

# Swan Insurance Company Limited

Annual Report **2002**



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# Swan Group Vision

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



# Notice of Meeting to Shareholders

## 48th Annual Meeting

Notice is hereby given that the **forty-eighth Annual Meeting** of the Company will be held on **Friday 27th June 2003 at 9.30 hours** at the Registered Office of the Company, Swan Group Centre, Intendance Street, Port Louis to transact the following business:

1. To adopt the minutes of proceedings of the last Annual Meeting held on 28th June 2002.
2. To receive the Directors' Report and the Chairman's Statement.
3. To consider and approve the Annual Report including the Audited Financial Statements of the Company and the Group at 31st December 2002.
4. To re-appoint Mr. Jean Marc Harel, F.C.A. of De Chazal du Mée & Co. as Auditor of the Company until the conclusion of the next Annual Meeting and to fix his remuneration.
5. To re-elect Messrs J. Cyril Lagesse and M. H. Patrick Guimbeau as Directors of the Company to hold office until the next Annual Meeting. Messrs Lagesse and Guimbeau having attained the age of 70 need to seek re-election under Section 138 of the Companies Act 2001.
6. To elect as Director of the Company Mr. M.M. Hector Espitalier-Noël, who retires by rotation and offers himself for re-election.

*By order of the Board of Directors*  
*Jean Paul CHASTEAU DE BALYON*  
*Assistant Executive Manager (Admin) &*  
*Group Company Secretary*

16th May 2003  
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.

# Swan Insurance Company Limited and its Subsidiaries

## Annual Report - 31st December 2002

The Directors have pleasure in submitting the Annual Report of Swan Insurance Company Limited and of the Group, together with the audited financial statements for the year ended 31st December 2002, as set out on pages 12 to 40.

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company is general insurance business and has remained unchanged during the year. The principal activity of each Subsidiary is shown in note 5(a) to the financial statements and has remained unchanged during the year.

### **DIRECTORS**

The names of the Directors of the Company are given on page 4. In addition, a list of Directors of Subsidiary Companies is found in the Appendix II which forms an integral part of this Annual Report.

### **DIRECTORS' SERVICE CONTRACTS**

None of the Directors of the Company and of the Subsidiaries has service contracts.

### **DIRECTORS' REMUNERATION**

Remuneration received from the Company and related corporations is disclosed in Note 17(a) to the financial statements.

### **DONATIONS**

The amount of donations made by the Group and the Company is disclosed in Note 17 to the financial statements.

### **AUDITOR'S REMUNERATION**

The fees paid to Auditor for audit and other services are found in Note 17 to the financial statements.

Approved by the Board of Directors on 16th May 2003 and signed on its behalf by:



**M.J. Cyril Lagesse**  
Chairman



**Cyril Mayer**  
Director

# Directorate and Management



From left to right: J. L. Philippe DE CHASTEAUNEUF, Noël Adolphe VALLET, M.H. Patrick GUIMBEAU, Me. Pierre DOGER DE SPÉVILLE, M.J. Cyril LAGESSE, Sir René SEEYAVE, Cyril MAYER, M.M. Hector ESPITALIER-NOËL, P.Arnaud DALAIS, Thierry LAGESSE.

## Directors

M. J. Cyril LAGESSE - Chairman  
Cyril MAYER, B. Com., C.A. (S.A.)  
Sir René SEEYAVE, Kt., C.B.E.  
M. H. Patrick GUIMBEAU  
M. M. Hector ESPITALIER-NOËL, A.C.A.  
P. Arnaud DALAIS  
Me. Pierre DOGER DE SPÉVILLE  
Noël Adolphe VALLET  
Thierry LAGESSE (as from 28th June 2002)  
J. L. Philippe DE CHASTEAUNEUF (as from 28th June 2002)  
*J. M. Antoine HAREL, F.C.A. (up to 28th June 2002)*

## Group Chief Executive

Jean DE FONDAUMIÈRE, C.A.

## Executive Manager

Paul ROUSSET, A.C.I.I.

## Assistant Executive Manager (Administration) & Group Company Secretary

Jean Paul CHASTEAU DE BALYON

## Registered Office

Swan Group Centre  
Intendance Street  
Port Louis

## Consultants to the Group Chief Executive

Josie LAPIERRE, D.E.A. (Stratégie et Management)

Gérald LINCOLN



### Senior Managers

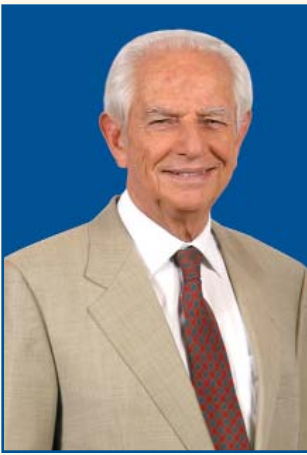
Jean Marc CHEVREAU - Technical  
Suzanne CHUNG TAK LUN - Information Technology  
Guy DE GAYE - Commercial  
Gilles HERBEREAU DE LACHAISE - Marine  
Michel THOMAS, F.C.I.I., MCI Arb - Research & Development  
Pierre XAVIER - Accounts

### Managers

Patrick ANDRÉ - Health and Travel  
Sophie DECOTTER, B.Soc.Sc. - Group Human Resources  
Rémi DESVAUX DE MARIGNY - Commercial  
Valérie DUVAL, LLB (Hons.) - Claims  
Krishen GOWRY - Motor  
Philippe LO FAN HIN, F.C.I.I. - Reinsurance and Statistics  
Ishwari MADHUB, F.C.C.A. - Systems Analyst  
Gilbert MONTENOT - Maintenance  
Gilbert REY - Fire and Accident

### Assistant Managers

Clency APPADOO, A.C.I.I. - Commercial  
Trilok BHURTUN, F.C.C.A. - Accounts  
Paul CHUTTOO, A.C.I.I. - Reinsurance and Statistics  
Gérard LO FONG, A.C.I.I. - Reinsurance and Statistics  
Bruno NALLETAMBY, A.C.I.I., Grad I.C.S.A. - Marine  
Ashley NUCKCHADY - Motor  
Nasser PANCHAMEAH - Marine  
Jean Yves VIOLETTE - Claims  
Gilbert XAVIER - Health and Travel



# Chairman's Statement and Directors' Report

***On behalf of the Board of Directors, I am pleased to submit the 48th Annual Report and Audited Financial Statements of Swan Insurance Company Limited and of the Group, for the Financial Year ended 31st December 2002.***

## **Corporate Profile**

The Swan Group, the market leader in the insurance sector in Mauritius, operates through Swan Insurance Company Limited for general insurance business and The Anglo-Mauritius Assurance Society Limited for life assurance, pension and fund administration business.

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

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

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

The Group's Gross Premium Income amounted to Rs. 1.3 billion at 31st December 2002. Assets under the management of the Swan Group amounted to Rs. 7.9 billion and the Life Assurance Fund reached Rs. 6.9 billion at 31st December 2002.

Reserves of the Swan Group stood at Rs. 501 million in 2002 and that of the Company at Rs. 463.6 million in 2002.

Investments are made in key sectors of activity in Mauritius and in the region, such as 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 at 31st December 2002 to Rs. 2.1 billion and loans on business properties totalled Rs. 358 million at 31st December 2002.

The Group caters for the insurance requirements of its clients in the region either within its treaty capacities or through Swan International, a wholly-owned offshore subsidiary of the Swan Group.

By securing the services of Aon, an international reinsurance broker, and of a panel of leading global reinsurers, the Group has 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 official list of the Mauritian Stock Exchange. Market capitalisation at 31st December 2002 was Rs. 344.2 million.

## **Regulatory and Legal Framework**

Legal proposals have been submitted to members of the Insurers' Association. The objective is to improve the regulation and supervision of the insurance industry and provide greater protection to policyholders.

The call for an updated legislation has been prompted

not only by the various shortcomings of the Insurance Act 1987 but also by the need for our legislation to be in line with international standards.

The aim of modernising the legal framework and strengthening supervision is also to avoid sudden failures of insurance companies which in the recent past left too many policyholders and members of the public without any insurance protection. This caused considerable damage to the reputation of the whole industry. The legislative proposals also aim to ensure greater security and financial stability as well as promoting sounder competition.

The introduction, on 10th June 2002, of the Financial Intelligence and Anti-Money Laundering Act (FIAML Act) puts a mandatory obligation on any employee or director of a financial institution to report to the Financial Intelligence Unit (FIU) any transaction which they have reason to believe is of a suspicious nature. This Act will have a direct impact on the way insurance companies conduct their business.

An Anti-Money Laundering code of practice will have to be implemented by insurance companies, as it has been the case in the banking sector, to comply with the obligations set out in the FIAML Act.

### **Corporate Governance**

The Board of Directors of the Swan Group is committed to the fundamental values of integrity, transparency and accountability in carrying out the Group's business activities. In November 2002, the Board of Directors voted a Code of Ethics for the Group which was based on the Model Code of Conduct prepared by the Joint Economic Council (JEC) and adapted to meet the specific needs of the Swan Group.

This Code of Ethics is a statement of the guiding principles of conduct which the Swan Group expects its directors and employees to follow when carrying out their work. Such a code is a statement to the Group's customers, shareholders, employees, suppliers and competitors, and all those who come into contact with the Swan Group, as to what standards of dealing they can expect from the directors and employees of the Group.

The code will be regularly reviewed to ensure that it reflects changes in the law and gives appropriate emphasis to current issues of concern.

The rapidly changing socio-economic environment and especially the growing demand for transparency worldwide, requires that Mauritius reviews and adjusts mechanisms to ensure high standards of conduct both in the public and private sectors. The Swan Group, as one of the market leaders in general insurance, life assurance, pensions and fund administration in Mauritius, fully supports the promotion of good corporate governance in both the public and private spheres.

### **Dividends**

The Directors recommended the payment of a dividend

of Rs. 28.7 million for the year to 31st December 2002 (Rs. 26.9 million in 2001) which results in a dividend yield of 8.3% on market value at 31st December 2002.

### **Auditors**

Jean Marc Harel of De Chazal du Mée & Co. has expressed his willingness to continue in office as Auditor and a resolution proposing his re-appointment will be submitted at the next Annual Meeting.

### **Directorate**

Mr. J.M. Antoine Harel, who had expressed the wish of retiring from the Board of Swan Insurance Company Ltd. and of The Anglo-Mauritius Assurance Society Ltd., resigned on 28th June 2002. The Directors would like to record their appreciation of the invaluable contribution of Mr. J.M. Antoine Harel for the many years during which he has been associated with the Group and their appreciation of his leadership role as Chairman of the Board of both companies.

Sir René H. Maingard de La Ville-ès-Offrans and Sir J. Emile Sériès, who had expressed the wish of retiring from the Board of The Anglo-Mauritius Assurance Society Ltd., resigned on 28th June 2002. The Directors would like to thank them for their significant contribution to the Company's development over the years.

Mr. Philippe de Chasteauneuf and Mr. Thierry Lagesse were appointed as Directors of Swan Insurance Company Ltd. on 28th June 2002.

Me. Pierre Doger de Spéville, Mr. Hector Espitalier-Noël and Mr. Philippe de Chasteauneuf were appointed as Directors of The Anglo-Mauritius Assurance Society Ltd. on 26th April 2002.

