

Swan Insurance
annual
report/2008

A stylized white swan is the central focus, set against a teal background. The swan is depicted in a simple, clean style with a long, curved neck and a small black dot for an eye. The background features several large, white, geometric shapes that create a sense of movement and depth. One prominent shape is a large, white, curved shape that resembles a stylized 'S' or a path, leading the eye from the top left towards the bottom right. Another shape is a large, white, triangular shape on the left side, pointing towards the center. The overall composition is modern and minimalist.

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



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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 2008. Assets under the management of the Swan Insurance Group amounted to Rs.17.4 billion and the Life Assurance Fund stood at Rs.15.7 billion at 31st December 2008.

Reserves of the Swan Group reached Rs. 728.7 million and that of the Company Rs.634.8 million in 2008.

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.412 million at 31st December 2008.

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 2008 was Rs.609.6 million.

notice of annual meeting to shareholders

Notice is hereby given that the Annual Meeting of the shareholders of Swan Insurance Company Limited will be held on Friday 26th June, 2009 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 2008 of the Company.
2. To receive the report of BDO De Chazal du Mée, the Auditors of the Company.
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2008.
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.
5. To re-elect Mr. M.J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
6. To re-elect Mr. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
7. To re-elect Mr. 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

04 May 2009

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, 2008

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Insurance Company Limited for the year ended December 31, 2008, contents of which are listed below:

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This Annual Report was approved by the Board of Directors on 31 March 2009



Chairperson



Director

principal activities

DECEMBER 31, 2008

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 Limited	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
Société de la Croix	Investment entity
Société de la Montagne	Investment entity
Société de la Rivière	Investment entity
Processure Compagnie Ltée (Incorporated on 11 March 2009)	Insurance back office services

directorates & management

DIRECTORS

Non-Executive

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

M. J. Cyril LAGESSE

L.J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A. (UK) [as from 1 April 2008]

Pierre DOGER DE SPÉVILLE

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

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

Henri HAREL / A.C.I.S.

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

Independent Non-Executive

Pierre DINAN, GOSK / B.Sc. Economics (LSE), FCA (England)

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

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

Executive

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

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



M.E. Cyril Mayer



M.J. Cyril Lagesse



L.J. Jérôme de Chasteauneuf



Pierre Doger de Spéville



George John Dumbell



Eric Espitalier-Noël



Henri Harel



Thierry Lagesse

Group Chief Executive

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

Secretary

Swan Group Corporate Services Limited

(per Jean Paul CHASTEAU DE BALLYON, F.MIoD)



Pierre Dinan



Peroomal Gopallen
Mooroogen



Victor Seeyave



Louis Rivalland



Michel Thomas

directorate & management

DIRECTORS' PROFILE

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

Managing Director of Harel Frères Limited.

Positions presently held on

(a) *sugar sector private institutions:*

Member of the Selling and Executive Committee of the Mauritius Sugar Syndicate
Member of the Executive Committee of the Mauritius Sugar Producers' Association

(b) *other institutions:*

Board Member of the Mauritius Sugar Authority
Board Member of the Mauritius Institute of Directors

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

Directorships of listed Companies:

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

M. J. Cyril LAGESSE

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

Directorships of listed Companies:

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

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.

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.

Pierre DOGER DE SPÉVILLE

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

Directorship of listed Company:

- Innodis Limited

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

Chairperson, Constance Group of Companies.

Worked 34 years for the HSBC Group at senior management level in nine countries across Asia, Americas, Middle East and Europe.
Former Director of various Banking and Financial Institutions across Asia and Europe.
Director and Fellow of the Mauritius Institute of Directors

Directorships of listed Companies:

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

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

Executive Director of Espitalier Noël Ltd.

Directorships of listed Companies:

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

Henri HAREL, A.C.I.S.

Group Chief Finance Officer of Harel Frères Ltd.

Directorship of listed Company:

- Harel Frères Limited

directorate & management

Thierry LAGESSE, M.B.A (France)

Promoter of Companhia de Sena and Executive Chairperson of Palmar Group of Companies and Parabole Réunion S.A.
Non-Executive Chairperson of Compagnie d'Investissement et De Développement Ltée. (CIDL)

Directorships of listed Companies:

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

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

Pierre DINAN, GOSK, B.Sc. Economics (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

Peromal Gopallen MOOROGEN, F.C.C.A., MBA (Wales)

Team Leader - Mauritius Telecom

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

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

Managing Director of Altima Limited

Directorship of Listed Company:

- Innodis Limited

MANAGEMENT TEAM

Executive Directors

Louis RIVALLAND, B.Sc. (Hons.) (S.A), F.I.A. (U.K.), F.A.S (S.A) - Group Chief Executive

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

Secretary

Swan Group Corporate Services Limited

(per Jean Paul CHASTEAU DE BALLYON, F.MIod)

Senior Managers

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

Guy DE GAYE - Technical

Rémi DESVAUX DE MARGNY - Motor, Fire & Accident, Commercial, Marine

Alan GODER - Group Systems & Processes

Tse Kwong Philippe LO FAN HIN, F.C.I.I. - Reinsurance and Statistics

Vishnoo LUXIMAN, M.Sc.-Group Human Resources

Maxime REY - Group Finance, Loans and Legal

Managers

Patrick ANDRÉ - Health and Travel

Trilok BHURTUN, F.C.C.A., M.B.A, M.I.P.A. - Finance (Up to 31st May 2008)

Valérie DUVAL, L.L.B. (Hons.) - Claims (Up to 31st May 2008)

Herbert MADANAMOOTHO, 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 - Individual Business Development

Gilbert REY - Commercial (Up to 31st December 2008)

Twayyab TAUJOO, F.C.C.A., M.Sc. - Finance (As from 1st September 2008)

Jean Yves VIOLETTE - Claims (As from 1st June 2008)

Gilbert XAVIER - Fire & Accident

senior management team profile

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

Group Chief Executive

Bachelor's degree in Actuarial Science and Statistics
Fellow of the Institute of Actuaries of United Kingdom
Fellow of the Actuarial Society of South Africa

Louis Rivalland (38) is currently the Group Chief Executive of Swan Insurance and The Anglo-Mauritius Assurance.

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 in Johannesburg, South Africa developing the investment area as well as issues relating to the healthcare area.

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

From January 2002 to December 2004, he acted as Executive Manager of 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 a Past President of the Insurers' Association of Mauritius, is a Board member of the Mauritius Revenue Authority and a member of the Financial Services Consultative Council. He has played an active role in the development of risk management, insurance and pensions in Mauritius having chaired or been part of various technical committees on these areas.

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

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.

Michel Thomas (49) 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-eight years work experience in general insurance. He has been appointed Operations Executive of Swan Insurance since January 2005 and is responsible for the Short Term Operations of the Swan Group.

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

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

Jean 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 Chateau de Balyon (58) joined Swan Insurance in 1969 as Underwriter motor and non-motor insurance and was appointed Assistant Company Secretary in 1974. In 1976 he was appointed Company Secretary of Swan Insurance and also attributed the responsibilities of Administration and Human Resources. He was appointed Group Company Secretary of the Swan Group in January 2003.

He has been fully involved in the following key projects:

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

Scheme of Arrangement for the benefit of shareholders in 1991

Swan Group Centre in 1992 and 1993

Standardisation of the Swan Group Staff Handbook of conditions of employment (1979)

He 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

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

Directorships of Listed Companies:

The Mount Sugar Estates Co. Ltd. (Chairperson of its Corporate Governance Committee)

Naiade Resorts Limited (Alternate Director)

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

Senior Manager

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

Member of The Insurance Institute of Mauritius (IIM)

Guy de Gaye (54) joined Swan Insurance in 1974 and has more than 30 years of service with the Company working at different levels.

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

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

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

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

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

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

Rémi Desvaux de Marigny (40) 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, Fire and Accident, Marine and Motor departments.

Alan GODER

Senior Manager

Alan Goder (41) worked in the Actuarial Department of The Anglo-Mauritius as Actuarial Clerk from February 1988 to April 1989. From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of Albatross Insurance Company Ltd. From August 1996 to June 2001, he was the Executive Director of Actuarial & Capital Management Services Ltd.

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

senior management team profile

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

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

His key areas of 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.) - 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 (50) has joined Swan Insurance Co Ltd in April 1979. He qualified as an Associate of the Chartered Insurance Institute (London) in 1983 (A.C.I.I.) and obtained his Fellowship (F.C.I.I.) by examination in 1991. He is a Chartered Insurer and has been promoted to Senior Manager on the 1st July 2003.

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

He has been working in the Insurance Industry for 31 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 thirteen 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 and of the Association of Human Resource Professionals (AHRP)-Mauritius

Vishnoo Luximan (47) 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. in Tanzania. He cumulated the responsibilities 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 (56) 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 the Audited Financial Statements of Swan Insurance Company Limited and of the Group, for the year ended 31st December 2008.

In the course of the year under review it was undoubtedly the outbreak of the global financial crisis which dominated the economic scene. A major sub-prime mortgage crisis arising from a distended banking system in the United States of America resulted in a significant financial turmoil worldwide. The failure of huge financial corporations caused credit contraction whilst loss of investors' confidence brought about serious downturns in stock markets indices. The consequences were such that most of the economies were driven into recession. Two factors have however contributed to weather what otherwise could have unfolded into an even more severe global financial storm: no monetary shock followed, the main currencies having resisted; secondly the price of fuel, raw materials and foodstuff fell. A number of countries have taken up the challenge of reversing the decelerating trend of their economies with bold and impressively costly stimulus packages.

Mauritius can be set apart from many economies by its exceptionally sound financial system, profitable and well regulated, with no connection whatsoever to sub-prime lending or with any investing activity of the kind. Moreover, the comprehensive set of bold economic reforms undertaken in the recent years have been instrumental into achieving a better level of economic resilience. However, following the example of many countries and acknowledging that no economy is immune, the government adopted a stimulus package to give our economy a new impetus. The package consists of a comprehensive Rs.10.4 billion two-year plan to accelerate investment in infrastructure and other projects that will be crucial to growth and employment. Preservation of purchasing power is also stated to be a major consideration of this stimulus package where government renews its pledge to national solidarity.

Economic times remain however uncertain and although such a stimulus is designed to mitigate the impact of one of the worst global economic recessions, it is anticipated that at least the following sectors of our economy will be faced with exceptional challenges. Tourism, where

occupancy rates have started to fall and where visibility is considerably reduced, manufacturing where competitiveness in the face of shrinking markets raises a formidable challenge, and, albeit to a lesser extent, the sugar industry which has to face a further 19% cut in the sugar price (36% cumulative) and where acceleration of the reform is all the more crucial.

As for the Group's operations, I am pleased to report that their performance has been very satisfactory. Short-term operations recorded improved growth and profitability in spite of the highly competitive environment. In the long-term segment, turnover increased above expectations. The investment portfolios, although adversely impacted by its local equity performance, showed satisfactory resilience on account of the prudential guidelines underlying its investment policy.

I am also glad to report that the Group has set foot in the sector of insurance outsourcing and back-office services by creating a joint venture company in partnership with TESSI SA, a French company, leaders in the sector of bank outsourcing and back-office.

Prospects for the current year will be determined by the duration of this unprecedented external shock and by the extent of its implications on our economy at large and on our business in particular. I am however confident that with the renewed and imaginative efforts of the Group Chief Executive and his team leaders, the Group will overcome the difficulties inherent to this critical juncture.

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 commendable performance of the Group.

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



M.E Cyril Mayer
Chairperson

group chief executive's review



Louis Rivalland/
Group Chief Executive

2008 will be remembered as the start of a severe global financial meltdown. For the Swan Group however, it has been a year of increased profitability as well as a year where we continued to work on the priorities we had identified in 2007 whilst factoring in the new economic realities. Some of our most demanding projects which have required quite a lot of commitment and hard work from the staff are now well under way and are going to strengthen the group for the future.

This year's results demonstrate the execution capacity of our work force and the quality of our business model. Our focus in 2009 is to continue to work on ourselves and on our processes, to maintain our disciplined approach to risk, grow our brand presence and optimize the use of our talented team to target profitable lines of business.

