008	86,391	26,817	21,530	57,663	192,401
Additions	-	2,841	856	1,797	5,494
Disposals	-	(6,061)	-	(77)	(6,138)
At December 31, 2008	86,391	23,597	22,386	59,383	191,757
DEPRECIATION					
At January 1, 2008	10,368	17,846	19,462	49,868	97,544
Charge for the year	1,728	2,177	475	3,910	8,290
Disposal adjustment	-	(5,735)	-	(40)	(5,775)
At December 31, 2008	12,096	14,288	19,937	53,738	100,059
NET BOOK VALUE					
At December 31, 2008	74,295	9,309	2,449	5,645	91,698

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

6. INTANGIBLE ASSETS

THE GROUP AND THE COMPANY 2009	Goodwill	Computer Softwares	Department & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2009	5,463	-	-	5,463
Additions	-	3,457	14,990	18,447
At December 31, 2009	5,463	3,457	14,990	23,910
AMORTISATION				
At January 1, 2009	5,081	-	-	5,081
Charge for the year	382	1,152	2,998	4,532
At December 31, 2009	5,463	1,152	2,998	9,613
NET BOOK VALUE				
At December 31, 2009	-	2,305	11,992	14,297

THE GROUP AND THE COMPANY 2008	Goodwill
	Rs'000
COST	
At January 1, and December 31, 2008	5,463
AMORTISATION	
At January 1, 2008	4,699
Charge for the year	382
At December 31, 2008	5,081
NET BOOK VALUE	
At December 31, 2008	382

7. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) THE COMPANY

	2009			2008
	DEM Quoted	Unquoted	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, and December 31,	30,882	580	31,462	31,462

The market value of the subsidiary Company, The Anglo-Mauritius Assurance Society Limited based on the DEM bid price at December 31, 2009 amounted to **Rs. 550.1m** (2008: Rs.354.9m).

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

	Class of shares held	Stated Capital		Nominal Value of Investment		Swan Insurance Company Limited – Proportion of ownership interest and voting power held		Other Group Company – Proportion of ownership interest and voting power held		Main Business
		2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	
		Rs'000	Rs'000	**Rs'000**	Rs'000	**%**	%	**%**	%	
• The Anglo-Mauritius Assurance Society Limited	Ordinary	**25,000**	25,000	**30,882**	30,882	**70.99**	70.99	**-**	-	• Life assurance, pensions, actuarial and investment business
• Swan Group Corporate Services Limited	Ordinary	**1,000**	1,000	**500**	500	**50**	50	**50**	50	• Provide Secretarial services to Swan Group
• Manufacturers' Distributing Station Limited	Ordinary	**961**	961	**-**	-	**-**	-	**99.80**	99.80	• Invesment Company
• Pension Consultants and Administrators Limited	Ordinary	**4,100**	4,100	**-**	-	**-**	-	**100**	100	• Pension and fund administration
• The Anglo-Mauritius Financial Services Limited	Ordinary	**1,000**	1,000	**-**	-	-	-	**100**	100	• Fund management and investment consulting
• Société de La Croix	Parts	**2,500**	2,500	**-**	-	**-**	-	**100**	100	• Investment entity
• Société de La Montagne	Parts	**45,654**	45,654	**-**	-	**-**	-	**100**	100	• Investment entity
• Société de La Rivière	Parts	**2,500**	2,500	**-**	-	**-**	-	**100**	100	• Investment entity
• Swan International Co Ltd	Ordinary	**USD 7,000**	USD 7,000	**79**	79	**51**	51	**49**	49	• Reinsurance Brokers and Consultants

8. INVESTMENTS IN ASSOCIATED COMPANY AND JOINT VENTURE

	THE GROUP	
	2009	2008
	Rs'000	Rs'000
(a) Group's share of net assets in associated company		
At January 1	**35,323**	54,171
Share of results of associated company	**7,677**	4,982
Dividends	**(6,391)**	(1,942)
Other equity movements	**4,011**	-
Exchange difference	**23,128**	(21,888)
At December 31,	**63,748**	35,323

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

Name	Year end	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest and voting rights (Indirect)
		Rs '000	Rs '000	Rs '000	Rs '000	%
2009						
State Assurance Co. Ltd (SACL)	**31 December**	**614,712**	**268,585**	**183,788**	**42,345**	**18.13%**
2008						
State Assurance Co. Ltd (SACL)	31 December	886,304	684,880	112,112	27,479	18.13%

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

	THE GROUP	
	2009	2008
	Rs'000	Rs'000
(b) Group's share of net assets in joint venture		
At January 1,	**-**	-
Acquisition of interests	**500**	-
Share of results	**(214)**	-
Dividends	**-**	-
At December 31,	**286**	-

The Group's interest in the joint venture was as follows:

Name	Year end	Current Assets	Current Liabilities	Revenues	Expenses	Proportion of ownership interest and voting rights (Direct)
		Rs '000	Rs '000	Rs '000	Rs '000	%
2009						
Processure Compagnie Limitée	**31 December**	**994**	**423**	**1,297**	**(1,725)**	**50.00%**

Processure Compagnie Limitée is an entity jointly controlled by Swan Insurance Company Limited and Tessi S.A, a company incorporated in France. Processure Compagnie Limitée was incorporated in Mauritius on March 10, 2009.