Mr. Thierry Lagesse was appointed as Director of The Anglo-Mauritius Assurance Society Ltd. on 28th June 2002.

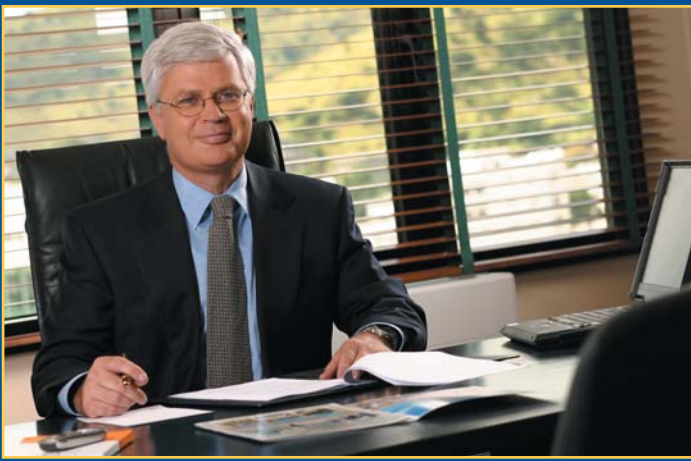
### **Acknowledgements to our key partners and employees**

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

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



**M.J. Cyril Lagesse**  
**Chairman**



# Group Chief Executive's Review

The world economy in 2002 was expected to grow at a moderate pace. The United States, Japan and Europe showed an increase in economic activity during the first half of 2002. However, following major crisis in the financial markets and geopolitical uncertainties, the pace of the global recovery slowed down, particularly in industrial countries.

Global Gross Domestic Product (GDP) growth for 2002 is estimated at 3% and forecast at 3.2% for 2003 (World Economic Outlook, April 2003 – International Monetary Fund).

The events of 11th September 2001 seriously impacted on the insurance and reinsurance industry worldwide. In 2002, insurers and reinsurers suffered from stock market losses, floods and natural catastrophes.

## **The Insurance Market**

The local insurance market has generally suffered in 2002 from further restrictions in terms of reinsurance capacity, increased costs of protection and reduction in reinsurance commissions. It is expected that this readjustment process will continue to have an adverse impact on our market in 2003 as reinsurers are themselves under considerable pressure to achieve positive underwriting results and adequate returns.

Insurers will have to monitor the management of their risks more closely and charge adequate premiums in order to build up adequate results and to continue attracting the support of first class reinsurance protection.

## **Economic Highlights**

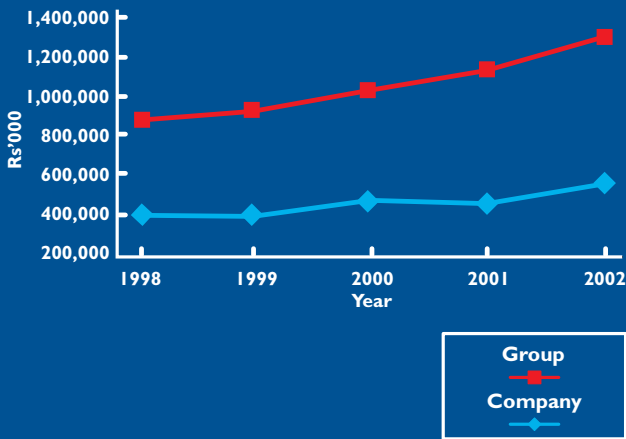
The Mauritian economy grew by 2.5% in 2002 compared to a forecast of 4.0% made in October 2002. This lower growth rate is attributable to a negative growth of 14.4% in agriculture (-19.3% for sugar) and a negative rate of 4.0% in the EPZ sector. The financial sector growth rate was 2.0% as compared to 11.0% in 2001, mainly caused by a decrease in the level of activities of offshore banks which resulted in nearly zero growth in the banking sector. The insurance sector grew by 8% in 2002 compared to 10% in 2001 and is expected to increase by 5.0% in 2003. The tourism and construction sectors had positive growth rates in 2002 of 3.2% and 7.0% respectively.

The growth rate of Mauritius is forecast at 5.8% for 2003. A good performance in the sugar sector (15.2%) is expected while the EPZ sector should benefit from the African Growth Opportunity Act (AGOA) II and is expected to reach a positive growth rate of around 3.0%. Positive rates are expected for other key sectors of the Mauritian economy namely the financial sector (3.6%), the tourism sector (2.7%) and the construction sector (7.0%).

Total investment reached Rs. 31.2 billion in 2002, which represents an increase of 4.8% compared to 2001 (Rs. 29.8 billion), but in real terms it grew by 1.4%. An increase of 11.8% (8.8% in real terms) is forecast for total investment in 2003 which is expected to reach Rs. 34.9 billion.

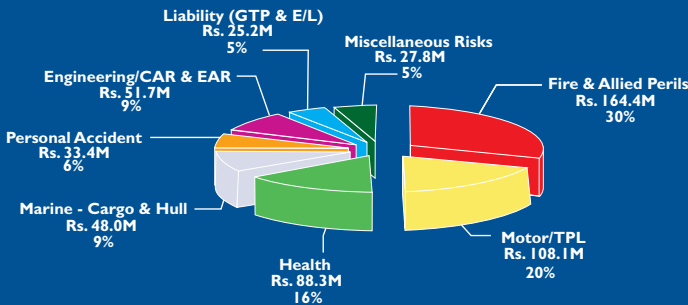
The investment rate has been in decline for the past three years from 23.5% in 2000 to 22.0% in 2002. It is expected

### Gross Premiums (Group & Company)

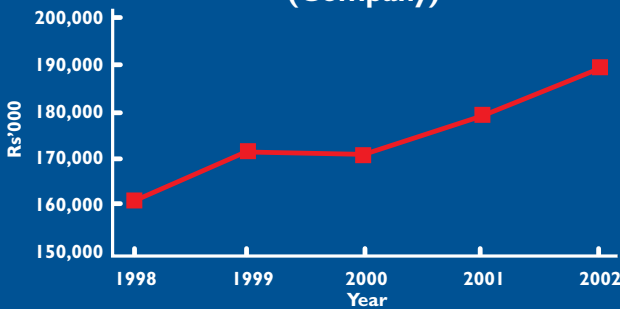


### Gross Premium Income by Class of Business (Company)

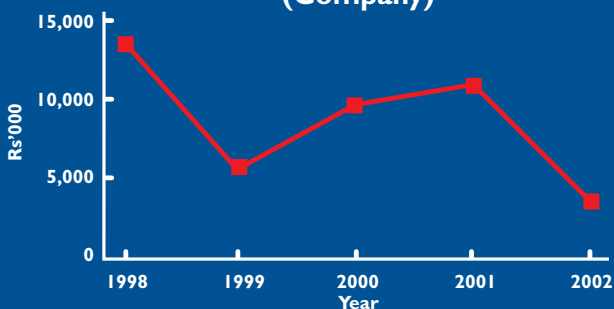
Total: Rs. 546.9M



### Net Earned Premiums (Company)



### Underwriting Profit (Company)



to reach 22.2% in 2003. The inflation rate was 6.4% in calendar year 2002 as compared to 5.4% in 2001. The inflation rate is forecast at 5.0% for financial year 2002-2003.

The population of the Republic of Mauritius was slightly more than 1.2 million in 2002 which indicates a 0.9% growth over 2001. The total labour force was about 541,100 in 2002 representing an increase of 0.5% compared to 2001. Male labour force was around 353,700 and female labour force around 187,400. Total employment reached 490,000 in 2002.

Unemployment rate was 9.8% (8.5% for males and 12.2% for females) in 2002 as compared to 9.1% in 2001.

GDP per capita is estimated at Rs. 128,664 for 2003 as compared to Rs. 117,557 in 2002 indicating an increase of 9.4%.

### Financial Highlights

#### Group

The Group's Gross Premium Income at 31st December 2002 amounted to Rs. 1,295.5 million, representing an increase of 11.6% (Rs. 1,160.6 million in 2001). The Net Earned Premiums increased from Rs. 847.7 million in 2001 to Rs. 906.2 million this year.

However, the Profit After Tax dropped to Rs. 57.9 million in 2002, representing a decrease of 17.5% (Rs. 70.2 million in 2001).

Total assets under the management of the Swan Group amounted to Rs. 7.9 billion at 31st December 2002 (Rs. 7.0 billion in 2001) and thus increased by 12.9%. This is mainly due to a reclassification in the balance sheets and to the application of the International Accounting Standards 39 (IAS 39). The investments in securities have been re-evaluated on a Fair Value basis.

The Life Assurance Fund amounted to Rs. 6.9 billion at 31st December 2002 compared to Rs. 6.3 billion in 2001, representing an increase of 11.3%.

Thus, the Net Assets Value per Share amounted to Rs. 74.9 in 2002 (Rs. 67.7 in 2001) and the Earnings per Share decreased by 17.2% at Rs. 6.87 compared to Rs. 8.30 in 2001.

#### Company

The Company's Gross Premium Income increased by 18.5% to reach Rs. 546.9 million (Rs. 461.6 million in 2001), mainly attributable to rate increases following a general hardening of the reinsurance markets. Net Earned Premiums increased by 5.3% to reach Rs. 188.0 million (Rs. 178.6 million in 2001). Investment income reduced to Rs. 51.7 million (Rs. 58.4 million in 2001) due to a reduction in interest rates and a deficit in foreign currency translation compared to the previous year. Profit Before Tax reduced to Rs. 55.2 million (Rs. 69.2 million in 2001) mainly due to reduced investment income, increased reinsurance costs, and a series of losses affecting our fire and allied perils business.

Dividends of Rs. 28.7 million were paid to shareholders (Rs. 26.9 million in 2001) and amounts of Rs. 2.4 million and Rs. 16.8 million were transferred to our statutory reserve fund and general reserves respectively.

Our reserves at 31st December 2002 stand at Rs. 463.6 million compared to Rs. 436.8 million in 2001.

### Investments

During the year 2002, the SEMDEX increased by 17.6% while the MSCI World index, which measures the performance of the most important stock exchanges worldwide, recorded a negative return of 23.6% in rupee terms. Interest rates in the US and Europe have been repeatedly reduced to boost the economy. In Mauritius, the level of interest rate followed a similar trend.

Anglo-Mauritius currently administers several investment Funds with specific investment strategies to meet the needs and objectives of policyholders and pension funds.

Our largest fund is the With-Profit Fund, with assets of Rs. 6.6 billion at market value as at 31st December 2002 compared to Rs. 6.0 billion the previous year. This fund is the vehicle for all the products offering investment guarantees. As each product type has its own ideal long-term asset allocation strategy, the investment strategy for the whole fund is derived from the relative weighting within the fund of these different products. Following the advice of our actuaries, approximately two thirds of the fund is currently invested in fixed income securities and one third in equities and properties. This fund achieved a higher return in 2002 than in the previous year, mainly due to the good performance of the local stock exchange over the year.

Our best performing fund over 2002 was the Equity Fund (Pension). This fund invests at least 90% of its assets in quoted shares of well-established companies, on the local and foreign markets. Our most popular unitised funds, the General Fund (Life) and the Secure Fund (Pension), have achieved returns in line with expectations.