SHORT-TERM OPERATIONS

In 2008, the Company delivered another strong operational result, despite challenging conditions facing the industry in a highly competitive market environment. The business continued to grow profitably with an 8% increase in gross written premiums reflecting our diligent risk selection approach.

The underwriting surplus increased by nearly 50% compared to the previous year, demonstrating the benefits of a well diversified portfolio and commitment to a rigorous underwriting and pricing policy. The profit after tax showed a noticeable increase this year, rewarding our continued efforts to enhance operational efficiency, controls and expense management.

The motor sector performed strongly delivering a very good loss ratio. This exceptional achievement is the result of stringent underwriting and effective risk management coupled with the increasing use of pricing sophistication techniques and the optimisation of reinsurance arrangements to control high exposures. The absence of high value claims has also contributed to this year's excellent performance. There has also been some sign of hardening of rates, particularly in private motor business. However, this sector remains volatile and requires constant monitoring and a strict risk appetite.

The health business continues to be affected by high medical inflation and the escalating cost of new technologies which have impacted on our technical results. We have thoroughly reviewed our rating methodology and underwriting approach to reflect to-day's risk exposures and emerging trends in healthcare market. Important

efforts have been made by our dedicated health team to improve significantly our efficiency regarding claims cost monitoring and control. We are confident that through the combination of continuous operational improvement, pricing sophistication and efficient claims control, we will be able to achieve satisfactory and sustainable results.

The commercial and personal lines businesses have performed quite satisfactorily against the backdrop of intense market competition, particularly for good quality business. The absence of weather-related claims has contributed to the soft market conditions prevailing in these sectors. We have been able to maintain our market share and focus on delivering quality customer service.

The marine business has this year produced overall stable results and continues to represent an opportunity for profitable growth. We have strengthened our team and maintained our selective underwriting policy by maximising retention and driving growth in well identified profitable lines.

Our claims team continues to work with professionalism and dedication to achieve the best possible results despite the inflationary pressures on claims costs in all classes of business. The prompt and efficient claims handling procedures put in place together with the fast-track recovery processes contributed significantly to the Company's strong operational results. We remain committed in pursuing our efforts in the effective use of modern technology to improve our systems and processes thereby achieving appreciable cost savings. More importantly, we will continue to invest in ways to provide consistent and unrivalled standards and levels of service to our valued customers.

We have restructured our reinsurance programme by optimising our retention levels and have achieved interesting savings in cost under our Excess of Loss treaties. There are indications of the start of a general hardening of terms in the reinsurance market, particularly in the liability and engineering business.

We have continued to develop a collaborative and easy to do business approach with our intermediaries

and pursued business opportunities meeting our underwriting criteria. We have provided them technical and technological support enabling them to service their customers in a more efficient and prompt manner. We are thankful for their achievement in a highly competitive environment.

In line with our strategy of diversifying its sources of revenue, the Group is starting activities in the sector of the outsourcing of insurance back-office services. To achieve this objective, a partnership has been concluded with TESSI SA, a French company, leaders in the sector of process outsourcing of bank services. The operations will be conducted under the aegis of the newly incorporated company, namely Processure Compagnie Limitée, a 50-50 joint venture with TESSI SA.

LONG-TERM OPERATIONS

Over the year the total premium net of reinsurance and annuity consideration has increased by 11%. In particular, we would like to note the very good result of the life insurance business whose total net premiums has increased by around 18%. We are particularly satisfied with these results as 2008 has been a year of global financial uncertainty and crisis.

We are continuing to invest heavily in improving our systems and procedures to offer an even better and faster service to our clients. We are pleased to report that the first phase of a project to automatise the calculation of claims has been completed. Clients concerned by this first phase requesting estimates of claim payments are already benefiting from this major improvement as calculations are now being processed much faster. Our website has also been completely redesigned and modernised. The new-look website has many interesting features including detailed information about our unit-linked funds.

Similarly, in a view to speed up the time for accepting our prospective clients and improve the level of service, we have appointed another in-house doctor to carry out the medical examinations. Our unique in-house medical set up has now four doctors and is fully equipped to carry out routine medical checks including blood tests

group chief executive's review

and ECGs. We believe that the appointment of the additional doctor would improve significantly the ease of making an appointment and hence keep any processing delays to the strict minimum.

It is well documented that most if not all of the developed countries are now in recession and the outlook for 2009 is fairly gloomy. So far, Mauritius seems to have been partly protected from the effects of the global financial crisis. Our economy is still expected to grow in 2009 albeit at a lower rate than was initially forecasted. In view of this uncertain financial climate, we believe that 2009 will be a challenging year for the long-term operations and in particular the life insurance business. However, with our wide range of policies, we are well equipped to provide an appropriate solution to our clients. Our conventional policies with guaranteed sum assured can provide some certainty in times of volatile capital markets for the risk-adverse clients whilst our unit-linked policies offer direct market exposure for those clients in search of higher expected returns.

Individual Business

The Oxygen range of policies which was launched in 2007 has been very popular with our clients and has contributed to a large extent to the growth of the life business. We are encouraged to see that all of our efforts in developing and marketing this product are starting to bear its fruit as its innovative design and flexibility have been very much welcome and appreciated by our clients. During the year, we added a new policy, "The Loan Repayment Plan" to the existing range. This policy has been designed for clients who take out a loan and want to have a cheaper insurance contract as collateral for the loan.

During the year, the triennial actuarial valuation for the year ending 31 December 2007 was completed. Bonuses for most of our with-profit policies (both pension and life products) were increased. In addition, discretionary pension increases on with-profit annuities have been doubled. These increases should enhance the return on investment for the conventional policyholders whilst helping pensioners better mitigate the impact of inflation.

In accordance with one of our core values and in view of our commitment to improve the quality of service offered to our clients, we have extended the web-access service to all of our life insurance unit-linked policyholders. As well as our brand new website, all of these policyholders can now, at the click of a button, have up-to-date information about their policies round the clock.

We are confident that our clients will continue to benefit from the features of our existing policies together with our customer-oriented approach. We will also endeavour to develop new policies to cater for the ever-changing needs of our clients.

Corporate Business

At the end of 2008, Anglo-Mauritius provided administrative services to over 510 pension schemes. Total active membership of these schemes exceeds 20,000 lives.

During the year 2008, the trend for employers to switch from a Defined Benefit (DB) to a Defined Contribution (DC) arrangement for both their existing and new employees has continued. Moreover, 33 new schemes have been established during the year mostly on a DC basis, thus increasing the number of DC schemes administered by Anglo-Mauritius to around 170 with a membership of more than 6,000. We have also been very active with live presentations. We have made around 50 presentations to the staff of existing as well as prospective clients.

There have been two important changes to the pension legislation during 2008:

1. The number of years of service before which members of group pension schemes have a right to a Portability Value has been reduced from 5 to 2 years company service.
2. The Finance Act 2008 has brought a number of changes to the retirement age. One of the key changes is the gradual extension of the retirement age for the contributory pension from the National

Pension Fund from 60 to 65. Due to the complexity of the subject matter, it has taken us some time to get a legal opinion and to understand exactly the implications of this change. We are pleased to report that we now have a clear opinion of this matter and we will inform all our corporate clients during the course of the year of the implications of this change on their operations and in particular on their pension schemes.

In order to keep our clients informed about changes in legislation and/or any new products and/or services, we have launched a new consulting brief "Horizon". In the first edition of Horizon issued in December, we discuss in detail the implications of the change to the Portability rules.

Our pensions business is supported by a strong actuarial team consisting of 2 qualified actuaries and 9 actuarial analysts. Further to a recent reorganisation of this department, clients can now expect a more proactive, personalised and professional level of actuarial service. This new environment coupled with the independent legal structures of Pension Consultants and Administrators Limited (PCA) and Anglo-Mauritius Financial Services Ltd should improve further our credentials to provide actuarial, administration and fund management services for the unbundled market.

Pension Consultants and Administrators Limited (PCA)

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

In 2008, PCA has reinforced its position as the market leader in the field of administration of self-administered pension schemes and process outsourcing for insurance companies. As a result, income has increased by 50%.

At the end of 2008, the company provided administrative services to some 160 companies under 20 pension schemes with more than 12,500 active members.

PCA's objective for the coming year will be to further strengthen its internal resources to maintain its position on the market. We also look forward to more synergies between the Company and the pensions department of the Anglo-Mauritius Assurance for the benefit of the Group.

The Anglo-Mauritius Financial Services Ltd (AMFS)

AMFS provides portfolio management services to financial institutions, superannuation funds and private investors. During the year 2008, AMFS has successfully concluded an agreement with Schrodgers, one of the most reputable fund management houses in UK, to market its extensive range of Schrodgers International Selection Funds in Mauritius. With this new partnership, AMFS offers along with Blackrock Global Funds and Gam Funds access to first class foreign funds for investments on international markets. The client base and the portfolios under management grew steadily during the year and positively contributed to the increased profitability.

ECONOMIC HIGHLIGHTS

The World Economy

Global economic growth is estimated at around 3.4 % for 2008 subsequent to the credit crunch. The US economy relapsed and posted a lower growth of 1.3% while the Euro area's projection stands at 1% for 2008. Overall developed markets growth tumbled to 1.1% for 2008 while Emerging Markets growth pattern has slowed down to 6.4%.

Domestic economy

In 2008, the Mauritian economy registered a lower growth rate estimated at 5.2% (2007: 5.4%) in an environment of global economic slowdown. GDP at basic prices amounted to Rs. 231 billion (2007: Rs. 206 billion). 69.1% of GDP was generated by the tertiary sector compared to 26.8% by the secondary sector and the remaining 4.1% was attributable to the primary sector. GDP per capita at

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market prices is estimated at Rs. 207,951 as compared to Rs.186,813 in 2007, representing an annual increase of 11.3%, in nominal terms.

The rate of inflation for 2008 stood at 9.7% (2007:8.8%) after peaking at 9.9% in October due to high commodity, food and fuel prices on the international scene. The investment rate decreased to 24.6% over the year compared to 25.1% in 2007 with the share of private sector investments increasing to 83.0% and public sector decreasing to 17.0 % (2007: 78.2% and 21.8%). The projected unemployment rate stands at 7.8% as compared to 8.5% in 2007.

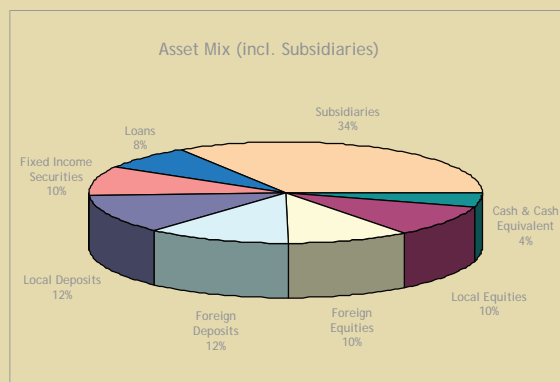
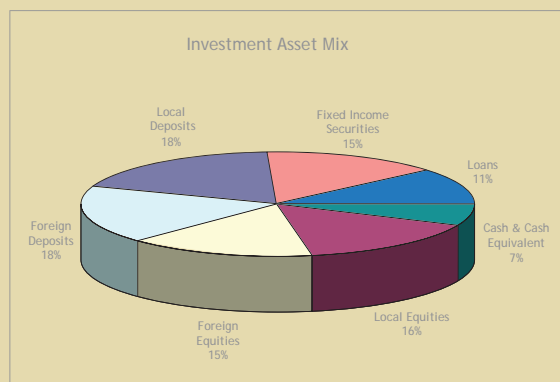
The sugar industry yielded a growth of 5.5% with a sugar production of 460,000 tonnes (2007: 435,972). Following the significant cut in guaranteed prices to ACP producers, the sugar cane industry is being re-engineered to adapt to new market conditions by improving its competitiveness and developing alternative economic activities.

