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

our vision

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

our values

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

contents

corporate profile

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

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

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

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

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

The Group's Gross Premium Income amounted to Rs.3.3 billion for the year ended 31st December 2011. Assets under the management of the Swan Group amounted to Rs.22.8 billion and the Life Assurance Fund reached Rs.20.6 billion at 31st December 2011.

Reserves of the Swan Group stood at Rs.1,108.0 million and that of the Company at Rs.1,049.9 million in 2011.

Investments are made in Mauritius and in the region in key sectors of activity namely tourism, real estate, sugar, trade and financial services.

The Group participates actively in the socio-economic development of the country by granting loans for the construction or purchase of residential and business properties. Residential loans granted to policyholders amounted to Rs.2.3 billion and loans on business properties totalled Rs.620 million at 31st December 2011.

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 2011 was Rs.2.3 billion.

notice of annual meeting to shareholders

Notice is hereby given that the Annual Meeting of the shareholders of **Swan Insurance Company Limited** will be held on Tuesday 26th June 2012 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 2011 of the Company.
2. To receive the report of BDO & Co, the Auditors of the Company.
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2011.
4. To re-appoint BDO & Co as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.
5. To re-elect Mr. M. D. Pierre Dinan, G.O.S.K. as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
6. To elect Mr. J.M. René Leclézio as Director of the Company.

By order of the Board of Directors

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

03 May 2012

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, 2011

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Insurance Company Limited for the year ended December 31, 2011, contents of which are listed below:

CONTENTS	PAGES

This Annual Report was approved by the Board of Directors on 28th March 2012

M. E. Cyril Mayer
Chairperson

M. A. Eric Espitalier-Noël
Director

principal activities

DECEMBER 31, 2011

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 and consultancy
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
Processure Compagnie Ltée	Insurance back office services
Swan Group Foundation	Corporate Social Responsibility
Swan Reinsurance PCC	Cell Captive Reinsurance
Société de la Croix	Investment entity
Société de la Montagne	Investment entity
Société de la Rivière	Investment entity

directorate & management

DIRECTORS

Non-Executive

M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
J. Jean-Pierre P. DALAIS / M.B.A. (USA)
F. M. J. Pierre DOGER DE SPÉVILLE [Up to 6 October 2011]
George J. DUMBELL / A.C.I.B. (UK)
M. A. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK)
M. D. Henri HAREL / A.C.I.S.
J. M. René LECLÉZIO / B.Sc (Chemical Engineering), M.B.A. (UK) [As from 6 October 2011]

Independent Non-Executive

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

Executive

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


M. E. Cyril Mayer


J. Jean-Pierre P. Dalais


George John Dumbell


M. A. Eric Espitalier-Noël


M. D. Henri Harel


J. M. René Leclézio

Group Chief Executive

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

Secretary

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

M. D. Pierre Dinan

Peroomal Gopallen Mooroogen

Victor C. Seeyave

J. M. Louis Rivalland

A. Michel Thomas

directorate & management (cont'd)

DIRECTORS' PROFILE

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

Managing Director of Terra Mauricia Ltd

Positions presently held on

(a) sugar sector private institutions:

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

President of the Mauritius Sugar Producers' Association and member of its Executive Committee

(b) other institutions:

Board Member of the Mauritius Sugar Authority

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

Directorships of listed Companies:

- Terra Mauricia Ltd
- United Docks Limited

J. JEAN-PIERRE P. DALAIS, M.B.A. (USA)

Executive Director, Ciel Investment Limited

Chief Executive Officer, Ciel Capital Limited

Mr. Jean-Pierre Dalais was appointed Director on October 9, 2007 and is a member of the Company's Investment Committee. He is the Chief Executive Officer of Ciel Capital Limited, the Investment Manager of Ciel Investment Limited. After graduating from the International University of America with an MBA, he joined Arthur Andersen in Mauritius and France. He later joined the Ciel Group and played an active role in the development of the Group's operations, both in Mauritius and internationally.

Directorships of listed Companies:

- IPRO Growth Fund Limited
- Phoenix Beverages Limited (Alternate Director)
- Sun Resorts Limited

George J. DUMBELL, A.C.I.B. (UK)
Chairperson, Constance Group of Companies

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

Directorships of listed Companies:

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

M. A. Eric ESPITALIER-NOËL, B.Soc. Sc. (SA), M.B.A (UK)
Chief Executive of ENL Commercial Limited

Directorships of listed Companies:

- Automatic Systems Ltd. (Non-executive Chairperson)
- ENL Commercial Limited
- ENL Land Ltd.
- Rogers & Co. Ltd.

M. D. Henri HAREL, A.C.I.S.
Group Chief Finance Officer of Terra Mauricia Ltd

Directorships of listed Companies:

- Terra Mauricia Ltd

J. M. René LECLÉZIO, B.Sc Chemical Engineering, M.B.A. (UK)
Managing Director of Promotion and Development Ltd.

Holds a B.Sc Chemical Engineering from *Imperial College*, London and an MBA from the *London Business School*.
Before being appointed CEO of Promotion and Development Ltd. in 1987, he worked in London as Consultant engineer in the oil and gas industry and with Lloyds Merchant Bank as Assistant Manager in Project Finance.
Acts as Director of several private and public companies.