9. FINANCIAL ASSETS

	2009								2008
	Held-to-maturity			Available-for-sale					
					DEM				
	Listed	Unquoted	Total	Listed	Quoted	Unquoted	Total	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) THE GROUP AND THE COMPANY									
At January 1,	9,891	98,903	**108,794**	187,127	9,643	88,690	**285,460**	**394,254**	434,569
Additions	-	-	**-**	56,718	-	-	**56,718**	**56,718**	161,199
Movement in fair value	-	-	**-**	46,088	2,375	(4,540)	**43,923**	**43,923**	(116,539)
Disposals	(9,891)	-	**(9,891)**	(1,655)	-	(27,219)	**(28,874)**	**(38,765)**	(84,942)
Accrued interest	-	-	**-**	-	-	-	**-**	**-**	(33)
At December 31,	**-**	**98,903**	**98,903**	**288,278**	**12,018**	**56,931**	**357,227**	**456,130**	394,254
Analysed as follows :									
Non-current								**437,561**	384,363
Current								**18,569**	9,891
								456,130	394,254
Disposal proceeds								**58,778**	89,329

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

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

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

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

10. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
At January 1,	**80,972**	75,173
Mortgage loans granted	**4,427**	13,067
Mortgage loans recovered	**(7,129)**	(6,727)
Accrued interest	**(1,317)**	(541)
At December 31,	**76,953**	80,972
Analysed as follows :		
Non-current	**74,989**	78,475
Current	**1,964**	2,497
	76,953	80,972

10. LOANS AND RECEIVABLES (CONT'D)

(a) The rates of interest on the above loans vary between 7% and 12.75% for 2009 and 2008.
(b) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.
(c) At December 31, 2009 and 2008, there were no overdue loans and receivables and no impairment provision made in respect of loans and receivables as these are fully secured.
(d) Currency analysis of loans and receivables is disclosed in note 3.2.1.
(e) The ageing of loans and receivables is disclosed in note 3.2.2.
(f) The fair value of loans and receivables approximate their amortised cost.

11. DEFERRED TAX ASSETS

(a) Deferred taxes are calculated on all temporary differences under the liability method at 15% (2008: 15%)
The movement on deferred tax account is as follows:

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
At January 1,	**1,422**	2,773
Income Statement charge (note 19)	**2,292**	(1,351)
At December 31,	**3,714**	1,422

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

The following amounts are shown in the Balance Sheets:

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
Deferred tax assets	**5,863**	4,781
Deferred tax liabilities	**(2,149)**	(3,359)
Net deferred tax assets	**3,714**	1,422

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

	THE GROUP AND THE COMPANY		
	At January 1, 2009	(Charged)/ Credited to Income Statement	**At December 31, 2009**
	Rs'000	Rs'000	**Rs'000**
Deferred tax assets			
Retirement benefit obligations	**4,781**	1,082	**5,863**
Deferred tax liabilities			
Accelerated tax depreciation	**(543)**	402	**(141)**
Unrealised exchange gain	**(2,816)**	808	**(2,008)**
	(3,359)	1,210	**(2,149)**
Net deferred tax assets	**1,422**	**2,292**	**3,714**

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
• Due from contract holders	**146,121**	141,583	**146,121**	141,583
• Due from brokers and agents	**112,141**	78,453	**112,141**	78,453
Less impairment provision	**(15,800)**	(8,800)	**(15,800)**	(8,800)
• Due from reinsurers				
- share of claims (note 20)	**91,035**	155,324	**91,035**	155,324
- share of unearned premiums (note 20)	**208,058**	184,269	**208,058**	184,269
- commission and other receivables	**31,634**	6,938	**31,634**	6,938
Less amounts written off	**-**	-	**-**	-
• Due on portfolio transfers (note 18)	**-**	66,773	**-**	66,773
• Receivable from subsidiaries	**-**	-	**1,038**	1,315
• Prepayments	**1,077**	5,946	**1,077**	5,946
• Other receivables	**35,921**	13,634	**30,859**	9,396
	610,187	644,120	**606,163**	641,197
Share of Group's and minority's interest in Life Business Assets (note 13)	**108,225**	144,672	**-**	-
	718,412	788,792	**606,163**	641,197

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

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

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
At January 1,	**8,800**	10,061
Written off during the year	**-**	(10,061)
Impairment provision	**7,000**	8,800
At December 31,	**15,800**	8,800

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

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

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

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

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

13. LIFE BUSINESS ASSETS

	THE GROUP	
	2009	2008
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	**128,382**	150,460
Investment property	**416,286**	402,726
Intangible assets	**43,865**	24,738
Investment in associated company	**63,748**	35,323
Investment in financial assets	**12,184,890**	8,746,049
Loans and receivables	**2,149,335**	2,252,940
	14,986,506	11,612,236
Current assets		
Trade and other receivables	**193,255**	149,751
Financial assets	**1,877,950**	2,020,756
Loans and receivables	**259,998**	277,872
Short term deposits	**1,444,910**	1,848,701
Cash in hand and at bank	**80,608**	140,802
	3,856,721	4,437,882
Current liabilities		
Trade and other payables	**128,891**	105,413
Gross Outstanding claims	**13,982**	21,286
Current tax liabilities	**8,564**	8,149
	151,437	134,848
Non current liabilities		
Retirement benefit obligations	**76,240**	68,981
Deferred tax liabilities	**189**	240
	76,429	69,221
	18,615,361	15,846,049
Less share of Group's and minority interest's (note 12)	**(108,225)**	(144,672)
Policyholders' share - Life Assurance Fund	**18,507,136**	15,701,377