### Information Technology

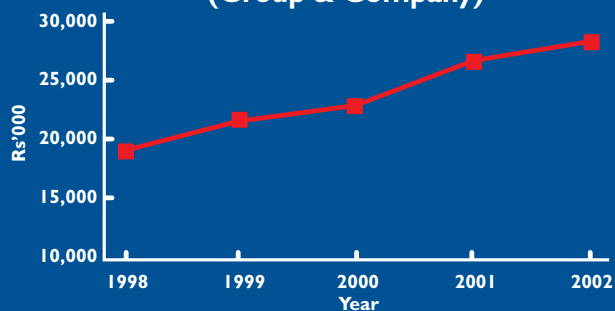
Information Technology has a key role in our organisation. During this year, we have been investing in both technology infrastructure and applications to improve our network. Existing procedures in some departments have been reviewed to increase efficiency, productivity and customer service.

Our database has enabled us to provide timely and relevant information for reinsurance negotiations and other management decisions.

### Human Resources

Brigitte R.Jauffret retired as Secretary of The Anglo-Mauritius Assurance Society Ltd. on 31st December 2002 and Jean Paul Chasteau de Balyon, Assistant Executive Manager

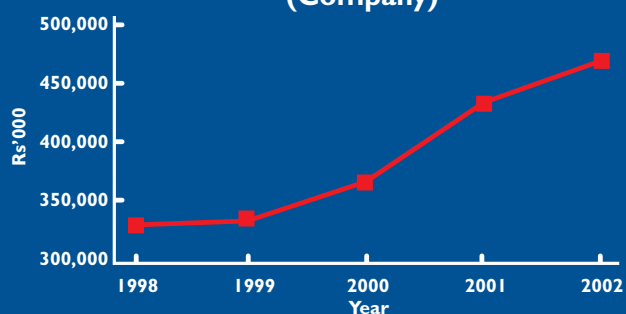
**Dividends Paid  
(Group & Company)**



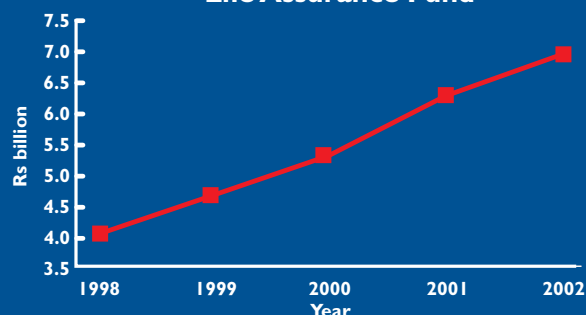
**Profit After Tax  
(Company)**



**Reserves  
(Company)**



**Life Assurance Fund**



(Administration) and Company Secretary of Swan Insurance Company Ltd., was appointed Assistant Executive Manager (Administration) and Group Company Secretary of Swan Insurance Company Ltd. and Group Company Secretary of The Anglo-Mauritius Assurance Society Ltd. on 1st January 2003.

I would like to take this opportunity to thank Brigitte R. Jauffret for her total commitment and dedication to The Anglo-Mauritius Assurance Society Ltd. for more than 30 years and wish her a happy retirement.

A Group Communication and Human Resources Department was set up within the Swan Group in March 2002 in view of further developing the Group's internal and external communication strategies and enhancing employees' personal and professional development. Josie Lapiere, Consultant to the Group Chief Executive, was appointed Head of the Group Communication and Human Resources Department and Sophie Decotter, Group Human Resources Manager.

Maxime Rey, Financial Controller of The Anglo-Mauritius Assurance Society Ltd., was appointed Head of the Loans and Legal Departments of the Company on 1st January 2003.

Eric Chung For Yuen, Senior Manager of the Actuarial Department of The Anglo-Mauritius Assurance Society Ltd., was appointed Head of the Claims Department of the Company on 1st January 2003.

Mark Whatley joined the Actuarial Department of The Anglo-Mauritius Assurance Society Ltd. as Actuary on 1st December 2002. He is a Fellow of the Institute of Actuaries and holds a B.Sc. Honours in Mathematics with Russian. He was previously employed as an actuary and pensions consultant by Mercer Human Resource Consulting Limited, London, United Kingdom.

### **Training**

The Management Team of Swan Insurance Company Ltd. and The Anglo-Mauritius Assurance Society Ltd. participated in Facilitation Sessions conducted by De Chazal du Mée (DCDM) during which the vision, values and strategies of each organisation were developed. The Company's vision, values and strategies were discussed and communicated to the staff of The Anglo-Mauritius Assurance Society Ltd. during working sessions facilitated by DCDM.

A Modern Management Trends Training Programme is being conducted with the Management Team of The Anglo-Mauritius Assurance Society Ltd. by Maingard Piat & Associates since November 2002 to drive and manage change throughout the organisation and to create a learning and continuous improvement culture.

Training sessions were organised for the staff and agents of Swan Insurance Company Ltd. in respect of key issues

linked to general insurance products, services and contracts. These courses were conducted by Michel Thomas, Senior Manager of the Research and Development Department.

Training sessions were organised for the staff and agents of The Anglo-Mauritius Assurance Society Ltd. in respect of the launch of the new *Unit-Linked Personal Pension Plan*. During the year, agents followed training sessions on the *Educational Plan, Mortgage Plan, Capital Growth Plan and Personal Pension Plan*. These courses were conducted by Carlo Poliah, Agency Manager of the Individual Business Marketing Department of The Anglo-Mauritius Assurance Society Ltd.

### **Communication**

#### **Launch of the *Unit-Linked Personal Pension Plan***

An integrated marketing and communication strategy was developed by The Anglo-Mauritius Assurance Society Ltd. for the launch of the *Unit-Linked Personal Pension Plan* in 2002. A national advertising campaign was conducted in November 2002 using communication channels and tools such as billboards, the press and radio.

A brochure describing the key features of the product was prepared and a mailing exercise was conducted to target existing and potential clients. Innovative marketing approaches were adopted through the use of a call centre 24 hours a day and telemarketing techniques.

#### **Sponsorship of the Tennis for the 6th Indian Ocean Islands Games**

The Swan Group, official sponsor of the Tennis for the *6th Indian Ocean Islands Games*, remitted the sum of Rs. 750,000 to the *Comité Organisateur des Jeux des Iles (COJI)* in 2002. Swan Insurance Company Ltd. and The Anglo-Mauritius Assurance Society Ltd. have always been closely associated with sports, athletics, football, swimming and more specially tennis with the sponsorship of the first ATP tournament in 1996, the ITF tournament in 2000 and the *Davis Cup Group 3 Euro Africa* in 2001.

Quality, professionalism, competitiveness and human development are concepts that we firmly believe in at the Swan Group. Over the years, we have been committed to the promotion of sports in Mauritius as one of the means of contributing to the socio-economic development of the country.



**Jean de Fondaumière, C.A.**  
**Group Chief Executive**

# **Report of the Auditor** *to the Members*

*I have audited the financial statements of Swan Insurance Company Limited (the Company) and its Subsidiaries (the Group) set out on pages 14 to 40 which have been prepared on the basis of the accounting policies set out on pages 19 to 23.*

*This report is made solely to the Group's and the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001 and the Insurance Act 1987. My audit work has been undertaken so that I might state to the Group's and the Company's members those matters I am required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Group's and the Company's members as a body, for my audit work, for this report, or for the opinions I have formed.*

### **Respective responsibilities of Directors and Auditor**

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

### **Basis of opinion**

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

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

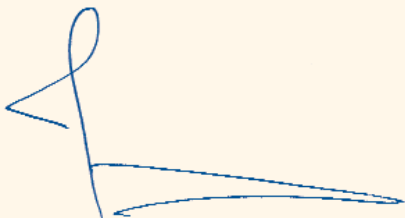
I have no relationship with, or any interests in, the Group and the Company other than in my capacity as Auditor, tax and business adviser and other than dealings with the Group and the Company in the ordinary course of business.

### **Opinion**

I have obtained all such information and explanations which I considered necessary.

In my opinion :

- a) proper accounting records have been kept by the Group and the Company as far as it appears from my examination of those records;
- b) the financial statements give a true and fair view of the state of affairs of the Group and the Company as at December 31, 2002 and of the profits and cash flows for the year then ended, comply with the Companies Act 2001 and the Insurance Act 1987 and have been prepared in accordance with International Accounting Standards.



*Jean Marc HAREL, G.O.S.K., F.C.A., FCI Arb  
OF DE CHAZAL DU MEE & CO  
Chartered Accountants  
Port-Louis,  
Mauritius.  
16th May 2003.*

# Balance Sheets

at December 31, 2002

	Notes	THE GROUP		THE COMPANY	
		2002 Rs'000	2001 Restated Rs'000	2002 Rs'000	2001 Restated Rs'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	108,081	25,390	108,081	25,390
Intangible asset	4	2,000	-	2,000	-
Statutory Deposit		8,000	8,000	8,000	8,000
Investment in Subsidiary Companies	5	-	-	31,082	6,293
Investments in securities	6	243,093	343,361	243,093	343,361
Net deferred tax assets	7	2,449	-	2,449	1,083
		<u>363,623</u>	<u>376,751</u>	<u>394,705</u>	<u>384,127</u>
<b>Current assets</b>					
Trade and other receivables	8	374,873	159,838	286,578	129,852
Cash in hand and at bank and bank deposits	21(b)	<u>166,899</u>	<u>187,123</u>	<u>166,220</u>	<u>186,464</u>
		<u>541,772</u>	<u>346,961</u>	<u>452,798</u>	<u>316,316</u>
Life Business Assets	9	6,949,516	6,272,755	-	-
<b>Total assets</b>		<b><u>7,854,911</u></b>	<b><u>6,996,467</u></b>	<b><u>847,503</u></b>	<b><u>700,443</u></b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and Reserves</b>					
Share Capital	10	35,857	35,857	35,857	35,857
Reserves	11	<u>501,053</u>	<u>449,814</u>	<u>463,637</u>	<u>436,825</u>
Shareholders' interests		536,910	485,671	499,494	472,682
Minority Interests	12	<u>27,099</u>	<u>11,725</u>	-	-
		<u>564,009</u>	<u>497,396</u>	<u>499,494</u>	<u>472,682</u>
Life Assurance Fund	1(g)	6,949,516	6,272,755	-	-
Insurance Fund	1(h)	<u>106,395</u>	<u>89,579</u>	<u>106,395</u>	<u>89,579</u>
		<u>7,055,911</u>	<u>6,362,334</u>	<u>106,395</u>	<u>89,579</u>
<b>Non-current liabilities</b>					
Net deferred tax liabilities	7	-	311	-	-
Employee Benefits Obligation	13	<u>28,314</u>	<u>25,640</u>	<u>28,314</u>	<u>25,640</u>
		<u>28,314</u>	<u>25,951</u>	<u>28,314</u>	<u>25,640</u>
<b>Current liabilities</b>					
Trade and other payables	14	198,237	101,623	204,860	103,379
Current tax liabilities	15	<u>8,440</u>	<u>9,163</u>	<u>8,440</u>	<u>9,163</u>
		<u>206,677</u>	<u>110,786</u>	<u>213,300</u>	<u>112,542</u>
<b>Total equity and liabilities</b>		<b><u>7,854,911</u></b>	<b><u>6,996,467</u></b>	<b><u>847,503</u></b>	<b><u>700,443</u></b>

These financial statements have been approved for issue by the Board of Directors on 16th May 2003.