Directorships of listed Companies:

- Caudan Development Ltd.
- Promotion and Development Ltd.

directorate & management (cont'd)

M. D. Pierre DINAN, G.O.S.K., 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 Mauritius Institute of Directors
- Board member and Audit Committee Chairperson of a few local companies or institutions in the manufacturing and financial services sectors

Former Senior Partner at De Chazal Du Mée

Former Chairperson of the Mauritius Employers' Federation

Peroomal Gopallen MOOROOGEN, F.C.C.A., MBA (Wales)

Senior Executive – Mass Market – Mauritius Telecom

Director of The Stock Exchange of Mauritius Ltd.

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

Managing Director of Altima Limited

Directorships of listed Companies:

- Innodis Limited

MANAGEMENT TEAM

Group Chief Executive

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

Operations Executive

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

Senior Managers

Jean Marc CHEVREAU – Individual Business Development, Agents' Monitoring & Product Review
Guy DE GAYE – Technical
Rémi DESVAUX DE MARIGNY, Diploma in Insurance – Commercial, Marine, Motor and Individual Business
Alan GODER – Group Systems & Processes
Tse Kwong Philippe LO FAN HIN, F.C.I.I. – Reinsurance and Statistics
Vishnoo LUXIMAN M.Sc.– Group Human Resources
Maxime REY – Group Finance, Loans and Legal

Managers

Gaël ALIPHON, A.C.I.I. - Individual Business
Patrick ANDRÉ – Health and Travel
Dave Luchmun – Group Facilities (As from 1st May 2011)
Herbert MADANAMOOTHOO, Maîtrise de Droit – Legal & Compliance, M.L.R.O
Ishwari MADHUB, B.Sc. (Hons.), F.C.C.A., M.B.C.S, M.B.A – Systems & Processes
Gilbert MONTENOT - Maintenance (Up to 31st December 2011)
Bruno NALLETAMBY, A.C.I.I., A.C.I.S., ACI Arb – Marine
Ashley NUCKCHADY – Motor
Nasser PANCHAMEAH – Marine Claims
Twayyab TAUJOO, F.C.C.A., M.Sc. – Finance
Jean Yves VIOLETTE – Claims
Guillaume WIEHE, Maîtrise en Droit des Affaires, D.E.S.S en Droit des transports Maritimes et Aériens, Cert. C.I.I. – Commercial
Gilbert XAVIER – Fire & Accident

senior management team profile

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

Group Chief Executive

Louis Rivalland (41) holds a Bachelor's degree in Actuarial Science and Statistics and is a Fellow of the Institute of Actuaries (UK). He is currently the Group Chief Executive of Swan Insurance and The Anglo-Mauritius Assurance.

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

In August 1999, he joined the Swan Group as Consultant to 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 has been the President of the Joint Economic Council and of the Insurers' Association of Mauritius, is currently 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 (UK)
Fellow of the Chartered Insurance Institute (F.C.I.I.) – UK
Associate member of the Chartered Institute of Arbitrators (MCI Arb)
Chartered Insurer – UK
Member of the Chartered Insurance Institute – UK, Chartered Institute of Arbitrators - U.K., the British Insurance Law Association – UK
Previous Council Member of The Insurance Institute of Mauritius (IIM)
Fellow Member of the Mauritius Institute of Directors (MIoD)

Michel Thomas (52) joined Swan Insurance in 1980. From 1980 to 1988, he worked as Underwriter in various technical departments, namely Motor, Fire & Accident and Commercial departments.

From 1988 to 1997, he worked in the Claims department as Assistant Superintendent and was later promoted to Assistant Manager of the department. He was then appointed Training and Development Manager in 1997, Senior Manager of the Training and Development

Department in 1999 and finally 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 more than thirty 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 general insurance and reinsurance contract wording and law, underwriting management, complex casualty and liability claims management, insurance law training, arbitration law including Alternative Dispute Resolution (ADR) procedures.

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

Jean Paul CHASTEAU DE BALYON, F.MIoD

Swan Group Corporate Services Limited

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

Jean Paul Chasteau de Balyon (61) joined Swan Insurance in 1969 as Underwriter motor and non-motor insurance and was appointed Assistant Company Secretary in 1974. In 1976 he was appointed Company Secretary of Swan Insurance and also attributed the responsibilities of Administration and Human Resources. He was appointed Group Company Secretary of the Swan Group in January 2003.

He has been fully involved in the following key projects:

- Standardisation of the Swan Group conditions of employment (1979)
- Introduction of Swan Insurance on the official market of the Stock Exchange of Mauritius in 1990
- Scheme of Arrangement for the benefit of shareholders in 1991
- Swan Group Centre in 1992 and 1993

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

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

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

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

He also sits on the Board of Governors, Centre d'Études Commerciales (MCCI).

senior management team profile (cont'd)

He acts as Director of the following Companies:-

- LUX* Island Resorts Ltd. (Member of its Governance, Remuneration and Audit Committees)
- Tropical Paradise Co. Ltd. (Member of its Governance Committee)
- Pharmacie Nouvelle Ltd. (Member of its Governance Committee)
- Sugarworld Ltd.