After witnessing an outstanding growth of 14.0% in 2007, the tourism sector grew marginally by 3.1% in 2008. Tourist arrivals was revised downwards to 935,000 (2007: 906,271) from an initial forecast of 1 million arrivals due to the economic downturn in our major markets. Tourism earnings for the year 2008 are estimated at Rs 41.7 billion compared to Rs 40.6 billion in 2007.

The manufacturing sector grew at a reduced rate of 1.8% in 2008 (2007: 2.2%). Exports fell as a result of a reduced demand in our main export markets, appreciation of the domestic currency in the first semester against major trading partners and increasing competition from leading apparel exporters.

After the exceptional boom of 15% in 2007, the construction sector grew by 11% in 2008 attributable to ongoing Integrated Resort Schemes, hotel and commercial projects.

Financial intermediation sector grew by a consolidated 10.1% in 2008 essentially supported by growths of 12.9% and 5% in banks and insurance clusters respectively.



FINANCIAL HIGHLIGHTS

THE GROUP

The Group's Gross Premium Income at 31st December 2008 amounted to Rs.2.6 billion, representing an increase of 9.3% (Rs.2.4 billion in 2007). The Net Earned Premiums have increased by 10.6% from Rs. 1.8 billion in 2007 to Rs.1.9 billion in 2008.

The profit before tax increased to Rs.159.8 million in 2008, representing a rise of 89% (Rs.84.5 million in 2007). Total assets under the management of the Swan Group amounted to Rs.17.4 billion at 31st December 2008 (Rs.19.4 billion in 2007), as a result of the decrease in equity market.

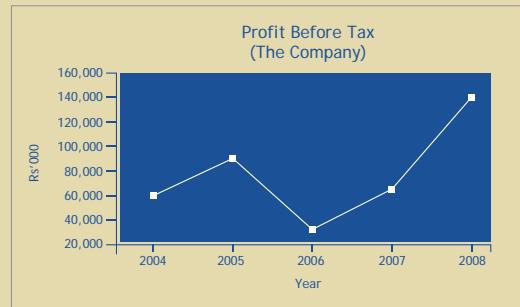
The Life Assurance Fund amounted to Rs.15.7 billion at 31st December 2008 compared to Rs.17.6 billion in 2007, a decrease of 10.8%.

The Net Asset Value per share amounted to Rs.106.62 in 2008 (Rs.103.73 in 2007) and the Earnings per Share increased by 96.8% to Rs.17.71 compared to Rs.9.00 in 2007.

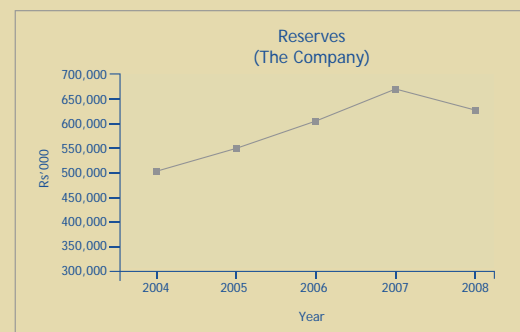
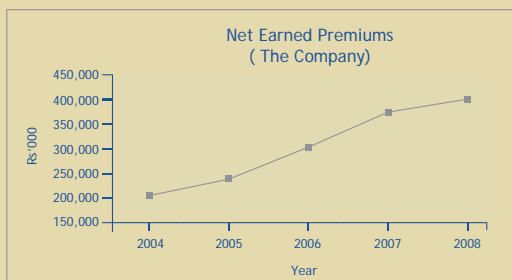
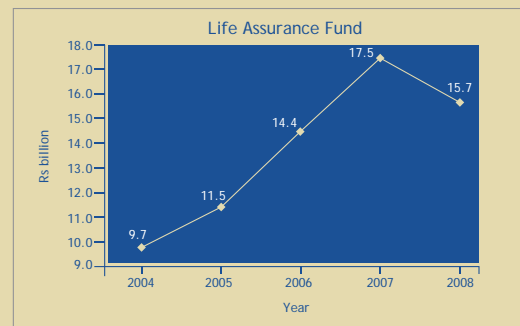
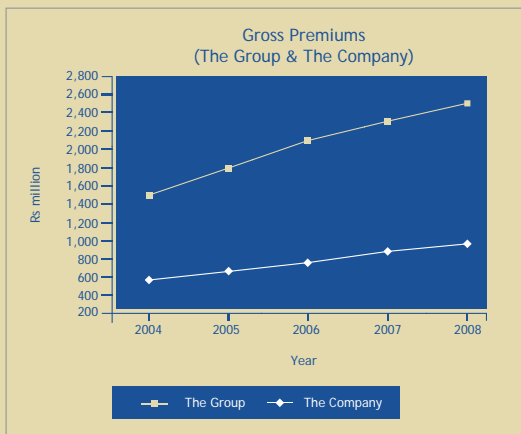
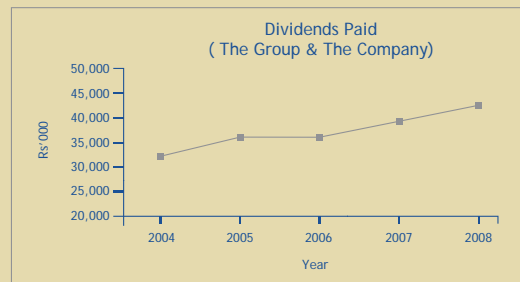
THE COMPANY

The Company's Gross Premium Income increased by 7.65% to Rs.954.6 million in 2008 (Rs.886.8 million in 2007) while Net Earned Premiums have increased by 9% to reach Rs.401 million (Rs.367.9 million in 2007).

The Profit before tax for 2008 amounted to Rs.140.3 million compared to Rs.65.2 million in 2007. Dividends paid amounted to Rs.43 million (Rs.39.4 million in 2007), in line with the Company's dividend policy as stated in the Governance Report. The Company's reserves at 31st December 2008 stood at Rs.634.8 million compared to



Rs.670.6 million in 2007.



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INVESTMENTS

Equity Market

Stock markets worldwide experienced significant downturns in 2008 when one of the worst global financial crises developed into a severe recession in developed countries. In Mauritius, the Semtri registered an exceptional loss of 33.6%, ending abruptly a 6-year bull run.

All blue chips were double-digit losers with hotel and banking sectors retreating by 64% and 30% respectively. In addition, foreigners were net sellers over the last quarter of 2008 to the tune of Rs. 426 million.

On the international scene, global equities regressed by 40% as measured by the MSCI World Index (US Dollars). Developed markets also experienced the same sliding spiral with the US claiming a shortfall of 37.8%, Europe plunging by 46.1% and Asia witnessing an average loss of 36.2% during the same period. Emerging markets likewise, lost ground in 2008 and ended in negative territory with the BSE SENSEX losing about 52% and China SSE collapsing by nearly 66%.

Fixed Income Market

On the fixed income side, interest rates in Mauritius fell by 250 basis points over the year to stimulate economic growth. Over the same period the Rupee depreciated vis-à-vis its trading currencies, the US Dollar and the Euro, by 11.0% and 7.1% respectively whilst it appreciated vis-à-vis the GBP by around 19%. In the US, the central bank reduced its key interest rate 7 times over the year 2008 to alleviate the undesirable effects of the subprime mortgage crisis and to fuel the economy. Other central banks followed suit and several rate cuts were registered worldwide.

Company's Investment Portfolio

The investment portfolio has outperformed its benchmark in 2008. The fund was invested in a conservative mix of 31% in equities and 69% in fixed income securities, with a significant portion in foreign

deposits. Investment income grew due to competitive fixed yields on government securities and bank deposits whilst other income benefited from gains on exchange and timely sale of equities early in the year.

Performance of The Anglo-Mauritius Funds

The Secure Fund (Pension) was our overall best performing fund with a gross return of 10.6% during the year. This conservative Fund invests wholly in prime fixed income instruments such as secured mortgage loans, government securities, Rupee and forex deposits. The General Fund (Life) also posted a positive return in 2008 given its low exposure to equity markets. The other Funds, geared towards equity, have generally outperformed their benchmark although registering a negative return over the year.

The Non-Linked Fund regressed over the year essentially weighed down by the poor performance of its equity portfolios. However, overall losses were contained due to a strategic underweight exposure towards equity and a satisfactory performance of the fixed income portfolio. This fund was allocated at only 35% in shares and more than 65% in fixed income instruments and properties.

LEGAL & REGULATORY FRAMEWORK

The Financial Services Commission has issued the Financial Services (Consolidated Licensing and Fees) Rules 2008 which came into operation on 22 March 2008.

The new licensing framework aim at streamlining the licensing process by providing clear sets of licensing criteria and requirements within a well defined and consolidated framework. These rules also provide for a new fee structure in respect of new business written since 1st July 2008.

The Insurance (Insurance Brokers) Rules were published in the Government Gazette on 14 June 2008 to regulate the Insurance Brokers profession which was operating in a legal vacuum.

These rules which provide for certain restrictions on ownership and significant interest in brokerage firms, also provide that Insurance Brokers are now required to keep separate accounts for each client. In order to answer the need for more transparency and to protect policyholders, Insurance Brokers shall have to explicitly disclose to their clients the remuneration that they are entitled to. Moreover, no Insurance Broker shall provide its services in relation to an insurance policy where it would also provide re-insurance broking services in respect of the same policy.

The Financial Services Commission has also issued Guidelines on Contingency Plan for Insurers which aim to provide a broad framework and the basic information to be provided in a contingency plan should the solvency or the capital requirement ratio of the company fall below the stipulated/target level.

There has not been any legislative amendments in 2008 to the existing Anti-Money Laundering Laws and Regulations in force. However, it is worth mentioning that the Money Laundering Reporting Officer has conducted a refresher course on anti-money laundering for all employees of the Group.

HUMAN RESOURCES & ORGANISATION STRUCTURE

In line with our strategy to upgrade constantly our human capital, we have in 2008 set up a leadership training programme for our whole Management Team and our talented pool. This programme was identified as a key learning requirement after a Leadership Maturity and Cultural Audit carried out at the end of 2007. Our whole Management Team went through an intensive leadership course led by a Consultant of international repute. This learning event has enabled our current and future leaders to take stock of the leadership challenges facing them in this highly volatile environment. They have also identified their knowledge, skills and behaviour gaps on which they are now individually taking corrective actions. As a follow-up action, we have provided one-to-one coaching to a few members of our Management Team. We believe that this leadership training and the coaching sessions will greatly help us in the change

programmes we wish to implement in order to bring the Swan Group to a new threshold of development.

Another HR initiative we took in 2008 was a complete review of our reward structure, systems and processes. It had indeed become important to adjust our reward practices to the new realities of the business environment. With the help of a Reward Management Specialist, we have designed a new grading system after a job evaluation exercise. We now have a proper framework for comparing the size of jobs both internally and externally. This will enable to better benchmark our reward practices with other companies through remuneration surveys. The next step will be to review all our reward practices to ensure that they are appropriately designed to motivate, engage and retain our key employees, and attract new talents within the Swan Group.

We are striving to achieve visible improvements for our customers by leveraging our technical expertise to develop innovative solutions and designing products to meet evolving clients' needs. We have embedded a performance culture within the organisation with a commitment to achieving sustainable performance with consistent delivery of results.

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



Louis Rivalland
Group Chief Executive

corporate governance report 2008

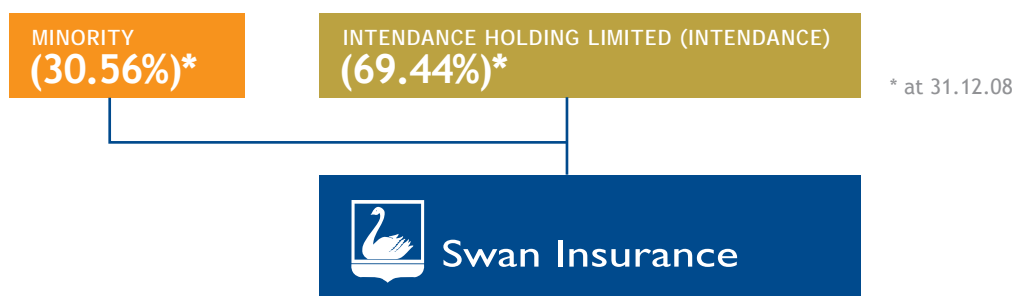
1. COMPLIANCE STATEMENT

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

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

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

2. ULTIMATE HOLDING COMPANY



3. COMMON DIRECTORS at (31/12/2008)

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

4. MAJOR SHAREHOLDERS

At April 30, 2009, the following shareholders held more than 5% of the ordinary share capital of Swan Insurance.