**M.J. Cyril Lagesse**  
Chairman



**Cyril Mayer**  
Director

} **DIRECTORS**

The notes on pages 19 to 40 form an integral part of these financial statements.  
Auditor's report on pages 12 and 13.

# Profit and Loss Accounts

Year ended December 31, 2002

	Notes	THE GROUP		THE COMPANY	
		2002	2001	2002	2001
		Rs'000	Rs'000	Rs'000	Rs'000
GROSS PREMIUMS		<u>1,295,524</u>	<u>1,160,638</u>	<u>546,930</u>	<u>461,610</u>
NET EARNED PREMIUMS	1(1)/16	<u>906,203</u>	<u>847,733</u>	<u>188,047</u>	<u>178,578</u>
UNDERWRITING PROFIT	17	3,405	10,795	3,500	10,804
Other income	18	<u>60,441</u>	<u>69,018</u>	<u>51,653</u>	<u>58,361</u>
PROFIT BEFORE TAX		63,846	79,813	55,153	69,165
Taxation	15	<u>(5,901)</u>	<u>(9,605)</u>	<u>(7,295)</u>	<u>(9,508)</u>
PROFIT AFTER TAX		57,945	70,208	47,858	59,657
Minority interests	12	<u>(8,676)</u>	<u>(10,642)</u>	-	-
NET PROFIT		49,269	59,566	47,858	59,657
DIVIDENDS	19	<u>(28,685)</u>	<u>(26,893)</u>	<u>(28,685)</u>	<u>(26,893)</u>
PROFIT FOR THE YEAR		20,584	32,673	19,173	32,764
Transfer to Statutory Reserve Fund		<u>(2,393)</u>	<u>(2,983)</u>	<u>(2,393)</u>	<u>(2,983)</u>
RETAINED PROFIT FOR THE YEAR		<u><b>18,191</b></u>	<u>29,690</u>	<u><b>16,780</b></u>	<u>29,781</u>
Retained by:					
Holding Company		16,780	29,781		
Subsidiaries		<u>1,411</u>	<u>(91)</u>		
		<u>18,191</u>	<u>29,690</u>		
EARNINGS PER SHARE (Rupees and cents)	20	<u><b>6.87</b></u>	<u>8.30</u>	<u><b>6.67</b></u>	<u>8.32</u>

The notes on pages 19 to 40 form an integral part of these financial statements.  
Auditor's report on pages 12 and 13.

# Statement of Changes in Equity

Year ended December 31, 2002

## (a) THE GROUP

	Notes	Share Capital Rs'000	Fair Value Reserve Rs'000	Revaluation & Other Reserves Rs'000	Proprietors' Fund Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000
<b>Balance at January 1, 2001</b>								
-as previously reported		35,857	-	39,288	27,093	269,941	56,380	428,559
-effect of adopting IAS 39	6	-	-	-	-	43,457	-	43,457
-as restated		35,857	-	39,288	27,093	313,398	56,380	472,016
Transfer		-	43,457	-	-	(43,457)	-	-
Decrease in fair value of available-for-sale securities	6	-	(4,512)	-	-	-	-	(4,512)
Exchange differences on translation of the financial statements of offshore subsidiary		-	-	68	-	-	-	68
Movement for the year		-	-	-	(14,670)	-	-	(14,670)
Net profit		-	-	-	-	59,566	-	59,566
Dividends	19	-	-	-	-	(26,893)	-	(26,893)
Transfer to Statutory Reserve Fund		-	-	-	-	(2,983)	2,983	-
Consolidation adjustment		-	-	-	-	96	-	96
<b>Balance at December 31, 2001</b>		<u>35,857</u>	<u>38,945</u>	<u>39,356</u>	<u>12,423</u>	<u>299,727</u>	<u>59,363</u>	<u>485,671</u>
<b>Balance at January 1, 2002</b>								
-as previously reported		35,857	-	39,356	12,423	299,727	59,363	446,726
-effect of adopting IAS 39	6	-	(4,512)	-	-	43,457	-	38,945
-as restated		35,857	(4,512)	39,356	12,423	343,184	59,363	485,671
Transfer		-	43,457	-	-	(43,457)	-	-
Increase in fair value of available-for-sale securities	6	-	7,639	-	-	-	-	7,639
Exchange differences on translation of the financial statements of offshore subsidiary		-	-	22	-	-	-	22
Movement for the year		-	-	-	22,994	-	-	22,994
Net profit		-	-	-	-	49,269	-	49,269
Dividends	19	-	-	-	-	(28,685)	-	(28,685)
Transfer to Statutory Reserve Fund		-	-	-	-	(2,393)	2,393	-
<b>Balance at December 31, 2002</b>		<u>35,857</u>	<u>46,584</u>	<u>39,378</u>	<u>35,417</u>	<u>317,918</u>	<u>61,756</u>	<u>536,910</u>

The notes on pages 19 to 40 form an integral part of these financial statements.  
Auditor's report on pages 12 and 13.

# Statement of Changes in Equity

Year ended December 31, 2002

## (b) THE COMPANY

	Notes	Share Capital Rs'000	Fair Value Reserves Rs'000	Other Reserves Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000
<b>Balance at January 1, 2001</b>							
- as previously reported		35,857	-	39,288	269,448	56,380	400,973
- effect of adopting IAS 39	6	-	-	-	43,457	-	43,457
- as restated		35,857	-	39,288	312,905	56,380	444,430
Transfer		-	43,457	-	(43,457)	-	-
Decrease in fair value of available-for-sale securities	6	-	(4,512)	-	-	-	(4,512)
Net profit		-	-	-	59,657	-	59,657
Dividends	19	-	-	-	(26,893)	-	(26,893)
Transfer to Statutory Reserve Fund		-	-	-	(2,983)	2,983	-
<b>Balance at December 31, 2001</b>		<u>35,857</u>	<u>38,945</u>	<u>39,288</u>	<u>299,229</u>	<u>59,363</u>	<u>472,682</u>
<b>Balance at January 1, 2002</b>							
- as previously reported		35,857	-	39,288	299,229	59,363	433,737
- effect of adopting IAS 39	6	-	(4,512)	-	43,457	-	38,945
- as restated		35,857	(4,512)	39,288	342,686	59,363	472,682
Transfer		-	43,457	-	(43,457)	-	-
Increase in fair value of available-for-sale securities	6	-	7,639	-	-	-	7,639
Net profit		-	-	-	47,858	-	47,858
Dividends	19	-	-	-	(28,685)	-	(28,685)
Transfer to Statutory Reserve Fund		-	-	-	(2,393)	2,393	-
<b>Balance at December 31, 2002</b>		<u>35,857</u>	<u>46,584</u>	<u>39,288</u>	<u>316,009</u>	<u>61,756</u>	<u>499,494</u>

The notes on pages 19 to 40 form an integral part of these financial statements.  
Auditor's report on pages 12 and 13.

# Cash Flow Statements

Year ended December 31, 2002

	Notes	THE GROUP		THE COMPANY	
		2002	2001	2002	2001
		Rs'000	Rs'000	Rs'000	Rs'000
<b>Operating activities</b>					
Cash (used in)/generated from operations	21(a)	(11,138)	7,840	(19,722)	(2,814)
Tax paid		(9,384)	(9,321)	(9,384)	(9,321)
<b>Net cash used in operating activities</b>		<u>(20,522)</u>	<u>(1,481)</u>	<u>(29,106)</u>	<u>(12,135)</u>
<b>Investing activities</b>					
Purchase of property, plant and equipment	3	(8,880)	(8,810)	(8,880)	(8,810)
Purchase of intangible asset	4	(2,000)	-	(2,000)	-
Disposal proceeds of property, plant and equipment		2,459	923	2,459	923
Purchase of investment in Subsidiary Company	5	(24,789)	(476)	(24,789)	(476)
Purchase of securities	6	(61,916)	(33,166)	(61,916)	(33,166)
Disposals of securities	6	84,246	41,736	84,246	41,736
Loans granted	6	(2,520)	(6,530)	(2,520)	(6,530)
Loans recovered	6	1,706	1,397	1,706	1,397
Investment income received		48,468	51,860	48,356	51,846
<b>Net cash generated from investing activities</b>		<u>36,774</u>	<u>46,934</u>	<u>36,662</u>	<u>46,920</u>
<b>Financing activities</b>					
Dividends paid to group shareholders	19	(28,685)	(26,893)	(28,685)	(26,893)
Dividends paid to minority shareholders	12	(8,676)	(10,642)	-	-
<b>Net cash used in financing activities</b>		<u>(37,361)</u>	<u>(37,535)</u>	<u>(28,685)</u>	<u>(26,893)</u>
<b>(Decrease)/Increase in cash and cash equivalents</b>		<u>(21,109)</u>	<u>7,918</u>	<u>(21,129)</u>	<u>7,892</u>
<b>Movements in cash and cash equivalents</b>					
At January 1,		187,123	171,961	186,464	171,328
(Decrease)/increase in cash and cash equivalents		(21,109)	7,918	(21,129)	7,892
Effect of exchange rate changes	18	885	7,244	885	7,244
<b>At December 31,</b>	21(b)	<u><b>166,899</b></u>	<u><b>187,123</b></u>	<u><b>166,220</b></u>	<u><b>186,464</b></u>

The notes on pages 19 to 40 form an integral part of these financial statements.  
Auditor's report on pages 12 and 13.

# Notes to the Financial Statements

Year ended December 31, 2002

## I. ACCOUNTING POLICIES

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

### (a) Basis of preparation

International Accounting Standards are being applied in full for the first time. Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except for, available-for-sale securities which are stated at their fair value and held-to-maturity securities which are carried at amortised cost.

### (b) Investment in Subsidiaries

#### *Separate financial statements of the investor*

Investments in Subsidiary Companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

#### *Consolidated financial statements*

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

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

A Subsidiary, The Anglo-Mauritius Assurance Society Limited carries out life business only, its net results as well as those of its Subsidiaries are accounted in the Life Assurance Fund. This Fund belongs to the life policyholders and as such the assets and liabilities of the life business are disclosed separately in the consolidated financial statements, distinct from the assets and liabilities of the Holding Company. The Company's share of profit in The Anglo-Mauritius Assurance Society Limited is accounted for on a dividend paid basis. This method smoothes out the effect of the variance in the results of the Subsidiary following the valuation of the Life Assurance Fund by the Actuaries every three years.

### (c) Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Profit and Loss Account/Life Assurance Fund Account. Such balances are translated at year-end exchange rates.

Profit and Loss Account of the offshore Subsidiary is translated into the Group's reporting currency at average exchange rates for the year and the Balance Sheet is translated at the year end exchange rates ruling on December 31, 2002. Exchange differences arising from the retranslation of the net investment in the offshore Subsidiary are taken to "Translation Reserve" in shareholders' equity. In the event of disposal of the offshore Subsidiary, such translation differences are recognised in the Profit and Loss Account as part of the gain or loss on sale.