As from 1st January 2011, it is under a Service Agreement with the Group that 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 (58) 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.

He is the Chairperson of the Swan Group Foundation committee set up to manage the Swan Group's social investments in line with the relevant legislation applicable to corporate social responsibilities (CSR) and oversee the implementation of the group's CSR policy.

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

Guy DE GAYE, ANZIIF (Aff) CIP

Senior Manager

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

Guy de Gaye (57) joined Swan Insurance in 1974 and has more than 36 years of work experience in general insurance with the Company 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 corporate sector.

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

He is member of the Board of Directors of SACOS Group of Companies of Seychelles since March 2010.

Rémi DESVAUX DE MARIGNY, Dip. C.I.I.

Senior Manager

Diploma in Insurance
Member of the Chartered Insurance Institute (C.I.I.) – UK
Member of The Insurance Institute of Mauritius (I.I.M.)

Rémi Desvaux de Marigny (43) started his career in the insurance sector at Albatross Insurance Company Ltd in 1989 where he spent three years dealing mainly with Motor Insurance claims. In 1992, he joined Administrators and Consultants Ltd (A.C.L.) as sales and marketing representative of the Mauritius Employers' Federation Provident Association (M.E.F.P.A.).

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

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

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

senior management team profile (cont'd)

Alan GODER

Senior Manager

Alan Goder (44) worked in the Actuarial Department of The Anglo-Mauritius as Actuarial Clerk from February 1988 to April 1989. From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of The Albatross Insurance Company Ltd.

From August 1996 to June 2001, he was Executive Director of Actuarial & Capital Management Services Ltd., now the AXYS GROUP. From July 2001 to October 2004, he was the Chief Executive Officer of Pension Consultants & Administrators Ltd.

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 August 2009, Alan has been appointed to oversee the pension department of Anglo-Mauritius.

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

His key areas of specialisation are pensions administration and consulting.

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

Senior Manager

Fellow of the Chartered Insurance Institute (F.C.I.I.) – United Kingdom (UK)
Chartered Insurer – UK
Member of the Chartered Insurance Institute (C.I.I.) – UK
Member of The Insurance Institute of Mauritius (I.I.M.)

Tse Kwong Philippe Lo Fan Hin (53) has joined the Swan Insurance Co. Ltd. in April 1978. He qualified as an Associate of the Chartered Insurance Institute (London) in 1983 (A.C.I.I.) and obtained his Fellowship (F.C.I.I.) by examination in 1991. He is a Chartered Insurer and has been promoted to Senior Manager on the 1st July 2003.

He is a member of the Society of Fellows of the Chartered Insurance Institute (C.I.I.) of London as well as a member of the Insurance Institute of Mauritius (I.I.M.).

He has been working in the Insurance Industry for 34 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 sector. During the past sixteen years he has been heading the Reinsurance and Statistics department of the 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.

He is a member of the Board of Directors of Swan Reinsurance PCC since September 2011.

Vishnoo LUXIMAN, M.Sc.

Senior Manager

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

Vishnoo Luximan (50) worked as Assistant Personnel & Public Relations Officer at the Constance & La Gaieté SE Company Ltd from 1983 to 1988. He joined Deep River-Beau Champ Ltd (DRBC) as Assistant Personnel Manager/Public Relations Officer in 1988. He was promoted to the position of Personnel Manager/Public Relations Officer with the same company in 1990.

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

He joined the Group in 2006.

He is a registered trainer, up to degree level, with the Mauritius Qualifications Authority and has been delivering courses in the field of human resource management 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 (59) started an accounting career in 1973 in Mauritius, first in auditing, and then in the sugar industry.

Immigrating to South Africa in 1981, he worked for Kuehne and Nagel (Pty) Ltd, part of a worldwide transport, travel consulting and insurance broking organization, and was appointed Group Financial Controller in 1989 and Director in 1992.

Back in Mauritius in 1993, he joined the Swan Group where he is presently holding the position of Senior Manager - Group Finance, also heading the Loans and Legal departments and acting as Deputy Money Laundering Reporting Officer.

He is a Director to a number of companies in the commercial sector, also chairing or being a member of the Audit Committees of those companies.

chairperson's statement

M.E. Cyril Mayer
Chairperson

On behalf of the Board of Directors, I am pleased to submit the Annual Report and Audited Financial Statements of Swan Insurance Company Limited and of the Group, for the year ended 31st December 2011.

On the economic front, whilst the global economy was slowly recovering from the 2008 financial crisis, conditions on the international scene deteriorated significantly and made the recovery process even more vulnerable; especially on our main export markets where sovereign debt problem in particular resulted in downward revisions of economic growth projections.

The government on the occasion of its budgetary policy formulation for 2012 announced a series of measures with a view to strengthen its economic and social agenda, by setting the foundations for a stronger growth, riding out the crisis, reforming the fiscal policy and improving the social protection.