	Direct		Indirect	
	No. of shares	% of voting rights	No. of shares	% of voting rights
Intendance Holding Limited	4,979,627	69.44	-	-
Forward Investment & Development Enterprises Ltd	-	-	784,789	10.94
HF Investments Ltd	-	-	1,334,808	18.61
Excelsior United Development Companies Limited	-	-	580,624	8.10
Compagnie d'Investissement et de Développement Limitée	-	-	579,131	8.08
Deep River Beau Champ Ltd	-	-	502,942	7.01
Espitalier Noël Investment Trust	-	-	393,224	5.48
	4,979,627	69.44	4,175,518	58.22

5. DIVIDEND POLICY

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

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

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

Year	Dividend Cover* (Times)	Dividend Yield** %
2008	2.88	7.05
2007	1.53	6.11
2006	0.90	4.07
2005	2.47	4.55
2004	1.71	5.26

* 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.

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(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 2008

(i) Directors

	In the Company				In the Subsidiary (The Anglo-Mauritius Assurance Society Limited)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	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	-	-
Pierre Doger de Spéville	1,888	0.026	-	-	70	0.003	-	-
Thierry Lagesse	67	0.001	-	-	-	-	-	-
Louis Rivalland	4,000	0.056	-	-	2,500	0.100	-	-
	7,204	0.100	155	0.002	3,820	0.153	200	0.008

(ii) Senior Officers other than Directors

	In the Company				In the Subsidiary (The Anglo-Mauritius Assurance Society Limited)			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	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 Moorroogen (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.

corporate governance report 2008

(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 Moorooogen 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.

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 2008

		Board	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held during the year		4	4	3
Directors	Classification		Attendance	
M.E.Cyril Mayer	Non-executive	4	N/A	3
M.J. Cyril Lagesse	Non-executive	3	N/A	N/A
Jérôme de Chasteauneuf (As from 01/04/2008)	Non-executive	3	N/A	N/A
Pierre Dinan	Independent non-executive	3	4	3
Pierre Doger de Spéville	Non-executive	4	N/A	N/A
George John Dumbell	Non-executive	4	N/A	N/A
M. Eric Espitalier-Noël	Non-executive	2	N/A	N/A
Henri Harel	Non-executive	3	3	N/A
Thierry Lagesse	Non-executive	2	N/A	N/A
Peroomal Gopallen Moorooogen	Independent non-executive	4	3	3
Victor Seeyave	Independent non-executive	4	2	2
Louis Rivalland	Executive	4	3	3
Michel Thomas	Executive	4	N/A	N/A

(b) DIRECTORS' REMUNERATION IN 2008

	From the Company	From Subsidiary Companies
	Rs.	Rs.
Non- Executives	1,007,250	1,109,084
Executives	9,036,418	4,576,938

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 controls and risks management.

- **Reporting and disclosure**

- *Structure and Organisation*

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

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- *Reporting lines*

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

• **Coverage and Risk management**

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

- *Accessibility*

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

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

15. RISK MANAGEMENT

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

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

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

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

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

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- **Information Processing/Technology Risks**

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

- **Financial Risks**

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

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

16. 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.

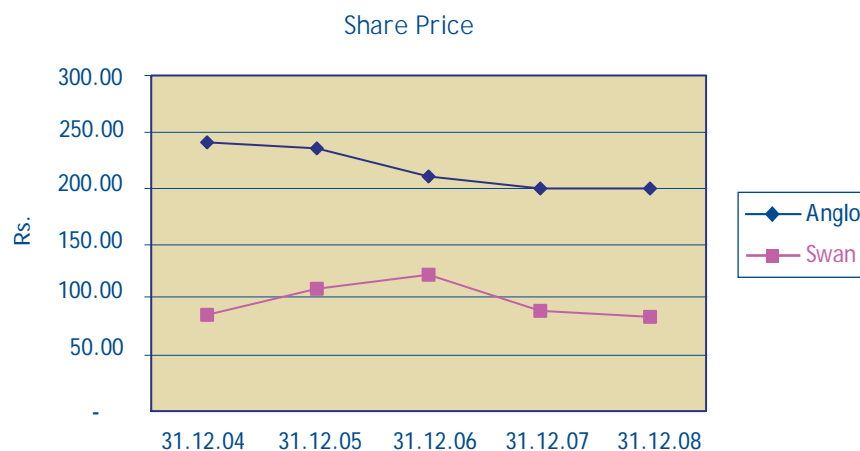
The key areas that the Board has put in place to provide effective internal controls are as follows:

- 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 decreased by 0.6% and 17% respectively over the last five years, from Rs. 85.50 and Rs 240. per share at December 31, 2004 to Rs 85. and Rs 200. per share in 2008.

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	613	83,952	1.16
501 - 1,000	102	79,510	1.10
1,001 - 5,000	170	376,937	5.25
5,001 - 10,000	38	258,298	3.60
10,001 - 50,000	30	515,271	7.19
50,001 - 100,000	2	136,518	1.90
100,001 - 250,000	1	119,915	1.66
250,001 - 500,000	2	621,318	8.70
Over 500,000	1	4,979,627	69.44
TOTAL	959	7,171,346	100.00

(b)

Category	No. of shareholders	No. of shares	% holding
Individuals	874	1,062,152	14.81
Insurance and Assurance Companies	6	121,266	1.69
Pension and Provident Funds	7	94,513	1.32
Investment and Trust Companies	9	32,989	0.46
Other Corporate Bodies	62	880,799	12.28
The Holding Company	1	4,979,627	69.44
TOTAL	959	7,171,346	100.00

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20. CHARITABLE DONATIONS

For charitable donations, please refer to page 93 of the Annual Report under 'Other Statutory Disclosures'.

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 2009	Annual Meeting of Shareholders
August 2009	Publication of Unaudited Condensed Financial Statements for second quarter and half-year ending June 30, 2009
November 2009	Publication of Unaudited Condensed Financial Statements for third quarter ending September 30, 2009
November 2009	Board of directors meets to examine provisional results for year ending December 2009 and decide on the advisability of declaring a dividend.



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

statement of directors' responsibilities

Directors acknowledge their responsibilities for:

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

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

The Directors report that:

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

Signed on behalf of the Board of Directors.



M.E. Cyril Mayer
Chairperson



M.J. Cyril Lagesse
Director

independent auditors' report

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

Report on the Financial Statements

We have audited the financial statements of Swan Insurance Company Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 44 to 91 which comprise the balance sheets at December 31, 2008, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the

Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements on pages 44 to 91 give a true and fair view of the financial position of the Group and of the Company at December 31, 2008, 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 DE CHAZAL DU MEE
Chartered Accountants



Per Yacoob Ramtoola, F.C.A

Port Louis,
Mauritius
31 March 2009

balance sheets

DECEMBER 31, 2008

	Notes	THE GROUP		THE COMPANY	
		2008	2007	2008	2007
ASSETS		Rs'000	Rs'000	Rs'000	Rs'000
Non-current assets			Restated		Restated
Property and equipment	5	91,831	94,942	91,698	94,857
Intangible assets	6	382	764	382	764
Investment in Subsidiary companies	7	-	-	31,462	31,462
Investment in Associated company	8	35,323	54,171	-	-
Financial Assets	9	384,363	391,409	384,363	391,409
Loans and receivables	10	78,475	71,356	78,475	71,356
Net deferred tax assets	11	1,422	2,773	1,422	2,773
		591,796	615,415	587,802	592,621
Current assets					
Financial Assets	9	9,891	43,160	9,891	43,160
Loans and receivables	10	2,497	3,817	2,497	3,817
Trade and other receivables	12	788,792	851,876	641,197	813,417
Bank balances, deposits and cash	26(b)	294,201	242,615	287,414	241,780
		1,095,381	1,141,468	940,999	1,102,174
Life Business Assets	13	15,701,377	17,607,922	-	-
Total assets		17,388,554	19,364,805	1,528,801	1,694,795
EQUITY AND LIABILITIES					
Capital and reserves (attributable to equity holders of the parent company)					
Share Capital	14	35,857	35,857	35,857	35,857
Reserves	15	728,751	707,994	634,813	670,621
Equity holders' interest		764,608	743,851	670,670	706,478
Minority Interest	16	61,299	22,890	-	-
Total equity		825,907	766,741	670,670	706,478
Technical provisions					
Life Assurance Fund	13	15,701,377	17,607,922	-	-
Outstanding claims and IBNR	20/27	302,487	412,799	302,487	412,799
Gross Unearned premiums	20/2(m)(i)	376,540	354,213	376,540	354,213
		16,380,404	18,374,934	679,027	767,012
Non-current liabilities					
Retirement Benefit Obligations	17	31,934	33,965	31,872	33,933
Current liabilities					
Trade and other payables	18	134,145	185,710	131,134	183,933
Current tax liabilities	19	16,164	3,455	16,098	3,439
		150,309	189,165	147,232	187,372
Total equity and liabilities		17,388,554	19,364,805	1,528,801	1,694,795

These financial statements have been approved for issue by the Board of Directors on 31 March 2009.



M.E. Cyril Mayer
Chairperson



M. J. Cyril Lagesse
Director

The notes on pages 49 to 91 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

income statements

FOR THE YEAR ENDED DECEMBER 31, 2008

	Notes	THE GROUP		THE COMPANY	
		2008	2007	2008	2007
		Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums		2,576,215	2,357,440	954,607	886,819
Premiums ceded to Reinsurers		(615,108)	(599,520)	(540,246)	(521,626)
Change in gross unearned premiums	20/27(b)	(22,327)	(40,003)	(22,327)	(40,003)
Recoverable from Reinsurers	20/27(b)	8,947	42,697	8,947	42,697
Net earned premiums	1(k)	1,947,727	1,760,614	400,981	367,887
Net earned premiums relating to Life Assurance Fund		(1,546,746)	(1,392,727)	-	-
		400,981	367,887	400,981	367,887
Gross claims paid	27(a)	(527,150)	(460,117)	(527,150)	(460,117)
Claims recovered from Reinsurers	27(a)	317,049	229,037	317,049	229,037
Movement in claims outstanding and IBNR:					
Gross claims outstanding and IBNR	27(a)	110,312	(233,543)	110,312	(233,543)
Recoverable from Reinsurers	27(a)	(120,430)	212,278	(120,430)	212,278
Net claims incurred		(220,219)	(252,345)	(220,219)	(252,345)
Commissions receivable from Reinsurers		128,672	112,810	128,672	112,810
Commissions paid to Agents and Brokers		(106,222)	(95,312)	(106,222)	(95,312)
Net commissions		22,450	17,498	22,450	17,498
Underwriting surplus		203,212	133,040	203,212	133,040
Investment income	21	84,257	75,702	71,200	64,532
Operating profit		287,469	208,741	274,412	197,572
Other income	22	19,824	18,182	17,253	17,588
		307,293	226,923	291,665	215,160
Marketing and administrative expenses	23	(143,811)	(143,911)	(142,659)	(141,732)
Depreciation	5	(8,307)	(7,118)	(8,290)	(7,107)
Amortisation	6	(382)	(1,093)	(382)	(1,093)
Share of profit of Associated company	8	4,982	9,696	-	-
Profit before taxation		159,775	84,497	140,334	65,228
Taxation	19	(16,643)	(4,848)	(16,577)	(4,831)
Retained profit for the year		143,132	79,649	123,757	60,397
Attributable to:					
Equity holders of the company		126,978	64,517	123,757	60,397
Minority interest	16	16,154	15,132	-	-
		143,132	79,649	123,757	60,397
Earnings per share					
(Rupees and cents)	25	17.71	9.00	17.26	8.42