### (d) Intangible asset

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

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

# Notes to the Financial Statements

Year ended December 31, 2002

## (e) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Land and buildings are subsequently shown at market value, based on triennial valuations by external independent valuers, less subsequent depreciation for property. All other property, plant and equipment are stated at historical cost less depreciation.

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

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

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, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit before tax.

## (f) Impairment

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

## (g) Life Assurance Fund

### Non-Linked Account

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

### Linked Account

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

# Notes to the Financial Statements

Year ended December 31, 2002

## **(h) Insurance Fund**

The Fund consists of unearned premiums computed on the basis of the 365th method.

Outstanding claims provisions are made up of :

- (a) provision for claims Incurred But Not Reported (IBNR) and
- (b) the net estimated costs of claims admitted or intimated but not yet settled at balance sheet date.

## **(i) Financial instruments**

Financial assets and financial liabilities are recognised on the Group's and the Company's balance sheets when the Group and the Company have become a party to the contractual provisions of the instrument.

The Group's and the Company's accounting policies in respect of the main financial instruments are set out below.

### **(i) Trade receivables**

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

### **(ii) Trade payables**

Trade payables are stated at their nominal value.

### **(iii) Equity instruments**

Equity instruments are recorded at the proceeds received, net of direct issue costs.

## **(j) Investments in securities**

### **Initial recognition**

At January 1, 2001, the Group and the Company adopted IAS 39 and classified their investments in securities (excluding investments in Subsidiaries) as 'held-to-maturity' and 'available-for-sale'. Investments are recognised on trade-date basis and are initially measured at cost.

### **Subsequent recognition**

#### Held-to-maturity debt securities

At subsequent reporting dates, debt securities that the Group and the Company have the expressed intention and ability to hold to maturity are measured at amortised cost.

#### Available-for-sale securities

Available-for-sale investments are measured at subsequent reporting dates at fair value. Unrealised gains and losses on such securities are recognised directly in equity and to Life Assurance Fund for The Anglo-Mauritius Assurance Society Limited, until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in equity and in the Life Assurance Fund is included in the Profit and Loss Account and Linked and Non-Linked Accounts of the respective Life Assurance Fund for the year. On disposal, the profit or loss recognised in the Profit and Loss Account and Linked and Non-Linked Accounts of the respective Life Assurance Fund, is the difference between the proceeds and the carrying amount of the asset.

# Notes to the Financial Statements

Year ended December 31, 2002

## **(k) Deferred income taxes**

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

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

The principal temporary differences arise from depreciation on property, plant and equipment, translation gains and losses and Employee Benefits Obligation.

## **(l) Revenue recognition**

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

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

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

## **(m) Employee benefits obligation**

The Company contributes to a defined benefit plan, the assets of which are held independently and administered by an insurance company. The pension accounting costs are assessed using the projected unit credit method so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries. The actuarial gains and losses are spread over the remaining service life of the relevant employees. The principal actuarial assumptions are disclosed in the notes to the financial statements.

Its Subsidiary, The Anglo-Mauritius Assurance Society Limited, has an employee retirement fund which is internally managed. Full liability of the retirement obligation has been recognised as the assets are not legally separate and cannot therefore be considered as Plan Assets. The liability has been included in the Life Business Assets.

## **(n) Provisions**

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

# Notes to the Financial Statements

Year ended December 31, 2002

## 2. FINANCIAL RISK FACTORS

The Group's and the Company's activities expose them to a variety of financial risks, including:

- Interest rate risk
- Credit risk
- Currency risk and
- Equity price risk

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

### **Interest rate risk**

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

### **Credit risk**

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

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

### **Currency risk**

Reinsurance policies by the Group and the Company are purchased from the international markets, thereby exposing them to foreign currency fluctuations. The Group and the Company primary exposures are associated with the British Pounds, Euro and US dollars. Exposure to foreign currencies are not hedged.

The Company has investment in a foreign Subsidiary whose net assets are exposed to currency translation risk.

### **Equity price risk**

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

# Notes to the Financial Statements

Year ended December 31, 2002

## 3. PROPERTY, PLANT AND EQUIPMENT

### THE GROUP AND THE COMPANY

	Buildings Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Office Equipment Rs'000	Total Rs'000
<b>COST</b>					
At January 1, 2002	-	27,549	18,344	43,417	89,310
Additions	-	7,304	639	937	8,880
Transfer from investments in securities (Note 6 (b))	86,391	-	-	-	86,391
Disposals	-	(6,461)	(30)	(2)	(6,493)
<b>At December 31, 2002</b>	<b>86,391</b>	<b>28,392</b>	<b>18,953</b>	<b>44,352</b>	<b>178,088</b>
<b>DEPRECIATION</b>					
At January 1, 2002	-	17,802	13,632	32,486	63,920
Charge for the year	1,728	4,711	1,893	3,743	12,075
Disposal adjustments	-	(5,964)	(22)	(2)	(5,988)
<b>At December 31, 2002</b>	<b>1,728</b>	<b>16,549</b>	<b>15,503</b>	<b>36,227</b>	<b>70,007</b>
<b>NET BOOK VALUES</b>					
<b>At December 31, 2002</b>	<b>84,663</b>	<b>11,843</b>	<b>3,450</b>	<b>8,125</b>	<b>108,081</b>
At January 1, 2002	-	9,747	4,712	10,931	25,390

## 4. INTANGIBLE ASSET

### THE GROUP AND THE COMPANY

	Goodwill Rs'000
<b>COST AND NET BOOK VALUE</b>	
Addition during the year and at December 31, 2002	<u>2,000</u>

Goodwill represents part payment by the Company on acquisition of the portfolio of one of its main agents.

# Notes to the Financial Statements

Year ended December 31, 2002

## 5. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST

### THE COMPANY

	2002			2001
	OTC Quoted Rs'000	Unquoted Rs'000	Total Rs'000	Total Rs'000
At January 1,	6,136	157	6,293	5,817
Additions	24,789	-	24,789	476
<b>At December 31,</b>	<b>30,925</b>	<b>157</b>	<b>31,082</b>	<b>6,293</b>

(a) The financial statements of the following Subsidiary Companies, incorporated in Mauritius, have been included in the consolidated financial statements.

	Class of shares held	Nominal Value of Investment		Swan Insurance Company Limited % Holding		Other Group Company % Holding		Activity
		2002	2001	2002	2001	2002	2001	
		Rs'000	Rs'000					
The Anglo-Mauritius Assurance Society Limited	Ordinary	17,770	15,329	71.08	61.30	-	-	•Life business assurance
Swan Properties Limited	Ordinary	-	-	-	-	100	100	•Purchase, development and sale of land
Standard Property Company Limited	Ordinary	-	-	-	-	100	100	•Rental of property
Verdun Industrial Building Co. Ltd	Ordinary	1	1	0.01	0.01	99.99	99.99	•Rental of industrial land and building
Themis Limited	Ordinary	-	-	-	-	100	100	•Dormant
Investment and Administrative Co. (Mtius) Ltd.	Ordinary	-	-	-	-	100	100	•Management Company
Ilot Fortier Ltd	Ordinary	-	-	-	-	100	100	•Management Company
Swan International Ltd	Ordinary	156	156	100	100	-	-	•Brokers & Consultants
Manufacturers' Distributing Station Limited	Ordinary	-	-	-	-	99.99	99.99	•Investment Company

# Notes to the Financial Statements

Year ended December 31, 2002

## 6. INVESTMENTS IN SECURITIES

### THE GROUP AND THE COMPANY

	2002				2001
	Held-to-maturity Rs'000	Available-for-sale Rs'000	Others Rs'000	Total Rs'000	Total Rs'000
At January 1,					
- as previously stated (cost)	167,402	50,623	86,391	304,416	307,852
- effect of adopting IAS 39	-	38,945	-	38,945	43,457
- as restated (fair value)	167,402	89,568	86,391	343,361	351,309
Additions	48,871	13,045	-	61,916	33,166
Loans granted	2,520	-	-	2,520	6,530
Increase/(decrease) in fair value	-	7,639	-	7,639	(4,512)
Disposals	(84,196)	(50)	-	(84,246)	(41,736)
Loans recovered	(1,706)	-	-	(1,706)	(1,396)
Transfer to property, (see note (b) below)	-	-	(86,391)	(86,391)	-
At December 31,	<b>132,891</b>	<b>110,202</b>	<b>-</b>	<b>243,093</b>	<b>343,361</b>
Analysed as follows:					
Non-current	49,367	-	-	49,367	35,326
Current	83,524	110,202	-	193,726	308,035
	<b>132,891</b>	<b>110,202</b>	<b>-</b>	<b>243,093</b>	<b>343,361</b>

(a) Held-to-maturity investments comprise of debentures, Mauritius Government Securities and secured loans with variable interest rates and maturity dates varying between 2003 to 2010.

(b) The investment held in "Société Civile d'Attribution Swan Group Centre" has been reclassified as property (note 3).

## 7. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method at 25%.

The movement on deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
At January 1,	(311)	131	1,083	1,428
Consolidation adjustment (note 15)	1,394	-	-	-
Profit and loss account (note 15)	1,366	(442)	1,366	(345)
<b>At December 31,</b>	<b>2,449</b>	<b>(311)</b>	<b>2,449</b>	<b>1,083</b>

# Notes to the Financial Statements

Year ended December 31, 2002

## 7. DEFERRED INCOME TAXES - (continued)

Deferred income taxes 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		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
Deferred tax assets	7,078	6,410	7,078	6,410
Deferred tax liabilities	(4,629)	(6,721)	(4,629)	(5,327)
Net deferred tax (liabilities)/assets	<u>2,449</u>	<u>(311)</u>	<u>2,449</u>	<u>1,083</u>

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

(a) THE GROUP	At	Consolidation Adjustment Rs'000	(Charged)/	At
	January 1, 2002 Rs'000		credited to Profit and Loss Rs'000	December 31, 2002 Rs'000
<b>Deferred income tax liabilities</b>				
Accelerated tax depreciation	(4,178)	1,394	931	(1,853)
Unrealised exchange gain	(2,543)	-	(233)	(2,776)
	<u>(6,721)</u>	<u>1,394</u>	<u>698</u>	<u>(4,629)</u>
<b>Deferred income tax assets</b>				
Employee benefits obligation	<u>6,410</u>	<u>-</u>	<u>668</u>	<u>7,078</u>
<b>Net deferred income tax assets/(liabilities)</b>	<u>(311)</u>	<u>1,394</u>	<u>1,366</u>	<u>2,449</u>
<b>(b) THE COMPANY</b>				
<b>Deferred income tax liabilities</b>				
Accelerated tax depreciation	(2,784)	-	931	(1,853)
Unrealised exchange gain	(2,543)	-	(233)	(2,776)
	<u>(5,327)</u>	<u>-</u>	<u>698</u>	<u>(4,629)</u>
<b>Deferred income tax assets</b>				
Employee benefits obligation	<u>6,410</u>	<u>-</u>	<u>668</u>	<u>7,078</u>
<b>Net deferred income tax assets</b>	<u>1,083</u>	<u>-</u>	<u>1,366</u>	<u>2,449</u>