A Resilience Plan made up of four main strategies was also announced. They comprise support to enterprises at micro-economic level, increased public spending on infrastructure, financial system stabilisation and more coherent macro-economic response.

As for the Group's operations, I am pleased to report a year of strong operational results despite the challenging economic environment. The short term operations yielded positive results with an appreciable turnover growth as well as a satisfactory level of profit before tax. The long term operations performance also exceeded expectations, the net premium income having experienced a substantial growth, particularly in the individual pension business. Furthermore, in spite of the global downfall of market indices, the Life Fund's equity portfolios performed quite well as a result of a cautious and discerning investment strategy.

A major initiative was taken by the Board to the effect of agreeing with CIM Financial Services Ltd. (CFS) of the Rogers Group the principle of amalgamating the insurance companies of CFS with those of the Swan Group. The Board believes that this decision will provide an opportunity to strengthen and expand the Group's insurance business and offer to its stakeholders an enhanced competitive alternative. Combining of these activities will also provide the required critical mass to open new avenues of development on the regional and international levels. Furthermore, the investment and asset management activities of both Groups will also be merged and combined with the stockbroking business of CFS.

In the context of its international development strategy, the Group set up an international consortium along with leading financial institutions whose principal objective consists in taking advantage of investment opportunities in insurance companies of sub-saharean Africa and South-Africa. Apart from being a founding stakeholder of the consortium, the Group is also its principal technical partner.

During the year, Mr. Pierre Doger de Spéville expressed the wish to retire from the Board of Directors of the Companies of the Group. He was replaced by Mr. René Leclézio. I wish to take this opportunity in expressing, on behalf of the Board, my gratitude to Mr. de Spéville for his significant contribution to the Group's development during the 11 years he served as Director, and to wish him a happy retirement. I also wish to congratulate Mr. Leclézio on his appointment.

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

STRATEGIC REVIEW

Over the last few years, we have worked hard to establish a solid platform on which to build for the future. Our strategic initiatives which revolved around improving profitability, human capital, our areas of operation, synergies within the Group, the use of technology and the core processes are already yielding the expected results.

In line with our vision to be a provider of financial solutions in the region, the International Department set up in 2010 has been very active during 2011. One of the key initiatives has been to become a founding member of a consortium of institutional and financial partners. The objective of the consortium is to invest in Sub-Saharean African insurance companies, to restructure these companies using, where applicable, our technical know-how & expertise and to sell them on afterwards. This unique opportunity will enable us to better understand and evaluate the market dynamics and challenges of various African insurance countries so as to make informed and rational investment decisions regarding our appetite to penetrate the African market.

Our investment in SACOS, the State Assurance Company of Seychelles, has produced satisfactory results and we continue to collaborate both technically and strategically in the development of the Company. We are also looking at new opportunities in the Indian Ocean rim jurisdictions.

On the local front, as part of our strategy to strengthen and expand our operations and at the same time to further safeguard the interests of our stakeholders, we have initiated discussions with CIM Financial Services, a wholly owned subsidiary of Rogers and Company Ltd, to amalgamate its insurance activities with and into those of the Swan Group. At the time of writing, the Competition Commission has already given its approval but we are still waiting for the approval of the Financial Services Commission. We strongly believe that this amalgamation will enable us to be better equipped to respond to the changing consumer environment by providing innovative products and an even better quality of service. Moreover, it will provide us with the critical mass and expertise to pursue our international ventures in the region.

In order to be closer to our clientele and to service them better, we opened a branch in Black River in January 2011. We are now strategically positioned in 3 areas on the island and will continue looking into the possibility of opening up new branches.

Last but not least, 2011 was a landmark year for Anglo-Mauritius as it has celebrated its 60 years of existence. A number of events were organised to mark this very special milestone culminating with a garden party for staff, agents and pensioners at the State House, Le Reduit.

SHORT TERM OPERATIONS

2011 has been a successful year despite the continuing soft market conditions and the uncertain and feeble economic environment. The fact that we achieved such satisfactory overall operational results under these difficult circumstances demonstrates the quality of our portfolio, the good cycle management and the soundness of our business model. This positive result has been driven by the combined effects of our disciplined underwriting, improved claims management and rigorous cost control coupled with innovative product offerings and effective risk management.

As a result of a great deal of commitment and hard work from our people, we have been able to substantially consolidate our operational platform to enable sustainable and profitable growth allowing us to further capitalise on the strength of our brand. In addition to the further enhancement of our overall technical capacity, our execution capabilities have been reinforced to fully exploit market opportunities both locally and in the region.

We delivered good top line performance where the gross premium grew by 8% in spite of the intense competition in all lines of business. The underwriting result also showed a continued improvement whereas the very high level of profit before tax realised last year was maintained and even slightly improved despite the low premium levels and the high volatility of investment yields.

The personal lines sector has produced very encouraging results. Our strong brand, innovative products and our delivery of high levels of service, have been key factors in achieving an appreciable growth. The streamlining of our processes and simplification of our products, coupled with the one stop shop approach under the Oxygen strong brand, have proven to be successful initiatives. We expect this positive trend to continue in 2012.