14. SHARE CAPITAL

	2009 & 2008
	Rs'000
Authorised	
9,600,000 ordinary shares of Rs.5 each	48,000
Issued and fully paid	
7,171,346 ordinary shares of Rs.5 each	35,857

15. RESERVES

Reserves are analysed as follows:

(a) THE GROUP

	Fair Value Reserve Rs'000	Other Reserve Rs'000	Translation Reserve Rs'000	Proprietors' Fund Rs'000	Retained Earnings Rs'000	Total Rs'000
Balance at January 1, 2009	**64,290**	**48,037**	**118**	**60,125**	**556,181**	**728,751**
Fair value changes on available-for-sale financial assets	**62,493**	**-**	**-**	**-**	**-**	**62,493**
Release from fair value reserve	**(18,570)**	**-**	**-**	**-**	**-**	**(18,570)**
Movement for the year	**-**	**13,024**	**-**	**(30,172)**	**-**	**(17,148)**
Profit for the year	**-**	**-**	**-**	**-**	**172,820**	**172,820**
Dividend	**-**	**-**	**-**	**-**	**(50,199)**	**(50,199)**
Balance at December 31, 2009	**108,213**	**61,061**	**118**	**29,953**	**678,802**	**878,147**
Balance at January 1, 2008						
- As previously stated	170,258	78,313	118	(12,926)	498,761	734,524
Reinsurers' balances adjustment	-	-	-	-	(26,530)	(26,530)
- As restated	170,258	78,313	118	(12,926)	472,231	707,994
Fair value changes on available-for-sale financial assets	(98,303)	-	-	-	-	(98,303)
Release from fair value reserve	(7,665)	-	-	-	-	(7,665)
Movement for the year	-	(30,276)	-	73,051	-	42,775
Profit for the year	-	-	-	-	126,978	126,978
Dividend	-	-	-	-	(43,028)	(43,028)
Balance at December 31, 2008	**64,290**	**48,037**	**118**	**60,125**	**556,181**	**728,751**

(b) THE COMPANY

	Fair Value Reserve Rs'000	Other Reserve Rs'000	Retained Earnings Rs'000	Total Rs'000
Balance at January 1, 2009	**64,290**	**28,719**	**541,804**	**634,813**
Fair value changes of available-for-sale financial assets	**62,493**	**-**	**-**	**62,493**
Release from fair value reserve	**(18,570)**	**-**	**-**	**(18,570)**
Movement for the year	**-**	**-**	**-**	**-**
Profit for the year	**-**	**-**	**166,985**	**166,985**
Dividend	**-**	**-**	**(50,199)**	**(50,199)**
Balance at December 31, 2009	**108,213**	**28,719**	**658,590**	**795,522**
Balance at January 1, 2008				
- As stated previously	170,258	39,288	487,605	697,151
Reinsurers' balances adjustment	-	-	(26,530)	(26,530)
- As restated	170,258	39,288	461,075	670,621
Fair value changes of available-for-sale financial assets	(98,303)	-	-	(98,303)
Release from fair value reserve	(7,665)	-	-	(7,665)
Movement for the year	-	(10,569)	-	(10,569)
Profit for the year	-	-	123,757	123,757
Dividend	-	-	(43,028)	(43,028)
Balance at December 31, 2008	**64,290**	**28,719**	**541,804**	**634,813**

16. MINORITY INTEREST

	THE GROUP	
	2009	2008
	Rs'000	Rs'000
At January 1,	**61,299**	22,890
Share of profit (page 45)	**20,903**	16,154
Share of dividend received (page 49/note 21)	**(15,088)**	(14,999)
Movement in Proprietors' Fund	**(6,270)**	37,254
	60,844	61,299

17. RETIREMENT BENEFIT OBLIGATIONS

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

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

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**97,570**	97,240	**97,216**	96,923
Fair value of plan assets	**(42,793)**	(47,546)	**(42,493)**	(47,291)
	54,777	49,694	**54,723**	49,632
Unrecognised actuarial losses	**(15,612)**	(17,759)	**(15,630)**	(17,759)
Liability in the balance sheet	**39,165**	31,934	**39,093**	31,872

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

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**97,240**	86,465	**96,923**	86,234
Current service cost	**3,985**	3,613	**3,952**	3,586
Interest cost	**9,329**	8,018	**9,295**	7,991
Actuarial (gains)/losses	**(3,241)**	13,271	**(3,211)**	13,239
Benefits paid	**(9,743)**	(14,126)	**(9,743)**	(14,126)
At December 31,	**97,570**	97,240	**97,216**	96,923