# Notes to the Financial Statements

Year ended December 31, 2002

## 8. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
Trade receivables:				
- Premiums and agents balances	140,982	113,585	140,982	113,585
- Amounts due by Reinsurers (see note 14(a) below)	129,186	-	129,186	-
Prepayments	3,048	4,760	3,048	4,676
Receivable from group companies:				
- Subsidiary Company	-	-	536	473
Other receivables	12,868	11,118	12,826	11,118
	<u>286,084</u>	<u>129,463</u>	<u>286,578</u>	<u>129,852</u>
Group's interest in Life Business Assets (note 9(c))	88,789	30,375	-	-
	<u><b>374,873</b></u>	<u><b>159,838</b></u>	<u><b>286,578</b></u>	<u><b>129,852</b></u>

## 9. LIFE BUSINESS ASSETS

	THE GROUP	
	2002 Rs'000	2001 - restated Rs'000
(a) As previously reported		6,214,082
Effect of adopting IAS 39		58,673
As restated		<u>6,272,755</u>
(b) Life Business Assets comprise of the following items:		
<b>Non-current assets</b>		
Property, plant and equipment	161,579	101,977
Investment property	302,841	312,585
Other investments	5,645,088	4,427,630
Non-current receivables	48,990	-
Statutory Deposit	10,000	10,000
	<u>6,168,498</u>	<u>4,852,192</u>
<b>Current assets</b>		
Trade and other receivables	277,017	221,801
Short term investments	712,476	1,319,038
Bank and cash balances	41,329	54,069
	<u>1,030,822</u>	<u>1,594,908</u>
<b>Current liabilities</b>		
Trade and other payables	(83,220)	(70,759)
Current tax liabilities	(12,706)	(12,246)
	<u>(95,926)</u>	<u>(83,005)</u>
<b>Non-current liabilities</b>		
Employee Benefits Obligation (Note 1 (m))	(63,637)	(59,571)
Deferred tax liabilities	(1,452)	(1,394)
	<u>(65,089)</u>	<u>(60,965)</u>
<b>TOTAL</b>	<u><b>7,038,305</b></u>	<u><b>6,303,130</b></u>
(c) Total Life Business Assets of Subsidiary as shown above	7,038,305	6,303,130
Less group's interest (note 8)	(88,789)	(30,375)
Policyholders' share	<u><b>6,949,516</b></u>	<u><b>6,272,755</b></u>

# Notes to the Financial Statements

Year ended December 31, 2002

## 10. SHARE CAPITAL

2002 & 2001  
Rs'000

### Authorised

Ordinary shares of Rs.5 each

48,000

### Issued and fully paid

Ordinary shares of Rs.5 each

**35,857**

## 11. RESERVES

Reserves are analysed as follows:

(a) THE GROUP	Proprietors' Fund Rs'000	Fair Value Reserve Rs'000	Capital Reserve Rs'000	Investment Reserve Rs'000	Translation Reserve Rs'000	Retained Earnings Rs'000	Statutory	Total Rs'000
							Reserve Fund Rs'000	
Balance at January 1, 2002								
- as previously reported	12,423	-	28,906	10,322	128	299,727	59,363	410,869
- effect of adopting IAS 39	-	(4,512)	-	-	-	43,457	-	38,945
- as restated	12,423	(4,512)	28,906	10,322	128	343,184	59,363	449,814
Transfer	-	43,457	-	-	-	(43,457)	-	-
Increase in fair value of available-for-sale securities	-	7,639	-	-	-	-	-	7,639
Exchange differences on translation of the financial statements of offshore subsidiary	-	-	-	-	22	-	-	22
Movement during the year	22,994	-	-	-	-	-	-	22,994
Net profit	-	-	-	-	-	49,269	-	49,269
Dividends	-	-	-	-	-	(28,685)	-	(28,685)
Transfer to Statutory Reserve Fund	-	-	-	-	-	(2,393)	2,393	-
<b>Balance at December 31, 2002</b>	<b>35,417</b>	<b>46,584</b>	<b>28,906</b>	<b>10,322</b>	<b>150</b>	<b>317,918</b>	<b>61,756</b>	<b>501,053</b>

(b) THE COMPANY	Fair Value Reserve Rs'000	Capital Reserve Rs'000	Investment Reserve Rs'000	Retained Earnings Rs'000	Statutory	Total Rs'000
					Reserve Fund Rs'000	
Balance at January 1, 2002						
- as previously reported	-	28,906	10,382	299,229	59,363	397,880
- effect of adopting IAS 39	(4,512)	-	-	43,457	-	38,945
- as restated	(4,512)	28,906	10,382	342,686	59,363	436,825
Transfer	43,457	-	-	(43,457)	-	-
Increase in fair value of available-for-sale securities	7,639	-	-	-	-	7,639
Net profit	-	-	-	47,858	-	47,858
Dividends	-	-	-	(28,685)	-	(28,685)
Transfer to Statutory Reserve Fund	-	-	-	(2,393)	2,393	-
<b>Balance at December 31, 2002</b>	<b>46,584</b>	<b>28,906</b>	<b>10,382</b>	<b>316,009</b>	<b>61,756</b>	<b>463,637</b>

# Notes to the Financial Statements

Year ended December 31, 2002

## 12. MINORITY INTERESTS

	THE GROUP	
	2002 Rs'000	2001 Rs'000
At January 1,		
- as previously stated	11,725	45,718
- consolidation adjustment	-	(24,857)
- as restated	11,725	20,861
Share of dividend receivable (page 15)	8,676	10,642
Share of dividend received (note 21(a))	(8,676)	(10,642)
Movement in Proprietors' Fund	15,374	(9,136)
<b>At December 31,</b>	<b>27,099</b>	<b>11,725</b>

## 13. EMPLOYEE BENEFITS OBLIGATION

	THE GROUP AND THE COMPANY	
	2002 Rs'000	2001 Rs'000
(a) The amounts recognised in the Balance Sheets are as follows:		
Present value of defined benefit obligation	77,953	64,867
Fair value of Plan Assets	(39,025)	(31,373)
	38,928	33,494
Unrecognised actuarial losses	(10,614)	(7,854)
Liability in the Balance Sheets	<b>28,314</b>	<b>25,640</b>

The Pension Scheme is a Defined Benefit Plan and is partly funded. The assets of the funded plan are held independently and administered by The Anglo-Mauritius Assurance Society Limited. The market value of the pension scheme was Rs.39 million (2001: Rs 31.4 million).

	THE GROUP AND THE COMPANY	
	2002 Rs'000	2001 Rs'000
(b) The amounts recognised in the Profit and Loss Account are as follows:		
Current service cost	4,079	3,631
Interest cost	6,468	5,438
Expected return on Plan Assets	(3,470)	(3,012)
Actuarial gain	97	-
Total included in staff cost	<b>7,174</b>	<b>6,057</b>

	THE GROUP AND THE COMPANY	
	2002 Rs'000	2001 Rs'000
(c) Movement in the liability recognised in the Balance Sheets:		
At January 1,	25,640	23,557
Total expenses as above	7,174	6,057
Contribution paid	(4,500)	(3,974)
At December 31,	<b>28,314</b>	<b>25,640</b>

Note: Employee Benefits Obligation have been provided for based on the reports of the Actuaries of The Anglo-Mauritius Assurance Society Limited.

	2002	2001
(d) The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10.0%	10.0%
Expected return on plan assets	10.5%	10.5%
Future long-term salary increase	8.0%	8.0%
Future expected pension increase	3.0%	3.0%

# Notes to the Financial Statements

Year ended December 31, 2002

## 14. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
Trade payables:				
- Due on Portfolio transfers (see note 14(a) below)	96,188	-	96,188	-
- Outstanding claims provision	81,331	83,625	81,331	83,625
- Amounts payable to Reinsurers	-	2,711	-	2,711
Amount due to Subsidiary Company	-	-	6,640	6,473
Accrued expenses	6,308	7,966	6,308	7,966
Other payables	14,410	7,321	14,393	2,604
	<b>198,237</b>	<b>101,623</b>	<b>204,860</b>	<b>103,379</b>

(a) There were no portfolio transfers effected as at December 31, 2001 on some of the main treaties which were on a run-off basis whereas for current year, transfers were made from outgoing to incoming Reinsurers.

## 15. INCOME TAX

	THE GROUP		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
(b) Current tax on the adjusted profit for the year at 25%	8,440	9,163	8,440	9,163
Under provision	221	-	221	-
Consolidation adjustment (note 7)	(1,394)	-	-	-
Deferred tax (note 7)	(1,366)	442	(1,366)	345
Tax charge for the year	<b>5,901</b>	<b>9,605</b>	<b>7,295</b>	<b>9,508</b>

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

	THE GROUP		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
Profit before tax	63,846	79,813	55,153	69,165
Tax calculated at rate of 25%	15,962	19,954	13,788	17,291
Income not subject to tax	(10,057)	(12,280)	(7,888)	(9,617)
Expenses not deductible for tax purposes	435	1,163	435	1,163
Investment tax credit	(152)	(300)	(152)	(300)
Adjusting items	(287)	1,068	1,112	971
Tax charge for the year	<b>5,901</b>	<b>9,605</b>	<b>7,295</b>	<b>9,508</b>

# Notes to the Financial Statements

Year ended December 31, 2002

## 16. NET EARNED PREMIUMS

Net earned premiums constitute the turnover of the Group and the Company and represent general insurance/life assurance premium receivable net of reinsurances and adjusted for unearned premiums, life assurance premiums receivable net of reassurances and annuity consideration.

## 17. UNDERWRITING PROFIT

	THE GROUP		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
The underwriting profit is arrived at after crediting/(charging):				
Claims incurred	(110,501)	(101,701)	(110,501)	(101,701)
Net commissions	22,275	22,119	22,275	22,119
Depreciation on property, plant and equipment	(12,075)	(10,286)	(12,075)	(10,286)
Administrative expenses net of donations	(84,103)	(77,169)	(83,964)	(77,439)
Donations	<u>(493)</u>	<u>(954)</u>	<u>(282)</u>	<u>(467)</u>
Auditor's remuneration	<u>1,431</u>	<u>1,239</u>	<u>819</u>	<u>691</u>
Other fees	<u>254</u>	<u>181</u>	<u>104</u>	<u>95</u>
Directors' emoluments (see (a) below)			<u>366</u>	<u>95</u>
Staff costs (see (b) below)			<u>54,354</u>	<u>47,022</u>

	THE COMPANY	
	2002 Rs'000	2001 Rs'000
(a) Directors' emoluments		
Non full-time	<u>366</u>	<u>95</u>

The Directors received during the year Rs.360,000 (2001 - Rs.93,000) as fees from other related corporations.