The motor business this year again delivered an overall robust result despite the underlying claims inflation and the significant increase in the number of total losses. The private motor business has produced good results in contrast with the fleet business which, though still profitable, remains under close scrutiny. The ultra competitive environment has been a bar to rate increases, particularly in respect of fleet business where the pricing of the different schemes by our competitors is largely inadequate. It appears that the impact of serious bodily injury claims on their portfolio's underwriting result is being underestimated by some market leaders in this class of business. It is hoped that market leaders would bring back rates to acceptable levels if they do not want that recent history repeats itself. Swan shall continue to favour risk – based pricing so as to assess more accurately the risks on our book. Oxygen private motor solutions were a remarkable success from launch and their unique features are the subject of increasing demand.

The commercial lines have performed very well despite the stiff competition and low premium levels. Clients and brokers continue to value our strong financial position as well as our technical know-how and good level of claims service. The excess reinsurance capacity available, the prolonged absence of major weather related events and the prevailing intense market competition have kept premiums below the risk adequate levels.

Despite the economic upswings and the contraction of the marine market in terms of premium volume, we have nevertheless achieved good underwriting result. Against the backdrop of a prolonged soft market, which is perhaps at the weakest phase of its business cycle, we continue to apply prudent underwriting criteria and refrain from writing marine business at uneconomic rates.

The health business has been at the centre of our attention. We have devoted considerable amount of effort and time in improving our underwriting and claims controls, tightening the policy wording and coverage, capping our exposures but the book of business is still yielding unsatisfactory results. Systematic and regular price increases coupled with improved monitoring of claim drivers have been offset by the high cost of medical technology and treatment. Despite the strict monitoring of treatment undergone overseas by our medical officers and our multiple initiatives through the Medical Insurance Providers Association to contain clinic and doctors fees, the technical result has been disappointing. In view of its rapid growth potential, the health business has attracted many players and competition amongst local insurers in this class of business remains fierce, as repeatedly highlighted in previous years.

Accident and Liability lines have yielded satisfactory results despite the considerable thinning of premium rates brought about by the soft market conditions. This positive result may be short-lived if major writers of such class of business continue to turn a blind eye on the general upward trend of court awards and the limited defence avenues available as regards general Public and Products Liability risks. In addition, the recent developments in the private international law and arbitration law have further widened the options available to claimants, thereby increasing significantly the risk of forum shopping. Current market rates reflect pay back situations which are clearly unsustainable in the medium term. We trust that market leaders would bring back rates in line with the level of exposure and hazard. The Personal Accident rates are also at their lowest levels and not reflecting the level of risk underwritten. We nevertheless continue to strive at obtaining risk adequate premiums and have moved away from some risks not meeting our pricing and underwriting criteria.

On the Claims side, we consistently pursue a prudent reserving policy and continue to invest in specialised and tailor made information technology software so as to improve our operational efficiency.

group chief executive's review (cont'd)

We have maintained a well structured reinsurance programme and minimised volatility in earnings from large losses and catastrophe events. The fact that we are offering first class reinsurance security to our customers on all lines of business is making it more attractive for brokers and clients to deal with us. The security rating of our reinsurers is closely monitored by AON Benfield, the world's largest reinsurance broker. This year the treaty renewal rates have remained almost flat in most lines of business.

We are grateful to our sales agents who, despite intense competition along all lines of business, have made commendable efforts to grow their respective book of business profitably. They have not only retained their existing business but attracted and secured new customers.

Brokers have contributed significantly to our top lines growth. We are thankful that they continue to view us as their preferred partner given our technical expertise, the quality of our products and our operational excellence. The quality of our reinsurers, our technical expertise and our financial strength play a determinant role in our being considered as a partner of choice for their placement of large commercial or industrial risks. Brokers have a crucial role to play, in current prolonged soft market conditions, to ensure that rates remain at acceptable technical levels, thus allowing insurers and reinsurers to meet fully their obligations at the time of a claim for the benefit of policyholders.

We are attracting and retaining the best people in the market. The strength of our Company rests predominantly on the commitment and dedication of our people whose team spirit, performance culture and resilience are key drivers. We are thankful to our people for the difference they make each day to our customers' lives as they respond effectively and efficiently to their various needs. We are focusing on further improving the emotional connection of our people with our brand which will enable us to deliver exceptional and consistent quality service to customers.

Despite the prevailing soft market conditions, we start 2012 with confidence and will continue to deliver sustainable profitable performance. Natural weather-related catastrophes and adverse developments in capital markets may impair our operations results. However, we are in a good position to continue building on our success to date and capitalise on our strong brand to exceed customers' and shareholders' expectations. Our leading market position along with our innovative product offerings and financial strength will pave the way for the Company to reach new heights of business excellence and sustained profitability.

LONG TERM OPERATIONS

Following the obligations of the Insurance Act requiring Insurance Companies to have separate legal entities for their Short-Term and Long-Term Operations as from 1 January 2011, the landscape of the long-term insurance industry has continued to change.