The notes on pages 49 to 91 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, 2008

(a) THE GROUP

		(Attributable to equity holders of the parent company)							
Notes	Share Capital	Fair Value Reserve	Other Reserves	Proprietors' Fund	Retained Earnings	Statutory Reserve Fund	Total	Minority Interest	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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
Net movement in fair value changes of available-for-sale financial assets	9	(98,303)	-	-	-	-	(98,303)	-	(98,303)
Release from fair value reserve	9	(7,665)	-	-	-	-	(7,665)	-	(7,665)
Net movement for the year	-	(30,276)	73,051	-	-	-	42,775	22,255	65,030
Profit for the year	-	-	-	-	126,978	-	126,978	16,154	143,132
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
Balance at January 1, 2007									
- As previously stated	35,857	129,344	104,705	11,155	400,852	72,834	754,747	24,597	779,344
Reinsurers' balances adjustment	-	-	-	-	(26,530)	-	(26,530)	-	(26,530)
- As restated	35,857	129,344	104,705	11,155	374,322	72,834	728,217	24,597	752,814
Net movement in fair value changes of available-for-sale financial assets	9	69,549	-	-	-	-	69,549	-	69,549
Release from fair value reserve	9	(28,635)	-	-	-	-	(28,635)	-	(28,635)
Net movement for the year	-	(26,274)	(24,081)	-	-	-	(50,355)	(16,839)	(67,194)
Profit for the year	-	-	-	-	64,517	-	64,517	15,132	79,649
Transfer effect due to Insurance Act 2005	-	-	-	-	72,834	(72,834)	-	-	-
Dividends	24	-	-	-	(39,442)	-	(39,442)	-	(39,442)
Balance at December 31, 2007	35,857	170,258	78,431	(12,926)	472,231	-	743,851	22,890	766,741

The notes on pages 49 to 91 form an integral part of these financial statements. Auditors' report on pages 42 and 43.

(b) THE COMPANY

Notes	Share Capital	Fair Value Reserve	Other Reserves	Retained Earnings	Statutory Reserve Fund	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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
Fair value changes on available-for-sale financial assets	9	(98,303)	-	-	-	(98,303)
Release from fair value reserve	9	(7,665)	-	-	-	(7,665)
Movement for the year	9	-	(10,569)	-	-	(10,569)
Profit for the year	-	-	-	123,757	-	123,757
Dividends	24	-	-	(43,028)	-	(43,028)
Balance at December 31, 2008	35,857	64,290	28,719	541,804	-	670,670
Balance at January 1, 2007						
- As previously stated	35,857	129,344	39,288	393,816	72,834	671,139
Reinsurers' balances adjustment	-	-	-	(26,530)	-	(26,530)
- As restated	35,857	129,344	39,288	367,286	72,834	644,609
Fair value changes on available-for-sale financial assets	9	69,549	-	-	-	69,549
Release from fair value reserve	9	(28,635)	-	-	-	(28,635)
Profit for the year	-	-	-	60,397	-	60,397
Transfer effect due to Insurance Act 2005	-	-	-	72,834	(72,834)	-
Dividends	24	-	-	(39,442)	-	(39,442)
Balance at December 31, 2007	35,857	170,258	39,288	461,075	-	706,478

The notes on pages 49 to 91 form an integral part of these financial statements.
Auditors' report on pages 42 and 43.

cash flow statements

FOR THE YEAR ENDED DECEMBER 31, 2008

	Notes	THE GROUP		THE COMPANY	
		2008	2007	2008	2007
		Rs'000	Rs'000	Rs'000	Rs'000
Operating activities					
Cash generated from/(used in) operating activities	26(a)	114,998	(376)	93,964	(14,837)
Tax paid		(2,583)	(208)	(2,567)	(175)
Net cash generated from/(used in) operating activities		112,415	(584)	91,397	(15,012)
Investing activities					
Purchase of property and equipment	5	(5,559)	(6,869)	(5,494)	(6,869)
Disposal Proceeds of property and equipment		1,359	1,957	1,359	1,957
Purchase of financial assets	9	(161,199)	(173,876)	(161,199)	(173,876)
Disposal/maturity of financial assets	9	89,329	210,640	89,329	210,640
Loans granted	10	(13,067)	(14,236)	(13,067)	(14,236)
Loans recovered	10	6,727	4,756	6,727	4,756
Investment income received		71,775	63,914	71,775	63,914
Net cash (used in)/generated from investing activities		(10,635)	86,286	(10,570)	86,286
Financing activities					
Dividends paid to Company's shareholders	24	(43,028)	(39,442)	(43,028)	(39,442)
Dividends paid to minority interest	16	(14,999)	(14,015)	-	-
Net cash used in financing activities		(58,027)	(53,457)	(43,028)	(39,442)
Increase in cash and cash equivalents		43,753	32,245	37,799	31,832
Movement in cash and cash equivalents					
At January 1,		242,615	224,640	241,780	224,279
Increase		43,753	32,245	37,799	31,832
Effect of foreign exchange rate changes	15/22	7,833	(14,270)	7,835	(14,331)
At December 31,	26(b)	294,201	242,615	287,414	241,780

The notes on pages 49 to 91 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, 2008

1. GENERAL INFORMATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

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

- (i) 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 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 2009 or later periods. At the date of authorisation of these financial statements, the following new standards and interpretations were in issue but not yet effective, but which the Group has not early adopted.

IFRS 8 Operating Segments
IFRS 3 Business Combinations (Revised May 2008)
IAS 1 Presentation of Financial Statements (Revised May 2008)
IAS 16 Property, Plant and Equipment (Revised May 2008)
IAS 19 Employee Benefits (Revised May 2008)
IAS 27 Consolidated and Separate Financial Statements (Revised May 2008)
IAS 28 Investments in Associates (Revised May 2008)
IAS 32 Financial Instruments: Presentation (Revised May 2008)
IAS 36 Impairment of Assets (Revised May 2008)
IAS 38 Intangible Assets (Revised May 2008)
IAS 39 Financial Instruments: Recognition and Measurement (Revised May 2008)
IAS 40 Investment Property (Revised May 2008)

The Group is still evaluating the effect that these new or revised standards and interpretations on the presentation of its financial statements.

The following standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods, beginning on or after 1 January 2009 or later periods, but which are not relevant for the Group's operations:

IFRIC 13 Customer Loyalty Programmes
IFRIC 15 Agreements for the construction of real estate
IFRIC 16 Hedges of a net investment in a foreign operation
IFRIC 17 Distributions of Non-cash Assets to Owners
IAS 20 Government Grants and Disclosure of Government Assistance (Revised May 2008)
IAS 23 Borrowing Costs (Revised May 2008)
IAS 29 Financial Reporting in Hyperinflationary Economies (Revised May 2008)
IAS 31 Interests in Joint Ventures (Revised May 2008)

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

IAS 41 Agriculture (Revised May 2008)

IFRS 1 First-time Adoption of International Financial Reporting Standards (Revised May 2008)

IFRS 2 Share-Based Payment (Revised May 2008)

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Revised May 2008)

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 their residual values over their estimated useful life as follows:

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

Land is not depreciated.

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

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

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

(c) Intangible assets

Intangible assets consist of purchased goodwill in respect of customer portfolio purchased from agents who ceased their activities.

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

(d) Impairment of assets

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

(e) Investment in subsidiaries

(i) Separate financial statements

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

(ii) Consolidated financial statements

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

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

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

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

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

(f) **Investment in associates**

Consolidated financial statements

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

(g) **Financial assets**

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

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

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

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity and 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 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.

(h) Deferred income tax

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

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

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

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

(i) Life Assurance Fund

(i) Non-Linked Account

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

(ii) Linked Account

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

(j) Insurance Contracts

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance contracts are derecognised when all rights and obligations are extinguished or 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 damage or suffered goods, property and equipment lost or damaged, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the insured events.

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

(k) Revenue Recognition - Premiums Earned

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

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

Premiums on long-term insurance contracts in the subsidiary, The Anglo-Mauritius Assurance Society Limited, are recognised as income when they become payable by the contract holder. When policies lapse (due to non-receipt of premiums), which

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

is two years for unit-linked business and three years for other contracts, the related unpaid premium income due from the day they are deemed to have lapsed is reversed against premiums in the Life Assurance Fund. For contracts over these periods, a surrender or paid up value is refunded to contract holders based on the terms of the contracts.

(l) Reinsurance Contracts

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

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

Short term insurance

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

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

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

(m) Short term insurance

(i) Unearned premiums

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

(ii) Claims expenses and Outstanding claims provisions

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

Outstanding claims provisions are made up of:

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

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

(iii) Liability adequacy test

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

(n) Retirement benefit obligations

(i) Defined Benefit Plan

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

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

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

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

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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

(iii) The Subsidiary

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

(iv) Termination benefits

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

(o) Other revenues

Other revenues earned by the Group are recognised on the following bases:

- Interest income - as it accrues unless collectibility is in doubt.
- Dividend income - when the shareholder's right to receive payment is established.
- Commission receivable - as it accrues in accordance with the substance of the relevant agreements.

(p) Foreign currencies

(i) Functional and presentation currency

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

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

(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.

(q) **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.

(a) Insurance contracts

(i) Frequency and severity of claims

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

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

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

(ii) Concentration of insurance risk

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

Class of Business	Outstanding claims					
	2008			2007		
	No of Claims	Gross	Net	No of Claims	Gross	Net
Fire & Allied Perils	155	23,899	4,065	114	183,096	11,796
Motor	3,015	89,733	81,655	2,576	79,458	70,552
Health	813	15,822	4,436	4,310	9,270	2,741
Others	708	151,533	35,507	548	124,475	35,457
	<u>4,691</u>	<u>280,987</u>	<u>125,663</u>	<u>7,548</u>	<u>396,299</u>	<u>120,546</u>
IBNR			<u>21,500</u>			<u>16,500</u>
			<u>147,163</u>			<u>137,046</u>

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.

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FOR THE YEAR ENDED DECEMBER 31, 2008

(iv) Claims development table

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

GROSS	2004	2005	2006	2007	2008	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	106,742	59,876	80,518	307,359	152,992	707,487
- one year later	62,415	16,642	24,148	58,146	-	161,351
- two years later	21,949	11,323	22,766	-	-	56,038
- three years later	18,533	9,934	-	-	-	28,467
- four years later	12,822	-	-	-	-	12,822
Current estimate of cumulative claims	298,569	255,916	337,857	639,716	479,735	2,011,793
Less Cumulative payments to date	285,747	245,982	315,091	581,569	326,743	1,755,132
Liability recognised in the Balance Sheet	12,822	9,934	22,766	58,147	152,992	256,661
Liability in respect of prior years						24,326
						280,987
NET	2004	2005	2006	2007	2008	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	36,570	33,070	54,281	66,914	54,524	245,359
- one year later	11,017	11,921	19,363	23,355	-	65,656
- two years later	11,276	9,028	18,784	-	-	39,088
- three years later	8,199	7,786	-	-	-	15,985
- four years later	7,010	-	-	-	-	7,010
Current estimate of cumulative claims	144,158	158,908	226,892	257,376	218,846	1,006,180
Less Cumulative payments to date	137,148	151,122	208,108	234,021	164,321	894,720
Liability recognised in the Balance Sheet	7,010	7,786	18,784	23,355	54,525	111,460
Liability in respect of prior years						14,203
						125,663
IBNR						21,500
Net liability at year end (notes 20/27(a))						147,163

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

3.2 Financial risk

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

The most important components of this financial risk are :

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

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

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

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

3.2.1 Market risk

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

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

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

(i) Currency risk

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

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

The Group also has a number of investments in foreign currencies which are exposed to currency risk.

The Investment Committee closely monitors currency risk exposures against pre-determined limits.