	THE COMPANY	
	2002 Rs'000	2001 Rs'000
(b) Analysis of staff costs		
Salaries	44,854	39,794
Pension and other costs	<u>9,500</u>	<u>7,228</u>
	<u>54,354</u>	<u>47,022</u>

	THE COMPANY	
	2002	2001
The number of employees at the end of the year was:		
- Administration, technical, commercial and other employees	<u>132</u>	<u>139</u>

# Notes to the Financial Statements

Year ended December 31, 2002

## 18. OTHER INCOME

	THE GROUP		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
Interest income:				
- Quoted	7,393	11,601	7,281	11,586
- Unquoted	18,223	17,465	18,223	17,465
	<u>25,616</u>	<u>29,066</u>	<u>25,504</u>	<u>29,051</u>
Investment income:				
- Dividend income				
Listed	4,097	3,892	4,097	3,892
OTC quoted	27,430	27,660	18,754	17,018
Unquoted	459	434	459	434
	<u>31,986</u>	<u>31,986</u>	<u>23,310</u>	<u>21,344</u>
	<u>57,602</u>	<u>61,052</u>	<u>48,814</u>	<u>50,395</u>
Total Investment income:				
Minority interests - dividend income	8,676	10,642	-	-
Interest and investment income	<u>48,926</u>	<u>50,410</u>	<u>48,814</u>	<u>50,395</u>
Profit on disposal of property, plant and equipment	1,954	722	1,954	722
Net foreign exchange gains	885	7,244	885	7,244
	<u>2,839</u>	<u>7,966</u>	<u>2,839</u>	<u>7,966</u>
<b>Total</b>	<b><u>60,441</u></b>	<b><u>69,018</u></b>	<b><u>51,653</u></b>	<b><u>58,361</u></b>

## 19. DIVIDENDS PAID

	2002 Rs'000	2001 Rs'000
On ordinary shares @ 80% paid on December 31, 2002 (2001 - 75%)	<u>28,685</u>	<u>26,893</u>

## 20. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
<b>Basic earnings per share</b>				
Net profit attributable to shareholders (Rs'000)	<u>49,269</u>	<u>59,566</u>	<u>47,858</u>	<u>59,657</u>
Number of ordinary shares in issue ('000)	<u>7,171</u>	<u>7,171</u>	<u>7,171</u>	<u>7,171</u>
Basic earnings per share (Rs/cs)	<u>6.87</u>	<u>8.30</u>	<u>6.67</u>	<u>8.32</u>

# Notes to the Financial Statements

Year ended December 31, 2002

## 21. NOTES TO THE CASH FLOW STATEMENT

	THE GROUP		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
<b>(a) Operating activities</b>				
Profit before taxation and minority interests	55,170	69,171	55,153	69,165
Adjustments for:				
Depreciation (note 3)	12,075	10,286	12,075	10,286
Foreign exchange gains (note 18)	(885)	(7,244)	(885)	(7,244)
Profit on sale of property, plant and equipment	(1,954)	(722)	(1,954)	(722)
Investment income (note 18)	(48,926)	(50,410)	(48,814)	(50,395)
Employee benefits obligation	2,674	2,083	2,674	2,083
Minority interests (Dividend) (note 12)	8,676	10,642	-	-
Transfer to Insurance Fund	16,816	2,816	16,816	2,816
Changes in working capital:				
- trade and other receivables	(156,226)	56,167	(156,268)	56,170
- trade and other payables	101,442	(84,949)	101,481	(84,973)
<b>Cash (used in)/generated from operating activities</b>	<b>(11,138)</b>	<b>7,840</b>	<b>(19,722)</b>	<b>(2,814)</b>

	THE GROUP		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
<b>(b) Cash and cash equivalents</b>				
Short term deposits	149,560	182,996	149,560	182,996
Bank and cash balances	17,339	4,127	16,660	3,468
<b>Cash and cash equivalents</b>	<b>166,899</b>	<b>187,123</b>	<b>166,220</b>	<b>186,464</b>

## 22. OTHER COMMITMENTS

	THE GROUP		THE COMPANY	
	2002 Rs'000	2001 Rs'000	2002 Rs'000	2001 Rs'000
Outstanding commitments for loans and investments approved by the Board of Directors	<b>217,300</b>	<b>220,765</b>	<b>20,000</b>	<b>965</b>

# Notes to the Financial Statements

Year ended December 31, 2002

## 23. SEGMENT INFORMATION - (GROUP)

### (a) Primary reporting format - business segments - year ended December 31, 2002

	Life	General			2002 Total Rs'000
	Rs'000	Fire & Allied Perils Rs'000	Motor Rs'000	Others Rs'000	
Gross premiums	<u>748,954</u>	<u>164,434</u>	<u>108,139</u>	<u>274,357</u>	<u>1,295,884</u>
Net earned premiums	<u>718,156</u>	<u>24,793</u>	<u>88,534</u>	<u>74,720</u>	<u>906,203</u>
Segment results	<u>-</u>	<u>27,394</u>	<u>16,142</u>	<u>56,329</u>	99,865
Administrative expenses					(84,385)
Depreciation					(12,075)
Underwriting profit					3,405
Other income					60,441
Profit before tax					63,846
Tax					(5,901)
Profit after tax					57,945
Minority interests					(8,676)
Net profit					<u>49,269</u>

	Life	General			2002 Total Rs'000	
	Rs'000	Fire & Allied Perils Rs'000	Motor Rs'000	Others Rs'000		Unallocated Rs'000
Segment assets	<u>6,949,516</u>	<u>35,620</u>	<u>127,197</u>	<u>107,351</u>	<u>635,227</u>	<u>7,854,911</u>
Segment liabilities	<u>(6,949,516)</u>	<u>(21,978)</u>	<u>(101,240)</u>	<u>(54,301)</u>	<u>(190,966)</u>	<u>(7,318,001)</u>
						<b>536,910</b>
Shareholders' interests and funds and other reserves						<u>536,910</u>
Capital expenditure	-	1,171	4,181	3,528	-	8,880
Depreciation	-	1,592	5,685	4,798	-	12,075
Other non-cash (income)/expenses	<u>-</u>	<u>(258)</u>	<u>(920)</u>	<u>(776)</u>	<u>18,605</u>	<u>16,651</u>

# Notes to the Financial Statements

Year ended December 31, 2002

## 23. SEGMENT INFORMATION - (GROUP) - (continued)

### (b) Primary reporting format - business segments - year ended December 31, 2001 (restated)

	Life	General			2001
	Rs'000	Fire & Allied Perils Rs'000	Motor Rs'000	Others Rs'000	Total Rs'000
Gross premiums	<u>699,028</u>	<u>140,671</u>	<u>102,129</u>	<u>218,810</u>	<u>1,160,638</u>
Net earned premiums	<u>669,195</u>	<u>24,323</u>	<u>90,151</u>	<u>64,104</u>	<u>847,773</u>
Segment results	<u>-</u>	<u>34,922</u>	<u>14,391</u>	<u>49,891</u>	99,204
Administrative expenses					(78,123)
Depreciation					(10,286)
Underwriting profit					10,795
Other income					<u>69,018</u>
Profit before tax					79,813
Tax					<u>(9,605)</u>
Profit after tax					70,208
Minority interests					<u>(10,642)</u>
Net profit					<u>59,566</u>

	Life	General			2001	
	Rs'000	Fire & Allied Perils Rs'000	Motor Rs'000	Others Rs'000	Unallocated Rs'000	Total Rs'000
Segment assets	<u>6,272,755</u>	<u>15,470</u>	<u>57,339</u>	<u>40,775</u>	<u>610,128</u>	<u>6,996,467</u>
Segment liabilities	<u>(6,272,755)</u>	<u>(5,175)</u>	<u>(53,893)</u>	<u>(24,558)</u>	<u>(154,415)</u>	<u>(6,510,796)</u>
						<u>485,671</u>
Shareholders' interests and funds and other reserves						<u>485,671</u>
Capital expenditure	-	1,200	4,448	3,162	-	8,810
Depreciation	-	1,401	5,193	3,692	-	10,286
Other non-cash (income)/expenses	<u>-</u>	<u>(98)</u>	<u>(364)</u>	<u>(260)</u>	<u>(2,325)</u>	<u>(3,047)</u>

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

# Notes to the Financial Statements

Year ended December 31, 2002

## 24. UNEXPIRED SERVICE CONTRACTS

The Directors have no service contracts with the Company nor with the Subsidiaries.

## 25. CONTRACT OF SIGNIFICANCE

The Group and the Company have no contract of significance.

## 26. INTEREST OF DIRECTORS

	In the Company Direct		In the Subsidiary Direct	
	No. of ordinary shares	%	No. of ordinary shares	%
- Mr. J.Cyril Lagesse (Chairman)	981	0.01	1,250	0.05
- Mr. M.H. Patrick Guimbeau	32	-	-	-
- Mr. Pierre Bernard Arnaud Dalais	179	-	-	-
- Mr. M. Maxime Hector Espitalier-Noël	11,612	0.16	-	-
- Mr. Thierry Pierre Joseph M. Lagesse	67	-	-	-
	<u>12,871</u>	<u>0.17</u>	<u>1,250</u>	<u>0.05</u>

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

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

# Notes to the Financial Statements

Year ended December 31, 2002

## 27. SUBSTANTIAL SHAREHOLDERS

At December 31, 2002, the following shareholders held more than 5% of the ordinary share capital of the Company:

	Direct			Indirect		
	Number of shares	% of voting rights	Amount Rs'000	Number of shares	% of voting rights	Amount Rs'000
- Intendance Holding Limited	4,869,052	67.76	24,296	-	-	-
- Forward Investment & Development Enterprises Ltd.	-	-	-	765,826	10.7	3,837
- Harel Frères Ltd.	-	-	-	706,543	9.9	3,550
- Excelsior United Development Companies Limited	-	-	-	566,595	7.9	2,833
- Compagnie d'Investissement et de Développement Ltée	-	-	-	565,137	7.9	2,826
- Deep River-Beau Champ Ltd.	-	-	-	490,790	6.9	2,474
- Espitalier Noël Investment Trust Limited	-	-	-	383,885	5.4	1,936
	<u>4,869,052</u>	<u>67.76</u>	<u>24,296</u>	<u>3,478,776</u>	<u>48.7</u>	<u>17,456</u>

## 28. POST BALANCE SHEET EVENTS

No material events occurred after the year ended December 31, 2002 within the Group and the Company, which need to be disclosed in these financial statements.

## 29. HOLDING COMPANY

The Directors regard Intendance Holding Limited, incorporated in Mauritius, as the Holding Company. Its registered office is situated at Swan Group Centre, Intendance Street, Port-Louis.