Other than Sun Insurance which transferred their life business to us back in August 2010, 3 other insurers have also decided to focus solely on the provision of short-term insurance. As such, there are now 8 insurers currently licensed by the FSC to provide long-term insurance products. However, the long-term insurance market remains very competitive in all aspects. Moreover, it is encouraging to note that policyholders are being more and more aware of the different types of products available on the market and are shopping around to get the policy that best suits their needs.

In terms of our operating result, despite challenging conditions prevailing in various sectors of our economy, the performance of our long-term operations has been very good and indeed exceeded our expectations. The total premium income (excluding consideration for annuities) net of reinsurance has experienced a substantial growth of around 21%. The pension business has been the biggest contributor to this growth with an increase in premiums (excluding consideration for annuities) net of reinsurance of around 34%.

Looking ahead, the proposed merger of CIM Life with and into Anglo-Mauritius, if approved by the regulators, will be our main project for the year. This will indeed be a challenge and we shall ensure that the business integration process will run as smoothly as possible, based on our recent experience when we took over the life portfolio of Sun Insurance.

Individual Business

Following the triennial actuarial valuation of our Life Fund at 31 December 2010, bonuses (as declared by our Statutory Actuary, Deloitte of South-Africa) were added to all of our with-profits policies.

The financial crisis of 2009 and its consequences thereafter have brought significant adverse conditions in financial and capital markets. The combination of poor returns on the stock exchange and the lower interest rate environment has impacted on the returns of our Life Fund. Based on these economic conditions, bonuses should in theory have been reduced. However, due to the strong solvency position of our Life Fund, Deloitte has been able to declare the same regular bonuses (for most of our with-profit policies) as was declared in 2008.

Each policyholder can now also view the revised bonuses that have accrued on their policies by simply logging on to their secured personal online accounts.

The difficult economic conditions above have also impacted on our unit-linked funds which have exposures to either local and/or overseas markets as has been the case for other providers of similar funds. Moreover, the low interest rate environment has also driven returns down in the funds that are invested in fixed-interest securities.

We are expecting 2012 to be a difficult year for our local economy. The European debt crisis and the uncertainty as to the sustainability of the Euro will definitely impact us even more in 2012. In the midst of uncertainties, the insured is likely to be looking for prudent investment opportunities and our range of conventional with-profits policies is well geared to provide a solution to these clients.

Despite the very competitive market and difficult economic conditions we are thankful to our agents' sales force for their remarkable performance during the year under review. We have built a solid foundation that we shall continue to nurture in order to meet the challenges that will confront us in 2012 and to combine our forces to seize opportunities and enhance our strengths.

Corporate Business

At the end of 2011, Anglo-Mauritius provided administrative services to around 570 pension schemes – 310 defined benefit and 260 defined contribution schemes. The total active membership of these schemes exceeds 20,500 lives. Our pensions business is supported by a strong actuarial team consisting of 2 qualified actuaries and 9 actuarial analysts. Coupled with our subsidiaries, Pension Consultants and Administrators Limited (PCA) and Anglo-Mauritius Financial Services Ltd (AMFS), we provide the whole spectrum of pension services to corporate entities (i.e. actuarial, administration and fund management). We are widely recognised as the leader in the private pensions business due to our long experience in this field and the excellent client service that we strive to provide.

During the year, we have also reviewed the scope of our former Group Credit Insurance Department, which we have now renamed the "Bank Assurance Department" so as to reflect adequately its larger objectives. The Bank Assurance Department deals mainly with banks in the provision of credit covers against loans granted. Our tailor made solutions for each bank together with our stream-lined processes allow us to offer the clients of a bank with a rapid and efficient service.

Pension Consultants & Administrators Ltd (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 2011, PCA has maintained its position as the market leader in the field of administration of self-administered pension schemes and process outsourcing for insurance companies. The reputation of PCA is well established and ever growing. This has impacted positively on our turnover which has grown by 13% from last year whilst profitability has been very healthy for yet another year.

At the end of 2011, the company provided administrative services to more than 175 companies under 20 pension schemes with total active membership reaching nearly 16,000 lives.

The year under review has been a challenging one with the merger of three big pension schemes. We have also been working more closely with the pensions department of Anglo-Mauritius for the benefit of our respective clients and the Group in general.

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

The Anglo-Mauritius Financial Services Ltd (AMFS)

AMFS provides investment management services to the Swan Group as well as other financial institutions, superannuation funds and private investors. Assets under management grew steadily during the year and exceeded the 22 billion rupees mark as at 31 December 2011, comprising investments in local equities, fixed income securities as well as foreign investments.

The relationship developed over the years with BlackRock the world largest investment management firm, and Schroders, the renowned British fund management house, provides the company with solid expertise for investments in foreign markets, and contributed substantially to its good performance.

ECONOMIC HIGHLIGHTS

The World Economy

World Growth rate decelerated in 2011 to around 3.8% as the European debt crisis weighed heavily on economic climate, especially the Greek situation. Euro Zone posted a modest

group chief executive's review (cont'd)

+1.6% and US +1.8%, greatly assisted by accommodative monetary policies. Emerging and developing economies mostly continued their progression, though at a more moderate rate of +6.2% hampered by inflation.