Exposure to foreign currency exchange risk is not hedged.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

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

At December 31, 2008	Rs'000	Equivalent in Rs'000			Total Rs'000
		GBP	USD	Euro	
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 receivables	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 receivables	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

At December 31, 2007	Rs'000	Equivalent in Rs'000			Total Rs'000
		GBP	USD	Euro	
Assets:	Restated				
Non-current assets					
- Financial assets :					
• Held-to-Maturity	80,594	-	-	-	80,594
• Available-for-sale	202,510	-	83,591	24,714	310,815
• Loans and receivable	71,356	-	-	-	71,356
- Other non-current assets	152,650	-	-	-	152,650
Current assets					
- Financial assets :					
• Held-to-Maturity	43,160	-	-	-	43,160
• Available-for-sale	-	-	-	-	-
• Loans and receivable	3,817	-	-	-	3,817
- Trade and other receivables	851,876	-	-	-	851,876
- Bank balances, deposits and cash	100,662	21,916	53,360	66,677	242,615
TOTAL ASSETS	1,506,625	21,916	136,951	91,391	1,756,883
Liabilities:					
- Technical Provisions :					
• Gross unearned premiums	354,213	-	-	-	354,213
• Outstanding claims and IBNR	412,799	-	-	-	412,799
- Non-current liabilities	33,965	-	-	-	33,965
- Current liabilities	189,165	-	-	-	189,165
TOTAL LIABILITIES	990,142	-	-	-	990,142

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.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

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, 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)
- At December 31, 2007						
- Financial assets	-	-	4,183	(4,183)	1,235	(1,235)
- Bank balances and deposits	1,095	(1,095)	2,668	(2,668)	3,334	(3,334)

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%
	Rs'000	Rs'000
At December 31, 2008		
- Held-to-maturity investments	122	(122)
- Loans and receivables	61	(61)
- Bank balances and deposits	1,115	(1,115)
At December 31, 2007		
- Held-to-maturity investments	149	(149)
- Loans and receivables	53	(53)
- Bank balances and deposits	386	(386)

(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%
	Rs'm	Rs'm
At December 31, 2008		
- Available-for-sale financial assets	28	(28)
At December 31, 2007		
- Available-for-sale financial assets	29	(29)

3.2.2 Credit risk

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

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

The amounts presented in the balance sheets are net of allowances for estimated irrecoverable 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.

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FOR THE YEAR ENDED DECEMBER 31, 2008

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

	Neither past due nor impaired	Financial assets that are past due but not impaired				Financial assets that have been impaired	Financial assets that have been written off	Carrying amount at year end
		1m - 3m	3m - 6m	6m - 1yr	> 1 yr			
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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
2007								
- Financial assets	434,569	-	-	-	-	-	-	434,569
- Loans and receivables	75,173	-	-	-	-	-	-	75,173
- Trade and other receivables	690,932	58,778	41,650	7,019	16,906	10,061	26,530	851,876

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.

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

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

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

4.2 Reinsurance

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

4.5 Impairment of other assets

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

4.6 Limitations of sensitivity analysis

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

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

5. PROPERTY AND EQUIPMENT

THE GROUP - 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
THE GROUP - 2007					
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST/DEEMED COST					
At January 1, 2007	86,391	31,172	21,457	54,581	193,601
Additions	-	3,608	73	3,188	6,869
Disposals	-	(7,963)	-	-	(7,963)
At December 31, 2007	86,391	26,817	21,530	57,769	192,507
DEPRECIATION					
At January 1, 2007	8,640	23,745	19,019	45,937	97,341
Charge for the year	1,728	993	443	3,954	7,118
Disposal adjustment	-	(6,894)	-	-	(6,894)
At December 31, 2007	10,368	17,844	19,462	49,891	97,565
NET BOOK VALUE					
At December 31, 2007	76,023	8,973	2,068	7,878	94,942

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

5. PROPERTY AND EQUIPMENT (CONT'D)

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
THE COMPANY - 2007					
Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total	
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
COST					
At January 1, 2007	86,391	31,172	21,457	54,475	193,495
Additions	-	3,608	73	3,188	6,869
Disposals	-	(7,963)	-	-	(7,963)
At December 31, 2007	86,391	26,817	21,530	57,663	192,401
DEPRECIATION					
At January 1, 2007	8,640	23,746	19,019	45,926	97,331
Charge for the year	1,728	994	443	3,942	7,107
Disposal adjustment	-	(6,894)	-	-	(6,894)
At December 31, 2007	10,368	17,846	19,462	49,868	97,544
NET BOOK VALUE					
At December 31, 2007	76,023	8,971	2,068	7,795	94,857

6. INTANGIBLE ASSETS

THE GROUP AND THE COMPANY	Purchased Goodwill	
	2008	2007
	Rs '000	Rs '000
COST		
At January 1, and December 31,	5,463	5,463
AMORTISATION		
At January 1,	4,699	3,606
Charge for the year	382	1,093
At December 31,	5,081	4,699
NET BOOK VALUE		
At December 31,	382	764

7. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST

(a) THE COMPANY

	2008			2007
	DEM		Total	Total
	Quoted	Unquoted		
	Rs'000	Rs'000	Rs'000	Rs'000
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, 2008 amounted to **Rs. 354.9m** (2007: Rs.354.9m).

notes to the financial statements

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- (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		Proportion of ownership interest and voting power held				Main Business
		2008	2007	2008	2007	Swan Insurance Company Limited		Other Group Company		
		Rs'000	Rs'000	Rs'000	Rs'000	2008	2007	2008	2007	
• 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 Properties Ltd*	Ordinary	-	2,456	-	-	-	-	-	100	• Purchase, development and sale of land
• Verdun Industrial Building Co. Ltd*	Ordinary	-	20,000	-	1	-	0.01	-	99.99	• Rental of industrial buildings
• Swan Group Corporate Services Limited	Ordinary	1,000	1,000	500	500	50	50	50	50	• Provision of secretarial services to Swan Group
• Standard Property Ltd*	Ordinary	-	25	-	-	-	-	-	100	• Rental of property
• Manufacturers' Distributing Station Limited	Ordinary	961	961	-	-	-	-	99.80	99.80	• Investment Company
• Ilot Fortier Ltd*	Ordinary	-	250	-	-	-	-	-	100	• Purchase, development and sale of Land (Dormant)
• Investment and Administrative Co. (Mtius) Ltd*	Ordinary	-	25	-	-	-	-	-	100	• Investment Company (Dormant)
• Themis Ltd*	Ordinary	-	25	-	-	-	-	-	100	• Purchase, development and sale of Land (Dormant)
• 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
		USD	USD							
• Swan International Co Ltd	Ordinary	7,000	7,000	79	79	51	51	49	49	• Reinsurance Brokers and Consultants

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

8. INVESTMENT IN ASSOCIATED COMPANY

(a) Group's share of net assets

	THE GROUP	
	2008	2007
	Rs '000	Rs '000
At January 1, as previously stated	54,171	-
Prior year adjustment - equity accounting for regional investment	-	80,330
As restated	54,171	80,330
Share of results of associated company	4,982	9,696
Dividends	(1,942)	(2,845)
Other equity movements	-	-
Exchange difference	(21,888)	(33,010)
At December 31,	35,323	54,171

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

Name	Year end	Assets	Liabilities	Revenues	Profit	Proportion
						(Indirect)
		Rs '000	Rs '000	Rs '000	Rs '000	%
2008						
State Assurance Co. Ltd (SACL)	31 December	886,304	684,880	112,112	27,479	18.13%
2007						
State Assurance Co. Ltd (SACL)	31 December	1,135,450	836,655	171,123	38,963	18.13%

(c) 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.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

9. FINANCIAL ASSETS

(a) THE GROUP AND THE COMPANY

	2008							2007	
	Held-to-maturity			Available-for-sale				Total	Total
	Listed	Unquoted	Total	DEM			Total		
				Listed	Quoted	Unquoted			
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
At January 1,	38,303	85,451	123,754	249,389	9,637	51,789	310,815	434,569	394,123
Additions	33,902	16,958	50,860	43,944	-	66,395	110,339	161,199	173,876
Movement in fair value	-	-	-	(100,970)	6	(15,575)	(116,539)	(116,539)	40,914
Disposals	(61,006)	(4,781)	(65,787)	(5,236)	-	(13,919)	(19,155)	(84,942)	(182,242)
Transfer from Statutory Deposit	-	-	-	-	-	-	-	-	8,000
Accrued interest	(1,308)	1,275	(33)	-	-	-	-	(33)	(102)
At December 31,	9,891	98,903	108,794	187,127	9,643	88,690	285,460	394,254	434,569
Analysed as follows :									
Non-current								384,363	391,409
Current								9,891	43,160
								<u>394,254</u>	<u>434,569</u>
Disposal proceeds								<u>89,329</u>	<u>210,640</u>

(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	
	2008	2007
	Rs'000	Rs'000
At January 1,	75,173	64,976
Mortgage loans granted	13,067	11,754
Mortgage loans transferred from loan on call	-	2,483
Mortgage loans recovered	(6,727)	(4,756)
Accrued interest	(541)	716
At December 31,	80,972	75,173
Analysed as follows :		
Non-current	78,475	71,356
Current	2,497	3,817
	<u>80,972</u>	<u>75,173</u>

- (a) The rates of interest on the above loans vary between 7% and 12.75% (2007: 7% and 12.70%).
- (b) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.
- (c) At December 31, 2008 and 2007, 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% (2007: 15%)
The movement on deferred tax account is as follows:

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
At January 1,	2,773	4,068
Income Statement charge (note 19)	(1,351)	(1,295)
At December 31,	1,422	2,773

- (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	
	2008	2007
	Rs'000	Rs'000
Deferred tax assets	4,781	5,090
Deferred tax liabilities	(3,359)	(2,317)
Net deferred tax assets	1,422	2,773

- (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 Jan 1, 2008	(Charged)/ Credited to Income Statement	At Dec 31, 2008
	Rs'000	Rs'000	Rs'000
Deferred tax assets			
Retirement benefit obligations	5,090	(309)	4,781
Deferred tax liabilities			
Accelerated tax depreciation	(676)	133	(543)
Unrealised exchange gain	(1,641)	(1,175)	(2,816)
	(2,317)	(1,042)	(3,359)
Net deferred tax assets	2,773	(1,351)	1,422

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
• Due from contract holders	141,583	118,703	141,583	118,703
• Due from brokers and agents	78,453	75,498	78,453	75,498
less impairment provision	(8,800)	(10,061)	(8,800)	(10,061)
• Due from reinsurers				
- share of claims (note 20)	155,324	275,753	155,324	275,753
- share of unearned premiums (note 20)	184,269	175,322	184,269	175,322
- commission and other receivables	6,938	61,169	6,938	61,169
less amounts written off	-	(26,530)	-	(26,530)
• Due on portfolio transfers (note 18)	66,773	131,954	66,773	131,954
• Receivable from subsidiaries	-	-	1,315	618
• Prepayments	5,946	1,297	5,946	1,297
• Other receivables	13,634	12,462	9,396	9,694
	644,120	815,567	641,197	813,417
Share of Group's and minority's interest in Life Business Assets (note 13)	144,672	36,309	-	-
	788,792	851,876	641,197	813,417

- (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	
	2008	2007
	Rs'000	Rs'000
At January 1,	10,061	-
Written off during the year	(10,061)	-
Impairment provision	8,800	10,061
At December 31,	8,800	10,061

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.