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

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**47,546**	49,730	**47,291**	49,487
Expected return on plan assets	**4,436**	4,003	**4,406**	3,978
Actuarial losses	**(1,903)**	(1,718)	**(1,889)**	(1,707)
Employer contributions	**3,547**	11,000	**3,515**	11,000
Scheme expenses	**(152)**	(415)	**(151)**	(414)
Cost of insuring risks benefits	**(938)**	(928)	**(936)**	(927)
Benefits paid	**(9,743)**	(14,126)	**(9,743)**	(14,126)
At December 31,	**42,793**	47,546	**42,493**	47,291

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**3,985**	3,613	**3,952**	3,586
Interest cost	**9,329**	8,018	**9,295**	7,991
Expected return on plan assets	**(4,436)**	(4,003)	**(4,406)**	(3,978)
Net actuarial losses recognised during the year	**810**	-	**808**	-
Scheme expenses	**152**	413	**151**	414
Cost of insuring risks benefits	**938**	928	**936**	927
Total, included in employee benefit expense (note 23)	**10,778**	8,968	**10,736**	8,939

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

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**31,934**	33,966	**31,872**	33,933
Total expenses as above	**10,778**	8,968	**10,736**	8,939
Employer contributions	**(3,547)**	(11,000)	**(3,515)**	(11,000)
At December 31,	**39,165**	31,934	**39,093**	31,872
Actual return on plan assets	**2,533**	2,285	**2,517**	2,271

(vii) The assets in the plan and the expected rate of return were:

	THE GROUP			
	2009		2008	
	Rs'000	**%**	Rs'000	%
Local Equities	**16,047**	**13%**	17,830	13%
Overseas Equities	**9,628**	**13%**	10,698	13%
Fixed Interest	**14,978**	**10%**	16,641	10%
Properties	**2,140**	**8%**	2,378	8%
Total Market value of assets	**42,793**		47,546	

	THE COMPANY			
	2009		2008	
	Rs'000	**%**	Rs'000	%
Local Equities	**15,935**	**13%**	17,734	13%
Overseas Equities	**9,561**	**13%**	10,641	13%
Fixed Interest	**14,872**	**10%**	16,552	10%
Properties	**2,125**	**8%**	2,365	8%
Total Market value of assets	**42,493**		47,291	

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

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(ix) Expected contributions to post-employment benefit plans for the year ending December 31, 2010 are Rs. 11m.

(x) Amounts for the current year and previous two years for the Company are as follows:

	2009	2008	2007
	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	97,216	96,923	86,234
Fair value of plan assets	(42,493)	(47,291)	(49,487)
Deficit	54,723	49,632	36,747
Experience adjustments on plan liabilities	(3,211)	13,239	(8,197)
Experience adjustments on plan assets	(1,890)	(1,707)	686

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

	THE GROUP AND THE COMPANY	
	2009	2008
	%	%
Discount rate	10.00	10.00
Expected return on plan assets	10.50	10.50
Future salary increases	8.00	8.00
Future pension increases	-	-

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000
Due on portfolio transfers (note 12 & 18(c))	-	66,773	-	66,773
Reinsurance liabilities	29,603	31,029	29,603	31,029
Accrued expenses	2,999	2,913	2,999	2,913
Amount payable to subsidiary company	-	-	16,782	9,072
Other payables	48,001	33,430	24,694	21,347
	80,603	134,145	74,078	131,134

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

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

(c) The amount due on Portfolio transfers is nil following a change in the "Treaty Year" of the company from December to September.

19. INCOME TAX

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000
Current tax liabilities				
Balance at January 1,	16,164	3,455	16,098	3,439
Amount paid during the year	(15,249)	(2,450)	(15,235)	(2,434)
Current tax on the adjusted profit for the year at 15% (2008:15%)	22,053	15,922	21,258	15,856
Payment under Advance Payment System (APS)	(11,905)	-	(11,898)	-
Tax deducted at source	(847)	(133)	(67)	(133)
Overprovision in previous year	(175)	(630)	(123)	(630)
Balance at December 1,	10,041	16,164	10,033	16,098
Income Statement Charge				
Current tax on the adjusted profit for the year at 15% (2008:15%)	22,053	15,922	21,258	15,856
Deferred tax (note 11)	(2,292)	1,351	(2,292)	1,351
Overprovision in previous year	(123)	(630)	(123)	(630)
	19,638	16,643	18,843	16,577

19. INCOME TAX (CONT'D)

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

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**213,361**	159,775	**185,828**	140,334
Tax calculated at rate of 15% (2008:15%)	**32,005**	23,966	**27,874**	21,050
Income not subject to tax	**(13,438)**	(8,414)	**(10,247)**	(6,163)
Expenses not deductible for tax purposes	**2,345**	2,468	**1,339**	2,320
Share of results of associate	**(1,151)**	(747)	**-**	-
Overprovision in previous year	**(123)**	(630)	**(123)**	(630)
Tax charge for the year	**19,638**	16,643	**18,843**	16,577

20. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
Gross		
- Claims reported and loss adjustment expenses	**228,612**	280,987
- Unearned premiums (page 44/note 27(b))	**424,147**	376,540
Total gross insurance liabilities	**652,759**	657,527
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses (note 12)	**91,035**	155,324
- Unearned premiums (notes 12,27(b))	**208,058**	184,269
Total reinsurers' share of insurance liabilities	**299,093**	339,593
Net		
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 27(a))	**137,576**	125,663
- Unearned premiums (note 27(b))	**216,089**	192,271
	353,665	317,934
IBNR		
Claims incurred but not yet reported (IBNR) (note 27(a))	**21,500**	21,500
Total net insurance liabilities	**375,165**	339,434

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

21. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income				
- Quoted	**566**	1,587	**566**	1,587
- Unquoted	**30,634**	32,719	**30,634**	32,719
	31,200	34,306	**31,200**	34,306
Investment income:				
- Dividend income				
• Listed	**9,265**	3,996	**9,265**	3,996
• DEM quoted	**52,223**	45,331	**37,135**	32,274
• Unquoted	**2,026**	625	**2,026**	625
	63,514	49,951	**48,426**	36,894
	94,714	84,257	**79,626**	71,200
Total Investment income:				
Minority interest - dividend income	**15,088**	13,057	**-**	-
Interest and investment income	**79,626**	71,200	**79,626**	71,200
	94,714	84,257	**79,626**	71,200

22. OTHER INCOME

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit/(Loss) on disposal of available-for-sale financial assets	**1,442**	(3,279)	**1,442**	(3,279)
Release from fair value reserve	**18,570**	7,665	**18,570**	7,665
Profit on disposal of property and equipment	**768**	996	**768**	996
Others	**7,832**	3,948	**849**	1,375
	28,612	9,330	**21,629**	6,757
Rent	**687**	2,661	**687**	2,661
Net foreign exchange (losses)/gains	**(5,537)**	7,833	**(5,537)**	7,835
	(4,850)	10,494	**(4,850)**	10,496
Total	**23,762**	19,824	**16,779**	17,253

23. MARKETING AND ADMINISTRATIVE EXPENSES

(a) Marketing and administrative expenses include:

	THE COMPANY	
	2009	2008
	Rs'000	Rs'000
- Expenses in respect of Corporate Social Responsibility	**1,242**	-
- Internal auditors' fees	**523**	366
- Staff costs (see note (b) below)	**98,373**	92,792

(b) Analysis of staff costs

- Salaries and wages	**74,453**	68,707
- Retirement benefit obligation costs (note 17(v))	**10,736**	8,939
- Other costs	**13,184**	15,146
	98,373	92,792

24. DIVIDENDS PAID

	THE COMPANY	
	2009	2008
	Rs'000	Rs'000
Dividends paid amounted to Rs. 7.00 per ordinary share (2008: Rs.6.00 per ordinary share)	**50,199**	43,028

25. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
Earnings per share				
Profit attributable to equity holders of the Company (Rs'000)	**172,820**	126,978	**166,985**	123,757
Number of ordinary shares in issue	**7,171,346**	7,171,346	**7,171,346**	7,171,346
Basic earnings per share (Rs/cs)	**24.10**	17.71	**23.29**	17.26

26. NOTES TO THE CASH FLOW STATEMENTS

(a) Cash generated from operations

		THE GROUP		THE COMPANY	
	Notes	**2009**	2008	**2009**	2008
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation and minority interest		**192,458**	143,621	**185,828**	140,334
Adjustments for:					
Depreciation	5	**7,056**	8,307	**7,039**	8,290
Amortisation	6	**4,532**	382	**4,532**	382
Foreign exchange losses/(gains)	22	**5,537**	(7,833)	**5,537**	(7,835)
Profit on sale of property and equipment	22	**(768)**	(996)	**(768)**	(996)
Release from fair value reserve on disposal of financial assets	22	**(18,570)**	(7,665)	**(18,570)**	(7,665)
(Profit)/loss on disposal of financial assets	22	**(1,442)**	3,279	**(1,442)**	3,279
Investment income	21	**(79,626)**	(71,200)	**(79,626)**	(71,200)
Retirement benefit obligations	17(ii)	**7,231**	(2,031)	**7,221**	(2,061)
Minority interest (Dividend)	16	**20,903**	16,154	**-**	-
Change in Gross Unearned Premiums	20/27(b)	**47,607**	22,327	**47,607**	22,327
Share of results of associate		**(7,463)**	(4,982)	**-**	-
Changes in working capital:					
- Trade and other receivables		**37,589**	177,512	**35,034**	172,220
- Trade and other payables		**(64,488)**	(51,565)	**(57,056)**	(52,799)
- Outstanding claims		**(52,375)**	(110,312)	**(52,375)**	(110,312)
Cash generated from operating activities		**98,181**	114,998	**82,961**	93,964

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term deposits	**310,524**	282,908	**310,524**	282,908
Bank balances and cash	**48,603**	11,293	**42,966**	4,506
Cash and cash equivalents	**359,127**	294,201	**353,490**	287,414

The interest rates on short-term foreign deposits ranged from **0.79% to 4.65%** (2008: 0.78% to 4.66%) and on local deposits from **5.5% to 10%** (2008: average of 7.65% to 10%).