Domestic Economy

The Mauritian economy recorded a lower estimated GDP growth of 4.1% in 2011 against 4.2% in prior year mainly due to the direct impact of the Euro zone's economic crisis. Per capita GDP, at current market prices, increased from Rs 233,413 (USD 7,593) in 2010 to Rs 252,471 (USD 8,607) in 2011. The main contributors to this growth were 'Real estate, renting and business activities' (+0.8%), 'Manufacturing' (+0.6%), 'Transport, storage and communications' (+0.5%) and 'Financial Intermediation' (+0.5%).

Sectorwise, the primary sector recorded an improved performance of 2.8% in 2011 after losing 1.3% in 2010. The main drivers to this growth were "Sugarcane" (+0.6%) and "Other agriculture" (+3.9%). The Sugarcane industry fared well through unfavourable climatic conditions and produced 430,000 tonnes of refined and special sugars, which is higher than the forecasted 390,000 tonnes at the beginning of the year.

The secondary sector grew at a lesser rate of 2.1% in 2011 compared to 2.8% in 2010. Within this segment, the Manufacturing output was up by 3.5% in 2011 (2010: 2.1%) driven by the good performances of 'Sugar milling' (+1.6%), 'Food processing' (+0.7%), 'Textile' (+8.3%) and 'Other manufacturing' (+2.5%). However the construction industry, another secondary sector constituent, contracted by 1.8% in 2011 after a growth of 4.3% in 2010.

The tertiary sector grew at a lower rate of 5.0% in 2011 compared to 5.1% in prior year, mainly due to lower performance of Hotels and Restaurants industry in 2011 (+4.0% against +6.0% in 2010). The Island welcomed 980,000 tourists in 2011 against 934,828 in prior year generating estimated revenue of Rs 42.5 billion against Rs. 39.4 billion in 2010. Moreover, financial intermediation benefited from an improved growth of 5.5% (2010: 4.3%) derived from sub-sectors: 'Insurance' (+4.5%), 'banks' (+5.9%) and 'Other financial intermediation activities' (+6.0%).

The headline inflation rate was 6.5% at close of 2011 against 2.9% in 2010, mostly due to higher food prices, cigarettes & alcoholic beverages and readymade clothing. Likewise, the unemployment rate is expected to increase marginally from 7.8% in 2010 to 7.9% in 2011. The investment rate decreased from 24.9% in 2010 to 23.9% in 2011, with the share of private sector investments falling to 75.2% from 75.5% in 2010 and public sector increasing to 24.8 % from 24.5% a year earlier.

FINANCIAL HIGHLIGHTS

THE GROUP

The Group's Gross Premium Income at 31st December 2011 amounted to Rs.3,344 million, representing an increase of 15% (Rs.2,920 million in 2010). The Net Earned Premiums has increased from Rs.2,079 million in 2010 to Rs.2,463 million this year representing an increase of 18%.

The Profit Before Tax increased to Rs.238.1 million in 2011, representing a rise of 4% (Rs.229.2 million in 2010).

Total assets under the management of the Swan Group amounted to Rs.22.8 billion at 31st December 2011 (Rs.22.9 billion in 2010) representing a decrease of 0.1%.

The Life Assurance Fund amounted to Rs.20.6 billion at 31st December 2011 compared to Rs.20.9 billion in 2010, a decrease of 1.4%.

The Net Asset Value per Share amounted to Rs.159.50 in 2011 (Rs.141.29 in 2010) and the Earnings per Share increased by 6% at Rs.27.31 compared to Rs.25.66 in 2010.

THE COMPANY

The Company's Gross Premium Income increased by 8% to Rs.1,340 million in 2011 (Rs.1,245 million in 2010) while Net earned Premiums has increased by 11% to reach Rs.540.4 million (Rs.487.6 million in 2010).

The Profit Before Tax for 2011 amounted to Rs.221.4 million compared to Rs.205.5 million in 2010. Dividends declared amounted to Rs.60.9 million (Rs.55.2 million in 2010), in line with the Company's dividend policy as stated in the Governance Report.

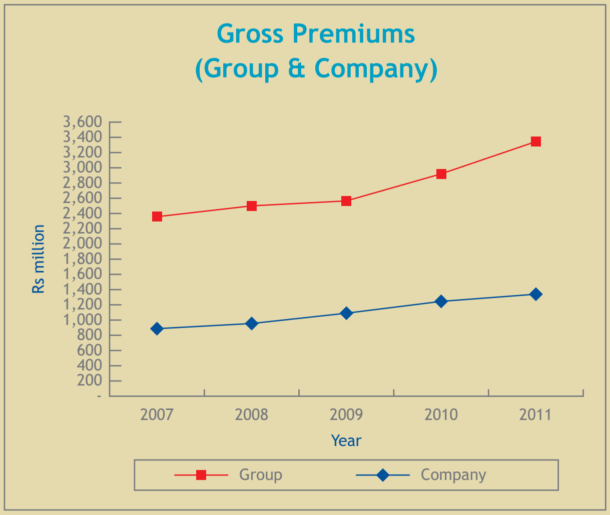
The Company's reserves at 31st December 2011 stood at Rs. 1,049.9 million compared to Rs.962.8 million in 2010.