## 30. RELATED PARTY TRANSACTIONS - GROUP

	Sales of services Rs'000	Claims paid Rs'000	Equities Rs'000	Loans/ Debentures Rs'000	Debtors Rs'000	Claims Outstanding Rs'000
<b>2002</b>						
Associates	<u>96,610</u>	<u>65,099</u>	<u>91,483</u>	<u>130,240</u>	<u>6,968</u>	<u>20,804</u>
<b>2001</b>						
Associates	<u>66,011</u>	<u>24,921</u>	<u>67,304</u>	<u>117,577</u>	<u>9,538</u>	<u>10,851</u>

# Notes to the Financial Statements

Year ended December 31, 2002

## 30. FIVE YEAR SUMMARY

(a) THE GROUP	Restated				
	2002 Rs'000	2001 Rs'000	2000 Rs'000	1999 Rs'000	1998 Rs'000
<b>PROFIT AND LOSS ACCOUNT</b>					
Gross premiums	1,295,524	1,160,638	1,073,778	928,038	891,027
Net earned premiums	906,203	847,733	680,867	665,136	660,565
Underwriting profit	3,405	10,795	9,951	4,334	11,003
Other income	60,441	69,018	62,935	53,931	59,050
Profit before tax	63,846	79,813	72,886	58,265	70,053
Taxation	5,901	9,605	9,736	7,172	8,023
Profit after tax	57,945	70,208	63,150	51,093	62,030
Minority interests	8,676	10,642	9,725	8,922	7,743
Profit for the year	49,269	59,566	53,425	42,171	54,287
Dividends per share (rupees and cents)	4.00	3.75	3.25	3.00	2.75
Earnings per share (rupees and cents)	6.87	8.30	7.45	5.88	7.57
Net assets value per share (rupees and cents)	74.87	67.72	59.76	50.97	48.70
Number of shares used in calculation	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>
<b>BALANCE SHEET</b>					
Non-current assets	363,623	376,751	343,050	389,929	430,273
Current assets	541,772	346,961	411,954	332,544	262,556
Life Business Assets	6,949,516	6,272,755	5,398,265	4,657,777	4,062,765
	<u>7,854,911</u>	<u>6,996,467</u>	<u>6,153,269</u>	<u>5,380,250</u>	<u>4,755,594</u>
Capital and reserves	536,910	485,671	428,559	419,180	400,841
Minority interests	27,099	11,725	20,861	34,609	15,959
Life Assurance Fund	6,949,516	6,272,755	5,398,265	4,641,195	4,077,939
Insurance Fund	106,395	89,579	86,763	85,195	79,658
Non-current liabilities	28,314	25,951	23,557	22,297	4,867
Current liabilities	206,677	110,786	195,264	177,774	176,330
	<u>7,854,911</u>	<u>6,996,467</u>	<u>6,153,269</u>	<u>5,380,250</u>	<u>4,755,594</u>

For reasons of practicability, comparative figures for the years 1998 to 2000 have not been restated to reflect the effect of current year's presentation.

# Notes to the Financial Statements

Year ended December 31, 2002

## 30. FIVE YEAR SUMMARY

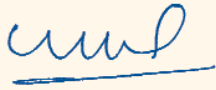
(b) THE COMPANY	2002	Restated	2000	1999	1998
	Rs'000	2001 Rs'000	Rs'000	Rs'000	Rs'000
<b>PROFIT AND LOSS ACCOUNT</b>					
Gross premiums	546,930	461,610	481,666	412,783	414,777
Net earned premiums	188,047	178,578	172,166	172,464	160,498
Underwriting profit	3,500	10,804	9,789	5,317	13,816
Other income	51,653	58,361	53,198	43,237	48,542
Profit before tax	55,153	69,165	62,987	48,554	62,358
Taxation	7,295	9,508	9,052	7,051	7,904
Profit for the year	47,858	59,657	51,093	41,503	54,454
Dividends per share (rupees and cents)	4.00	3.75	3.25	3.00	2.75
Earnings per share (rupees and cents)	6.67	8.32	7.52	5.78	7.59
Net assets value per share (rupees and cents)	69.65	65.91	48.05	44.16	44.03
Number of shares used in calculation	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>
<b>BALANCE SHEET</b>					
Non-current assets	394,705	384,127	350,164	330,181	368,840
Current assets	452,798	316,316	358,801	326,403	257,852
	<u><b>847,503</b></u>	<u>700,443</u>	<u>708,965</u>	<u>656,584</u>	<u>626,692</u>
Capital and reserves	499,494	472,682	400,973	370,345	367,360
Insurance Fund	106,395	89,579	86,763	85,195	79,658
Non-current liabilities	28,314	25,640	23,557	22,297	4,281
Current liabilities	213,300	112,542	197,672	178,747	175,393
	<u><b>847,503</b></u>	<u>700,443</u>	<u>708,965</u>	<u>656,584</u>	<u>626,692</u>

For reasons of practicability, comparative figures for the years 1998 to 2000 have not been restated to reflect the effect of current year's presentation.

# Certificate by Group Company Secretary

Year ended December 31, 2002

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



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

16th May 2003.

# Revenue and Profit and Loss Account

Year ended December 31, 2002

## APPENDIX I

	THE COMPANY	
	2002 Rs'000	2001 Rs'000
Fund at January 1,	<u>89,579</u>	<u>86,763</u>
Gross premiums	546,930	461,610
Reinsurances	<u>342,067</u>	<u>280,216</u>
Net retained premiums	204,863	181,394
Fund at December 31,	<u>106,395</u>	<u>89,579</u>
	<u>98,468</u>	<u>91,815</u>
Net Earned Premiums	<u>188,047</u>	<u>178,578</u>
Claims incurred	110,501	101,701
Administrative expenses	84,246	77,906
Depreciation	12,075	10,286
Commission (net)	<u>(22,275)</u>	<u>(22,119)</u>
	<u>184,547</u>	<u>167,774</u>
<b>Underwriting profit</b>	3,500	10,804
Other income	<u>51,653</u>	<u>58,361</u>
<b>PROFIT BEFORE TAX</b>	55,153	69,165
Taxation	<u>(7,295)</u>	<u>(9,508)</u>
<b>PROFIT AFTER TAX</b>	47,858	59,657
Appropriations:		
Dividends paid	<u>(28,685)</u>	<u>(26,893)</u>
Profit for the year	19,173	32,764
Transfer to Statutory Reserve Fund	<u>(2,393)</u>	<u>(2,983)</u>
<b>RETAINED PROFIT FOR THE YEAR</b>	<u>16,780</u>	<u>29,781</u>

# Directors of the Subsidiary Companies

Year ended December 31, 2002

## APPENDIX II

### • **The Anglo-Mauritius Assurance Society Limited:**

- Mr. J. Cyril LAGESSE - Chairman
- Mr. Cyril MAYER, B. Com., C.A. (S.A.)
- Mr. P. Arnaud DALAIS
- Me. M.F.I. Jean Hugues MAIGROT
- Me. Pierre DOGER DE SPÉVILLE (as from 26th April 2002)
- Mr. M.M. Hector ESPITALIER-NOËL, A.C.A. (as from 26th April 2002)
- Mr. J.L. Philippe DE CHASTEAUNEUF (as from 26th April 2002)
- Mr. Thierry LAGESSE (as from 28th June 2002)
- Mr. J.M. Antoine HAREL, F.C.A. (up to 28th June 2002)
- Sir René H. MAINGARD DE LA VILLE-ÈS-OFFRANS, C.B.E. (up to 28th June 2002)
- Sir J. Emile SÉRIÈS, C.B.E., F.C.I.S., F.A.I.A. (up to 28th June 2002)

### • **Swan International Limited:**

- Mr. J. Cyril LAGESSE - Chairman
- Mr. Cyril MAYER, B. Com., C.A. (S.A.) (as from 30th June 2002)
- Mr. Jean de FONDAUMIÈRE, C.A.
- Mr. J.M. Antoine HAREL, F.C.A. (up to 30th June 2002)

### • **Swan Properties Limited:**

- Mr. J. Cyril LAGESSE - Chairman
- Mr. Cyril MAYER, B. Com., C.A. (S.A.) (as from 28th June 2002)
- Mr. Jean de FONDAUMIÈRE, C.A.
- Mr. Gerald LINCOLN (as from 18th March 2002)
- Mr. J.M. Antoine HAREL, F.C.A. (up to 28th June 2002)
- Mr. Gil de SORNAY (up to 18th March 2002)

### • **Verdun Industrial Building Company Limited:**

- Mr. J. Cyril LAGESSE - Chairman
- Mr. Cyril MAYER, B. Com., C.A. (S.A.) (as from 28th June 2002)
- Mr. Jean de FONDAUMIÈRE, C.A.
- Mr. Gerald LINCOLN (as from 18th March 2002)
- Mr. J.M. Antoine HAREL, F.C.A. (up to 28th June 2002)
- Mr. Gil de SORNAY (up to 18th March 2002)

### • **Standard Property Company Limited:**

- Mr. J. Cyril LAGESSE - Chairman
- Mr. Cyril MAYER, B. Com., C.A. (S.A.) (as from 28th June 2002)
- Mr. Jean de FONDAUMIÈRE, C.A.
- Mr. Gerald LINCOLN (as from 18th March 2002)
- Mr. J.M. Antoine HAREL, F.C.A. (up to 28th June 2002)
- Mr. Gil de SORNAY (up to 18th March 2002)

### • **Manufacturers' Distributing Station Limited:**

- Mr. J. Cyril LAGESSE - Chairman
- Mr. Cyril MAYER, B. Com., C.A. (S.A.) (as from 28th June 2002)
- Mr. Jean de FONDAUMIÈRE, C.A.
- Mr. Gerald LINCOLN (as from 18th March 2002)
- Mr. J.M. Antoine HAREL, F.C.A. (up to 28th June 2002)
- Mr. Gil de SORNAY (up to 18th March 2002)

### • **Ilot Fortier Limited:**

- Mr. J. Cyril LAGESSE - Chairman
- Mr. Cyril MAYER, B. Com., C.A. (S.A.) (as from 28th June 2002)
- Mr. Jean de FONDAUMIÈRE, C.A.
- Mr. J.M. Antoine HAREL, F.C.A. (up to 28th June 2002)

### • **Investment and Administrative Company (Mauritius) Limited:**

- Mr. J. Cyril LAGESSE - Chairman
- Mr. Cyril MAYER, B. Com., C.A. (S.A.) (as from 28th June 2002)
- Mr. Jean de FONDAUMIÈRE, C.A.
- Mr. J.M. Antoine HAREL, F.C.A. (up to 28th June 2002)

### • **Themis Limited:**

- Mr. J. Cyril LAGESSE - Chairman
- Mr. Cyril MAYER, B. Com., C.A. (S.A.) (as from 28th June 2002)
- Mr. Jean de FONDAUMIÈRE, C.A.
- Mr. J.M. Antoine HAREL, F.C.A. (up to 28th June 2002)

**Auditor:**

Jean Marc Harel, G.O.S.K., F.C.A., FCI Arb  
of De Chazal Du Mée & Co.

**Bankers:**

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

**Reinsurance Broker:**

AON Limited, London, U.K.

**Legal Advisers:**

De Comarmond-Koenig  
Me. Raymond Hein, Q.C.

**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 27th June 2003 at 9.30 hours and at  
any adjournment thereof.

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

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
1. To adopt the minutes of proceedings of the last Annual Meeting held on 28th June 2002.			
2. To receive the Directors' Report and Chairman's Statement.			
3. To consider and approve the Annual Report including the Audited Financial Statements of the Company and the Group at 31st December 2002.			
4. To re-appoint Mr. Jean Marc Harel, F.C.A. of De Chazal du Mée & Co. as Auditor of the Company until the conclusion of the next Annual Meeting and to fix his remuneration.			
5. To re-elect Messrs J. Cyril Lagesse and M. H. Patrick Guimbeau as Directors of the Company to hold office until the next Annual Meeting. Messrs Lagesse and Guimbeau having attained the age of 70 need to seek re-election under Section 138 of the Companies Act 2001.			
6. To elect as Director of the Company Mr. M.M. Hector Espitalier-Noël, who retires by rotation and offers himself for re-election.			

Dated this ..... day of ..... 2003.

(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.