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

27. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

THE COMPANY

(a) Outstanding claims

	2009 Gross	2009 Reinsurance	2009 Net	2008 Gross	2008 Reinsurance	2008 Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	**280,987**	**(155,324)**	**125,663**	396,299	(275,753)	120,546
Increase in liabilities	**381,137**	**(167,961)**	**213,176**	411,838	(196,620)	215,218
Cash paid for claims settled in the year (Page 45)	**(433,512)**	**232,249**	**(201,263)**	(527,150)	317,049	(210,101)
	228,612	**(91,036)**	**137,576**	280,987	(155,324)	125,663
Incurred but not reported (IBNR) (note 20)			**21,500**			21,500
At December 31,			**159,076**			147,163

(b) Provision for unearned premiums

	2009 Gross	2009 Reinsurance	2009 Net	2008 Gross	2008 Reinsurance	2008 Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	**376,540**	**(184,269)**	**192,271**	354,213	(175,322)	178,891
Increase during the year	**47,607**	**(23,789)**	**23,818**	22,327	(8,947)	13,380
At December 31,(note 20)	**424,147**	**(208,058)**	**216,089**	376,540	(184,269)	192,271

28. COMMITMENTS

	THE GROUP 2009	THE GROUP 2008
	Rs'000	Rs'000
Outstanding commitments for loans, freehold properties and investments approved by the Board of Directors	**254,900**	254,200

29. SEGMENT INFORMATION - THE GROUP

(a) Primary reporting format-business segments

		General		2009
	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	1,475,053	662,044	427,994	2,565,091
Net earned premiums	1,401,043	330,505	102,625	1,834,173
Underwriting surplus	-	142,327	107,068	249,395
Investment income				94,714
Operating profit				344,109
Other income				23,762
				367,871
Marketing and Administrative expenses				(150,385)
Share of profit of Associate				7,463
Depreciation				(7,056)
Amortisation				(4,532)
Profit before taxation				213,361
Taxation				(19,638)
Profit for the year				193,723

			General		2009
	Life	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	18,507,136	449,436	139,554	1,188,312	20,284,438
Segment liabilities	(18,507,136)	(26,131)	(3,472)	(774,465)	(19,311,204)
Equity holders' interest					973,234
Capital expenditure	-	368	118	988	1,474
Depreciation	-	1,764	565	4,727	7,056
Amortisation	-	1,134	362	3,036	4,532

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

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

(a) Primary reporting format-business segments

		General		2008
	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	1,545,647	560,163	394,444	2,500,254
Net earned premiums	1,470,785	300,297	100,684	1,871,766
Underwriting surplus	-	110,541	92,671	203,212
Investment income				84,257
Operating profit				287,469
Other income				19,824
				307,293
Marketing and Administrative expenses				(143,811)
Share of profit of Associate				4,982
Depreciation				(8,307)
Amortisation				(382)
Profit before taxation				159,775
Taxation				(16,643)
Profit for the year				143,132

		General			2008
	Life	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	15,701,377	474,312	159,028	1,053,838	17,388,555
Segment liabilities	(15,701,377)	(84,256)	(13,547)	(763,468)	(16,562,648)
Equity holders' interest					825,907
Capital expenditure	-	1,563	524	3,472	5,559
Depreciation	-	2,335	783	5,189	8,307
Amortisation	-	107	36	239	382

30. HOLDING COMPANY

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

31. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Sales of services	Investment income	Claims paid	Financial assets	Loans	Debtors	Claims Outstanding	Amount owed (to)/ by related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2009								
Shareholders with significant influence	**121,373**	**918**	**6,548**	**122,230**	**4,800**	**2,097**	**16,278**	**-**
Enterprises that have a number of directors in common	**3,476**	**6,036**	**-**	**26,778**	**-**	**737**	**367**	**-**
Enterprises on which the Company and Subsidiaries exert significant influence	**40,535**	**127**	**-**	**553,930**	**500**	**-**	**-**	**-**
Key Management Personnel	**1,338**	**-**	**9**	**-**	**-**	**139**	**45**	**-**
	166,722	**7,081**	**6,557**	**702,938**	**5,300**	**2,973**	**16,690**	**-**
2008								
Shareholders with significant influence	103,347	1,054	167,789	43,288	7,200	-	34,025	-
Enterprises that have a number of directors in common	1,882	1,031	2,051	17,110	-	1,721	1,486	-
Enterprises on which the Company and Subsidiaries exert significant influence	8,066	-	-	524,832	13,600	-	-	-
Key Management Personnel	982	-	495	-	5,025	190	123	-
	114,277	2,085	170,335	585,230	25,825	1,911	35,634	-

31. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Sales of services	Investment income	Management fees paid	Claims paid	Financial assets	Debtors	Claims Outstanding	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2009								
Subsidiary companies	**8,307**	**36,910**	**6,399**	**615**	**31,962**	**5,695**	**423**	**16,782**
Shareholders with significant influence	**118,970**	**91**	**-**	**6,548**	**2,472**	**2,097**	**16,278**	**-**
Enterprises that have a number of Directors in common	**3,476**	**6,036**	**-**	**-**	**26,777**	**737**	**367**	**-**
Enterprises on which the Company exerts significant influence	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Key Management Personnel	**1,338**	**-**	**-**	**9**	**-**	**139**	**45**	**-**
	132,091	**43,037**	**6,399**	**7,172**	**61,211**	**8,668**	**17,113**	**16,782**
2008								
Subsidiary companies	8,533	31,942	4,393	5,940	31,462	7,314	898	9,072
Shareholders with significant influence	101,059	-	-	167,789	-	6,764	34,025	-
Enterprises that have a number of Directors in common	1,882	1,031	-	2,051	17,110	1,721	1,486	-
Enterprises on which the Company exerts significant influence	-	-	-	-	-	-	-	-
Key Management Personnel	982	-	-	495	-	190	123	-
	112,456	32,973	4,393	176,275	48,572	15,989	36,532	9,072

(c) **Key management personnel compensation**

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short-term employee benefits	**50,265**	48,286	**24,548**	23,157
Post-employment benefits - current service cost	**2,724**	1,686	**1,630**	1,557
- others	**100**	105	**47**	45
Termination benefits	**-**	-	**-**	-
	53,089	50,077	**26,225**	24,759

(d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes. There are no provisions held against receivables from related parties.

32. FIVE YEAR SUMMARY

(a) THE GROUP

	2009	2008	2007	2006	2005
	Rs'000	Rs'000	Rs'000 Restated	Rs'000 Restated	Rs'000 Restated
INCOME STATEMENTS					
Gross premiums	**2,565,091**	2,500,254	2,357,440	2,094,712	1,778,732
Net earned premiums	**1,834,173**	1,871,766	1,760,614	1,593,031	1,292,636
Underwriting surplus	**249,395**	203,212	133,040	90,172	111,605
Operating profit	**344,109**	287,469	208,741	160,712	175,691
Profit before taxation	**213,361**	159,775	84,497	58,909	104,392
Taxation	**19,638**	16,643	4,848	2,189	4,906
Profit for the year	**193,723**	143,132	79,649	56,720	99,486
STATEMENTS OF COMPREHENSIVE INCOME					
Profit for the year	**193,723**	143,132	79,649	56,720	99,486
Other comprehensive income for the year	**5,417**	(40,938)	(9,441)	88,940	18,017
Total comprehensive income	**199,140**	102,194	70,208	145,660	117,503
Attributable to:					
Owners of the parent	**199,595**	63,785	71,915	147,335	100,098
Minority interest	**(455)**	38,409	(1,707)	(1,675)	17,405
	199,140	102,194	70,208	145,660	117,503
BALANCE SHEETS					
Non-current assets	**680,844**	591,796	615,415	557,808	499,290
Current assets	**1,098,072**	1,095,381	1,141,468	863,553	958,437
Life Business Assets	**18,507,136**	15,701,377	17,607,922	14,384,606	11,473,068
	20,286,052	17,388,554	19,364,805	15,805,967	12,930,795
Equity holders' interest	**914,004**	764,608	743,851	728,217	618,414
Minority Interest	**60,844**	61,299	22,890	24,597	26,272
Life Assurance Fund	**18,507,136**	15,701,377	17,607,922	14,384,606	11,473,068
Gross unearned premiums	**424,147**	376,540	354,213	314,210	294,243
Outstanding claims & IBNR	**250,112**	302,487	412,799	179,256	201,990
Non-current liabilities	**39,165**	31,934	33,965	35,032	38,786
Current liabilities	**90,644**	150,309	189,165	140,049	278,022
	20,286,052	17,388,554	19,364,805	15,805,967	12,930,795
Dividends per share (rupees and cents)	**7.00**	6.00	5.50	5.00	5.00
Earnings per share (rupees and cents)	**24.10**	17.71	9.00	5.42	12.32
Net assets value per share (rupees and cents)	**127.45**	106.62	103.73	101.55	86.23
Number of shares used in calculation	**7,171,346**	7,171,346	7,171,346	7,171,346	7,171,346

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009

32. FIVE YEAR SUMMARY (CONT'D)

(b) THE COMPANY

	2009	2008	2007	2006	2005
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
			Restated	Restated	Restated
INCOME STATEMENTS					
Gross premiums	**1,090,038**	954,607	886,819	757,164	676,713
Net earned premiums	**433,130**	400,981	367,887	306,630	236,468
Underwriting surplus	**249,395**	203,212	133,040	90,172	111,605
Operating profit	**329,021**	274,412	197,572	149,542	164,521
Profit before taxation	**185,828**	140,334	65,228	34,113	93,411
Taxation	**18,843**	16,577	4,831	2,156	4,906
Profit for the year	**166,985**	123,757	60,397	31,957	88,505
STATEMENTS OF COMPREHENSIVE INCOME					
Profit for the year	**166,985**	123,757	60,397	31,957	88,505
Other comprehensive income for the year	**43,923**	(116,537)	40,914	63,417	(13,398)
Total comprehensive income	**210,908**	7,220	101,311	95,374	75,107
BALANCE SHEETS					
Non-current assets	**648,656**	587,802	592,621	508,844	530,329
Current assets	**980,186**	940,999	1,102,174	803,039	867,770
	1,628,842	1,528,801	1,694,795	1,311,883	1,398,099
Equity holders' interest	**831,379**	670,670	706,478	644,609	585,092
Gross unearned premiums	**424,147**	376,540	354,213	314,210	294,243
Outstanding claims and IBNR	**250,112**	302,487	412,799	179,256	201,990
Non-current liabilities	**39,093**	31,872	33,933	35,005	38,786
Current liabilities	**84,111**	147,232	187,372	138,803	277,988
	1,628,842	1,528,801	1,694,795	1,311,883	1,398,099
Dividends per share (rupees and cents)	**7.00**	6.00	5.50	5.00	5.00
Earnings per share (rupees and cents)	**23.29**	17.26	8.42	4.46	12.34
Net assets value per share (rupees and cents)	**115.93**	93.52	98.51	89.89	81.59
Number of shares used in calculation	**7,171,346**	7,171,346	7,171,346	7,171,346	7,171,346