13. LIFE BUSINESS ASSETS

	THE GROUP	
	2008	2007
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	150,460	155,753
Investment property	402,726	400,117
Intangible assets	24,738	25,085
Investment in associated company	35,323	54,171
Investment in financial assets	8,746,049	10,513,461
Loans and receivables	2,252,940	2,264,670
	11,612,236	13,413,257
Current assets		
Trade and other receivables	149,751	140,814
Financial assets	2,020,756	1,565,981
Loans and receivables	277,872	240,708
Short term deposits	1,848,701	2,403,888
Cash in hand and at bank	140,802	34,304
	4,437,882	4,385,695
Current liabilities		
Trade and other payables	105,413	65,490
Gross Outstanding claims	21,286	18,098
Current tax liabilities	8,149	6,638
	134,848	90,226
Non-current liabilities		
Retirement benefit obligations	68,981	63,178
Deferred tax liabilities	240	1,317
	69,221	64,495
	15,846,049	17,644,231
Less share of Group's and minority interest's (note 12)	(144,672)	(36,309)
Policyholders' share - Life Assurance Fund	15,701,377	17,607,922

14. SHARE CAPITAL

	2008 & 2007
	Rs'000
<u>Authorised</u>	
9,600,000 ordinary shares of Rs.5 each	48,000
<u>Issued and fully paid</u>	
7,171,346 ordinary shares of Rs.5 each	35,857

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

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	Reserve Fund Rs'000	Total Rs'000
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
Dividends	-	-	-	-	(43,028)	-	(43,028)
Balance at December 31, 2008	64,290	48,037	118	60,125	556,181	-	- 728,751
Balance at January 1, 2007							
- As previously stated	129,344	104,587	118	11,155	400,852	72,834	718,890
Reinsurers' balances adjustment	-	-	-	-	(26,530)	-	(26,530)
- As restated	129,344	104,587	118	11,155	374,322	72,834	692,360
Fair value changes on available-for-sale financial assets	69,549	-	-	-	-	-	69,549
Release from fair value reserve	(28,635)	-	-	-	-	-	(28,635)
Movement for the year	-	-	(26,274)	(24,081)	-	-	(50,355)
Profit for the year	-	-	-	-	64,517	-	64,517
Transfer effect due to Insurance Act 2005	-	-	-	-	72,834	(72,834)	-
Dividends	-	-	-	-	(39,442)	-	(39,442)
Balance at December 31, 2007	170,258	104,587	(26,156)	(12,926)	472,231	-	707,994

(b) THE COMPANY

	Fair Value Reserve	Other Reserve	Retained Earnings	Statutory Reserve Fund	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2008					
- As previously stated	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
Dividends	-	-	(43,028)	-	(43,028)
Balance at December 31, 2008	64,290	28,719	541,804	-	634,813
Balance at January 1, 2007					
- As previously stated	129,344	39,288	393,816	72,834	635,282
Reinsurers' balances adjustment	-	-	(26,530)	-	(26,530)
- As restated	129,344	39,288	367,286	72,834	608,752
Fair value changes of available-for-sale financial assets	69,549	-	-	-	69,549
Release from fair value reserve	(28,635)	-	-	-	(28,635)
Profit for the year	-	-	60,397	-	60,397
Transfer effect due to Insurance Act 2005	-	-	72,834	(72,834)	-
Dividends	-	-	(39,442)	-	(39,442)
Balance at December 31, 2007	170,258	39,288	461,075	-	670,621

16. MINORITY INTEREST

	THE GROUP	
	2008	2007
	Rs'000	Rs'000
At January 1,	22,890	24,597
Share of profit/dividend receivable (page 45)	16,154	15,132
Share of dividend received (page 48/note 26(a))	(14,999)	(14,015)
Movement in Proprietors' Fund	37,254	(2,824)
	61,299	22,890

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

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	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	97,240	86,465	96,923	86,234
Fair value of plan assets	(47,546)	(49,730)	(47,291)	(49,487)
	49,694	36,735	49,632	36,747
Unrecognised actuarial losses	(17,759)	(2,770)	(17,759)	(2,814)
Liability in the balance sheet	31,934	33,965	31,872	33,933

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	86,465	102,850	86,234	102,634
Current service cost	3,613	3,862	3,586	3,835
Interest cost	8,018	9,612	7,991	9,588
Actuarial losses/(gains)	13,271	(8,232)	13,239	(8,196)
Benefits paid	(14,126)	(21,627)	(14,126)	(21,627)
At December 31,	97,240	86,465	96,923	86,234

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	49,730	55,949	49,487	55,755
Expected return on plan assets	4,003	4,794	3,978	4,774
Actuarial (losses)/gains	(1,718)	689	(1,707)	686
Employer contributions	11,000	11,238	11,000	11,209
Scheme expenses	(415)	(427)	(414)	(426)
Cost of insuring risks benefits	(928)	(886)	(927)	(884)
Benefits paid	(14,126)	(21,627)	(14,126)	(21,627)
At December 31,	47,546	49,730	47,291	49,487

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	3,613	3,862	3,586	3,835
Interest cost	8,018	9,612	7,991	9,588
Expected return on plan assets	(4,003)	(4,794)	(3,978)	(4,774)
Net actuarial (gains)/losses recognised during the year	-	178	-	179
Scheme expenses	414	427	414	426
Cost of insuring risks benefits	928	886	927	884
Total, included in employee benefit expense (note 23)	8,969	10,171	8,939	10,138

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

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	33,965	35,032	33,933	35,005
Total expenses as above	8,969	10,171	8,939	10,138
Employer contributions	(11,000)	(11,238)	(11,000)	(11,210)
At December 31,	31,934	33,965	31,872	33,933
Actual return on plan assets	2,285	5,483	2,271	5,460

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

	THE GROUP			
	2008		2007	
	Rs'000	%	Rs'000	%
Local Equities	17,830	13%	14,919	16%
Overseas Equities	10,698	13%	7,459	14%
Fixed Interest	16,641	10%	24,865	10%
Properties	2,378	8%	2,487	6%
Total Market value of assets	47,546		49,730	

	THE COMPANY			
	2008		2007	
	Rs'000	%	Rs'000	%
Local Equities	17,734	13%	14,846	16%
Overseas Equities	10,641	13%	7,423	14%
Fixed Interest	16,552	10%	24,744	10%
Properties	2,365	8%	2,474	6%
Total Market value of assets	47,291		49,487	

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(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.

(ix) Expected contributions to post-employment benefit plans for the year ending December 31, 2009 are Rs. 11m.

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

	2008	2007	2006
	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	96,923	86,234	102,634
Fair value of plan assets	(47,291)	(49,487)	(55,755)
Deficit	49,632	36,747	46,879
Experience adjustments on plan liabilities	13,239	(8,197)	(4,950)
Experience adjustments on plan assets	(1,707)	686	(542)

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

	THE GROUP AND THE COMPANY	
	2008	2007
	%	%
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	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Due on portfolio transfers (note 12)	66,773	131,954	66,773	131,954
Reinsurance liabilities	31,029	15,775	31,029	15,775
Accrued expenses	2,913	9,779	2,913	9,779
Amount payable to subsidiary company	-	-	9,072	11,235
Other payables	33,430	28,202	21,347	15,190
	134,145	185,710	131,134	183,933

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

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

19. INCOME TAX

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
<u>Current tax liabilities</u>				
Balance at January 1,	3,455	111	3,439	78
Amount paid during the year	(2,450)	(111)	(2,434)	(78)
Current tax on the adjusted profit for the year at 15% (2007:15%)	15,922	3,553	15,856	3,535
Tax deducted at source	(133)	(98)	(133)	(96)
Overprovision in previous year	(630)	-	(630)	-
Balance at December 31,	16,164	3,455	16,098	3,439
<u>Income Statement Charge</u>				
Current tax on the adjusted profit for the year at 15% (2007:15%)	15,922	3,553	15,856	3,535
Deferred tax (note 11)	1,351	1,295	1,351	1,296
Overprovision in previous year	(630)	-	(630)	-
	16,643	4,848	16,577	4,831

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	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	159,775	84,497	140,334	65,228
Tax calculated at rate of 15% (2007:15%)	23,966	12,675	21,050	9,784
Income not subject to tax	(8,414)	(10,683)	(6,163)	(9,259)
Expenses not deductible for tax purposes	2,468	2,954	2,320	2,950
Share of results of associate	(747)	(1,454)	-	-
Overprovision in previous year	(630)	-	(630)	-
Effect of change in tax rate	-	1,356	-	1,356
Tax charge for the year	16,643	4,848	16,577	4,831

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20. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
Gross		
- Claims reported and loss adjustment expenses	280,987	396,299
- Unearned premiums (page 44/note 27(b))	376,540	354,213
Total gross insurance liabilities	657,527	750,512
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses (note 12)	155,324	275,753
- Unearned premiums (notes 12,27(b))	184,269	175,322
Total reinsurers' share of insurance liabilities	339,593	451,075
Net		
- Claims reported and loss adjustment expenses (notes 3.1(a)(iv), 27(a))	125,663	120,546
- Unearned premiums (note 27(b))	192,271	178,891
	317,934	299,437
Claims incurred but not reported IBNR (note 27(a))	21,500	16,500
Total net insurance liabilities	339,434	315,937

21. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income				
- Quoted	1,587	5,254	1,587	5,254
- Unquoted	32,719	24,484	32,719	24,484
	34,306	29,738	34,306	29,738
Investment income:				
- Dividend income				
• Listed	3,996	4,028	3,996	4,028
• DEM quoted	45,330	38,848	32,273	27,677
• Unquoted	625	3,088	625	3,089
	49,951	45,964	36,894	34,794
	84,257	75,702	71,200	64,532
Total Investment income:				
Minority interest - dividend income	13,057	11,170	-	-
Interest and investment income	71,200	64,532	71,200	64,532
	84,257	75,702	71,200	64,532

22. OTHER INCOME

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Loss on disposal of available-for-sale financial assets	(3,279)	(238)	(3,279)	(238)
Release from fair value reserve	7,665	28,635	7,665	28,635
Profit on disposal of property and equipment	996	888	996	888
Others	3,948	533	1,375	-
	9,330	29,818	6,757	29,285
Rent	2,661	2,634	2,661	2,634
Net foreign exchange gains/(losses)	7,833	(14,270)	7,835	(14,331)
	10,494	(11,636)	10,496	(11,697)
Total	19,824	18,182	17,253	17,588

23. MARKETING AND ADMINISTRATIVE EXPENSES

(a) Marketing and administrative expenses include:

	THE COMPANY	
	2008	2007
	Rs'000	Rs'000
- Internal auditors' fees	366	489
- Staff costs (see note (b) below)	92,792	97,243

(b) Analysis of staff costs

- Salaries and wages	68,707	67,843
- Retirement benefit obligation costs (note 17(v))	8,939	10,138
- Other costs	15,146	19,262
	92,792	97,243

24. DIVIDENDS PAID

	2008	2007
	Rs'000	Rs'000
Dividends paid amounted to Rs. 6.00 per ordinary share (2007: Rs.5.50 per ordinary share)	43,028	39,442

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

25. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
Earnings per share				
Profit attributable to equity holders of the Company (Rs'000)	126,978	64,517	123,757	60,397
Number of ordinary shares in issue	7,171,346	7,171,346	7,171,346	7,171,346
Basic earnings per share (Rs/cs)	17.71	9.00	17.26	8.42

26. NOTES TO THE CASH FLOW STATEMENTS

(a) Operating activities

	Notes	ROUP		THE COMPANY	
		2008	2007	2008	2007
		Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation and minority interest		143,621	69,365	140,334	65,228
Adjustments for:			Restated		Restated
Depreciation	5	8,307	7,118	8,290	7,107
Amortisation	6	382	1,093	382	1,093
Foreign exchange (gain) / loss	22	(7,833)	14,270	(7,835)	14,331
Profit on sale of property and equipment	22	(996)	(888)	(996)	(888)
Release from fair value reserve on disposal of financial assets	22	(7,665)	(28,635)	(7,665)	(28,635)
Loss on disposal of financial assets	22	3,279	238	3,279	238
Investment income	21	(71,200)	(64,532)	(71,200)	(64,532)
Reinsurers' balances adjustment		-	(26,530)	-	(26,530)
Retirement benefit obligations		(2,031)	(1,067)	(2,061)	(1,070)
Minority interest (Dividend)	16	16,154	15,132	-	-
Change in Gross Unearned Premiums	20/27(b)	22,327	40,003	22,327	40,003
Share of results of associate		(4,982)	(9,696)	-	-
Changes in working capital:					
- Trade and other receivables		177,512	(295,562)	172,220	(299,933)
- Trade and other payables		(51,565)	45,772	(52,799)	45,208
- Outstanding claims		(110,312)	233,543	(110,312)	233,543
Cash generated from/(used in) operating activities		114,998	(376)	93,964	(14,837)

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Short term deposits	282,908	222,532	282,908	222,532
Bank balances and cash	11,293	20,083	4,506	19,248
Cash and cash equivalents	294,201	242,615	287,414	241,780

The interest rates on short-term foreign deposits ranged from 0.78% to 4.66% (2007: 3.51% to 6.065%) and on local deposits from 7.65% to 10% (2007: average of 8% to 9.65%).

27. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

(i) THE COMPANY

(a) Outstanding claims

	2008			2007		
	Gross Reinsurance		Net	Gross Reinsurance		Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	396,299	(275,753)	120,546	166,927	(63,475)	103,452
Increase in liabilities	411,838	(196,620)	215,218	689,489	(441,315)	248,174
Cash paid for claims settled in the year (Page 45)	(527,150)	317,049	(210,101)	(460,117)	229,037	(231,080)
	<u>280,987</u>	<u>(155,324)</u>	<u>125,663</u>	<u>396,299</u>	<u>(275,753)</u>	<u>120,546</u>
Incurred but not reported (IBNR) (note 20)			21,500			16,500
At December 31,			<u>147,163</u>			<u>137,046</u>

(b) Provision for unearned premiums

	2008			2007		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	354,213	(175,322)	178,891	314,210	(132,625)	181,585
Increase during the year	22,327	(8,947)	13,380	40,003	(42,697)	(2,694)
At December 31, (note 20)	<u>376,540</u>	<u>(184,269)</u>	<u>192,271</u>	<u>354,213</u>	<u>(175,322)</u>	<u>178,891</u>

28. COMMITMENTS

	THE GROUP	
	2008	2007
	Rs'000	Rs'000
Outstanding commitments for loan, freehold properties and investments approved by the Board of Directors	<u>254,200</u>	<u>174,900</u>

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

29. SEGMENT INFORMATION - THE GROUP

(a) Primary reporting format - business segments

	Life	General		2008
		Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	1,621,608	560,163	394,444	2,576,215
Net earned premiums	1,546,746	300,297	100,684	1,947,727
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

	Life	General			2008
		Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	15,701,377	474,312	159,028	1,053,837	17,388,554
Segment liabilities	(15,701,377)	(84,256)	(13,547)	(763,468)	(16,562,648)
Equity holders' interest					825,906
Capital expenditure	-	1,563	524	3472	5,559
Depreciation	-	2,335	783	5189	8,307
Amortisation	-	107	36	239	382

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

(a) Primary reporting format - business segments

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

	Life	General			2007
		Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	17,607,922	616,183	222,216	945,014	19,391,335
Segment liabilities	(17,607,922)	(117,998)	(29,730)	(842,414)	(18,598,064)
Equity holders' interest					793,271
Capital expenditure	-	2,373	856	3640	6,869
Depreciation	-	2,459	887	3772	7,118
Amortisation	-	378	136	579	1,093

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

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
<u>2008</u>								
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	-
	<u>114,277</u>	<u>2,085</u>	<u>170,335</u>	<u>585,230</u>	<u>25,825</u>	<u>1,911</u>	<u>35,634</u>	<u>-</u>
<u>2007</u>								
Shareholders with significant influence	108,138	1,054	119,173	53,174	9,600	-	178,616	8,572
Enterprises that have a number of directors in common	2,426	1,133	3,170	20,293	-	1,495	1,285	-
Enterprises on which the Company and Subsidiaries exert significant influence	36,509	400	-	589,298	35,324	-	1	-
Key Management Personnel	960	-	778	-	37,598	167	86	-
	<u>148,033</u>	<u>2,587</u>	<u>123,121</u>	<u>662,765</u>	<u>82,522</u>	<u>1,662</u>	<u>179,988</u>	<u>8,572</u>

(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
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 num- ber 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
2007								
Subsidiary companies	7,342	27,328	304	4,752	31,039	4,343	150	10,920
Shareholders with significant influence	103,436	-	-	119,173	-	-	178,616	-
Enterprises that have a number of Directors in common	2,426	1,133	-	3,170	9,235	1,495	1,285	-
Enterprises on which the Company exerts significant influence	15	-	-	-	-	-	1	-
Key Management Personnel	960	-	-	778	-	167	86	-
	114,179	28,461	304	127,873	40,274	6,005	180,138	10,920

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Salaries and short-term employee benefits	48,286	42,621	23,157	20,394
Post-employment benefits - current service cost	1,686	2,450	1,557	1,632
- others	105	94	45	44
Termination benefits	-	18,104	-	11,008
	50,077	63,269	24,759	33,078

(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

	2008	2007	2006	2005	2004
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
		Restated	Restated	Restated	Restated
INCOME STATEMENTS					
Gross premiums	2,576,215	2,357,440	2,094,712	1,778,732	1,531,478
Net earned premiums	1,947,727	1,760,614	1,593,031	1,292,636	1,109,062
Underwriting surplus	203,212	133,039	90,172	111,605	88,830
Operating profit	287,469	208,741	160,712	175,691	151,485
Profit before taxation	159,775	84,497	58,909	104,392	71,592
Taxation	16,643	4,848	2,189	4,906	5,628
Profit for the year	143,132	79,649	56,720	99,486	65,964
Retained profit for the year	143,132	79,649	55,122	95,061	63,221
Attributable to:					
Equity holders of the Company	126,978	64,517	37,289	83,891	52,051
Minority interest	16,154	15,132	17,833	11,170	11,170
	143,132	79,649	55,122	95,061	63,221
BALANCE SHEETS					
Non-current assets	591,796	615,415	557,808	499,290	409,236
Current assets	1,095,381	1,141,468	863,553	958,437	732,439
Life Business Assets	15,701,377	17,607,922	14,384,606	11,473,068	9,762,358
	17,388,554	19,364,805	15,805,967	12,930,795	10,904,033
Equity holders' interest	764,608	743,851	728,217	618,414	536,768
Minority Interest	61,299	22,890	24,597	26,272	8,867
Life Assurance Fund	15,701,377	17,607,922	14,384,606	11,473,068	9,762,358
Gross unearned premiums	376,540	354,213	314,210	294,243	230,639
Outstanding claims & IBNR	302,487	412,799	179,256	201,990	221,750
Non-current liabilities	31,934	33,965	35,032	38,786	34,024
Current liabilities	150,309	189,165	140,049	278,022	109,627
	17,388,554	19,364,805	15,805,967	12,930,795	10,904,033
Dividends per share (rupees and cents)	6.00	5.50	5.00	5.00	4.50
Earnings per share (rupees and cents)	17.71	9.00	5.42	12.32	7.64
Net asset value per share (rupees and cents)	106.62	103.73	101.55	86.23	74.85
Number of shares used in calculation	7,171,346	7,171,346	7,171,346	7,171,346	7,171,346

32. FIVE YEAR SUMMARY

(b) THE COMPANY

	2008	2007	2006	2005	2004
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
		Restated	Restated	Restated	Restated
INCOME STATEMENTS					
Gross premiums	954,607	886,819	757,164	676,713	583,609
Net earned premiums	400,981	367,887	306,630	236,468	210,575
Underwriting surplus	203,212	133,040	90,172	111,605	88,830
Operating profit	274,412	197,572	149,542	164,521	140,315
Profit before taxation	140,334	65,228	34,113	93,411	60,489
Taxation	16,577	4,831	2,156	4,906	5,628
Profit for the year	123,757	60,397	31,957	88,505	54,861
Retained profit for the year	123,757	60,397	30,359	84,080	52,118
BALANCE SHEETS					
Non-current assets	587,802	592,621	508,844	530,329	440,275
Current assets	940,999	1,102,174	803,039	867,770	701,234
	1,528,801	1,694,795	1,311,883	1,398,099	1,141,509
Equity holders' interest	670,670	706,478	644,609	585,092	545,842
Gross unearned premiums	376,540	354,213	314,210	294,243	230,639
Outstanding claims and IBNR	302,487	412,799	179,256	201,990	221,750
Non-current liabilities	31,872	33,933	35,005	38,786	34,024
Current liabilities	147,232	187,372	138,803	277,988	109,254
	1,528,801	1,694,795	1,311,883	1,398,099	1,141,509
Dividends per share (rupees and cents)	6.00	5.50	5.00	5.00	4.50
Earnings per share (rupees and cents)	17.26	8.42	4.46	12.34	7.65
Net asset value per share (rupees and cents)	93.52	98.51	89.89	81.59	76.11
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, 2008 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. M. J. Cyril LAGESSE
Mr. L. J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A. (UK) (as from 1 April 2008)
Mr. Pierre Dinan, GOSK / B.Sc. Economics (LSE), FCA (England)
Mr. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL / A.C.I.B. (UK)
Mr. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), MBA (UK)
Mr. Henri HAREL / A.C.I.S.
Mr. Thierry LAGESSE / MBA (France)
Mr. Peroomal Gopallen MOOROGEN / FCCA, MBA (Wales)
Mr. Victor SEEYAVE / MBA (USA), B.A. Economics (UK)
Mr. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. 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., CA (SA) - Chairperson
Mr. M. J. Cyril LAGESSE
Mr. L. J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A. (UK) (as from 1 April 2008)
Mr. Pierre Dinan, GOSK / B.Sc. Economics (LSE), FCA (England)
Mr. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL / A.C.I.B. (UK)
Mr. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), MBA (UK)
Mr. Henri HAREL / A.C.I.S.
Mr. Thierry LAGESSE, MBA (France)
Me. M.F.I. Jean Hugues MAIGROT
Mr. Peroomal Gopallen MOOROGEN / FCCA, MBA (Wales)
Mr. Victor SEEYAVE / MBA (USA), B.A. Economics (UK)
Mr. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)

Swan International Co. Ltd.

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

Manufacturers' Distributing Station Limited

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [as from 16 June 2008]
Mr. Jean Paul CHASTEAU DE BALYON, F.MIoD

Pension Consultants and Administrators Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Peroomal Gopallen MOOROGEN / FCCA, MBA (Wales) [as from 16 June 2008]

Swan Group Corporate Services Limited

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

The Anglo-Mauritius Financial Services Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Peroomal Gopallen MOOROGEN / FCCA, MBA (Wales) [as from 16 June 2008]

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	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Executive Directors				
- Full-time	9,036	6,985	4,577	4,262
Non-executive Directors	1,007	870	1,109	1,279
	10,043	7,855	5,686	5,541

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

	From the Subsidiaries	
	2008	2007
	Rs'000	Rs'000
Executive Directors		
- Full-time	-	-
Non-executive Director	83	107
	83	107

DONATIONS

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Charitable donations - 12 recipients (2007: 18 recipients)	509	943	371	356
Others	-	-	-	-

other statutory disclosures

FOR THE YEAR ENDED DECEMBER 31, 2008 (pursuant to Section 221 of the Companies Act 2001)

AUDITORS' FEES

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees paid to				
- BDO De Chazal du Mée	1,932	2,159	1,090	1,020
- Other firms	23	-	-	-
Fees paid for other services provided by				
- BDO De Chazal du Mée	521	758	121	440
- Other firms	314	-	-	-
	2,790	2,917	1,211	1,460

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, 2008

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 2009

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

SWAN INSURANCE COMPANY LIMITED

proxy form

I/We
of
being a member/s of SWAN INSURANCE COMPANY LIMITED
hereby appoint
of
or failing him
of as my/our proxy to vote for me/us on my/our behalf at the
Annual Meeting of the Company to be held on Friday 26th June, 2009 at 09.30 hours and at any adjournment thereof.
I/We desire my/our vote to be cast on the ordinary resolutions as follows:

	FOR	AGAINST	ABSTAIN
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2008.			
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.			
5. To re-elect Mr. M.J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.			
6. To re-elect Mr. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.			
7. To re-elect Mr. 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 2009.

(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.

SWAN INSURANCE COMPANY LIMITED

Swan Group Centre / 10 Intendance Street
Port Louis / Mauritius

Tel +230 207 3500 / **Fax** +230 208 6898

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Website www.swangroup.mu