other statutory disclosures

FOR THE YEAR ENDED DECEMBER 31, 2009 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. M. J. Cyril LAGESSE
Mr. L. J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A. (UK)
Mr. M. D. Pierre DINAN / GOSK, B.Sc. Economics (LSE), F.C.A. (England)
Mr. F. M. J. Pierre DOGER DE SPÉVILLE
Mr. George J. DUMBELL / A.C.I.B. (UK)
Mr. M. A. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK)
Mr. M. D. Henri HAREL / A.C.I.S.
Mr. Thierry P. J. M. LAGESSE / M.B.A. (France)
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Victor C. SEEYAVE / M.B.A. (USA), B.A. Economics (UK)
Mr. A. Michel THOMAS / LL.M, F.C.I.I., MCI Arb

DIRECTORS OF SUBSIDIARY COMPANIES

The Anglo-Mauritius Assurance Society Limited

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. M. J. Cyril LAGESSE
Mr. L. J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A. (UK)
Mr. M. D. Pierre DINAN / GOSK, B.Sc. Economics (LSE), F.C.A. (England)
Mr. F. M. J. Pierre DOGER DE SPÉVILLE
Mr. George J. DUMBELL / A.C.I.B. (UK)
Mr. M. A. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK)
Mr. M. D. Henri HAREL / A.C.I.S.
Mr. Thierry P. J. M. LAGESSE / M.B.A. (France)
Me. M. F. I. Jean Hugues MAIGROT
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Victor C. SEEYAVE / M.B.A. (USA), B.A. Economics (UK)

Swan International Co. Ltd.

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)

Manufacturers' Distributing Station Limited

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald E. R. J. LINCOLN
Mr. M. J. Jean Paul CHASTEAU DE BALYON / F.MIoD

Pension Consultants and Administrators Ltd.

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)

Processure Compagnie Ltée

Mr. Olivier JOLLAND
Mr. Frédéric VACHER
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. J. M. Alan GODER

other statutory disclosures (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2009 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE SUBSIDIARY COMPANIES (CONT'D)

Swan Group Corporate Services Limited

Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. M. J. Jean Paul CHASTEAU DE BALYON / F.MIoD

The Anglo-Mauritius Financial Services Limited

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)

Swan Group Foundation - Incorporated on 11/01/2010

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION AND BENEFITS

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

— Directors of Swan Insurance Company Limited

	From the Company		From the Subsidiaries	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive Directors				
— Full-time	**8,780**	9,036	**5,935**	4,577
Non-executive Directors	**952**	1,007	**1,068**	1,109
	9,732	10,043	**7,003**	5,686

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

	From the Subsidiaries	
	2009	2008
	Rs'000	Rs'000
Executive Directors		
— Full-time	**-**	-
Non-executive Director	**85**	83
	85	83

DONATIONS

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Charitable donations - 10 recipients				
(2008: 12 recipients)	**514**	509	**216**	371
Corporate Social Responsibility	**1,934**	-	**1,242**	-

AUDITORS' FEES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees paid to				
- BDO & Co	**1,909**	1,932	**1,075**	1,090
- Other firms	**64**	23	**-**	-
Fees paid for other services provided by				
- BDO & Co	**614**	521	**217**	121
- Other firms	**470**	314	**-**	-
	3,057	2,790	**1,292**	1,211

CONTRACT OF SIGNIFICANCE

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

secretary's certificate

FOR THE YEAR ENDED DECEMBER 31, 2009

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

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

31 March 2010

Auditors:	BDO & Co
Bankers:	AfrAsia Bank Ltd. Banque des Mascareignes Bank One Ltd Barclays Bank PLC Mauritius Post and Cooperative Bank Ltd. State Bank of Mauritius Ltd Standard Bank (Mauritius) Limited 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

SWAN INSURANCE COMPANY LIMITED

proxy form

I/We ....

of ....

being a member/s of SWAN INSURANCE COMPANY LIMITED

hereby appoint ....

of ....

or failing him ....

of .... as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held on Thursday 24th June, 2010 at 9.30 hours and at any adjournment thereof.

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

	FOR	AGAINST	ABSTAIN
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2009.			
4. To re-appoint BDO & Co as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.			
5. To re-elect Mr. M. J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
6. To re-elect Mr. F. M. J. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
7. To re-elect Mr. M. D. Pierre Dinan as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			

Dated this .... day of .... 2010.

(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.