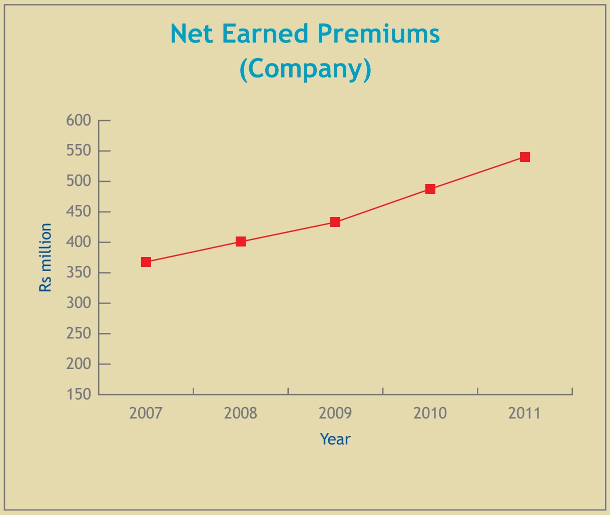
INVESTMENTS

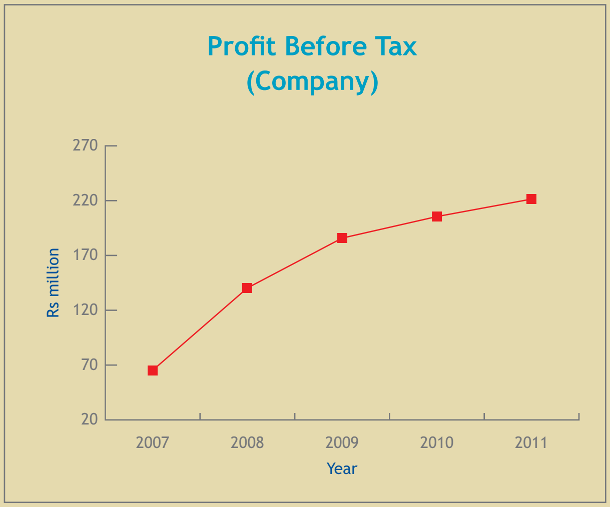
Equity Market

Globally, stock markets were increasingly volatile and registered losses over the year. In Mauritius, although the SEMTRI retreated by a mere 1.3%, its constituents posted mixed performances against the Euro fragility and its economic fallout. Furthermore, the Mauritian market witnessed a net foreign capital drain over the year to the tune of Rs.475 million.

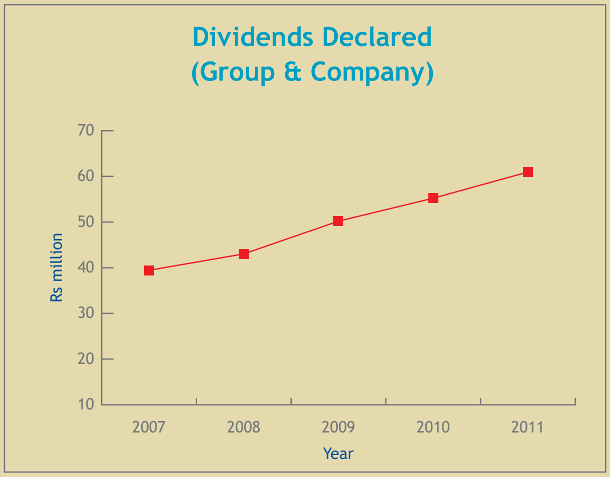
The international equity markets mostly moved south, partially due to the situation in Europe and fears of a hard

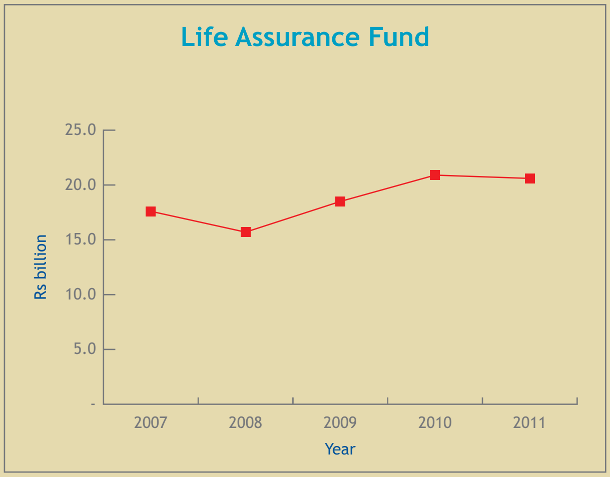

Gross Premiums
(Group & Company)
Rs million
3,600
3,400
3,200
3,000
2,800
2,600
2,400
2,200
2,000
1,800
1,600
1,400
1,200
1,000
800
600
400
200
-
2007
2008
2009
2010
2011
Year
Group
Company


Net Earned Premiums
(Company)
Rs million
600
550
500
450
400
350
300
250
200
150
2007
2008
2009
2010
2011
Year


Profit Before Tax
(Company)
Rs million
270
220
170
120
70
20
2007
2008
2009
2010
2011
Year


Reserves
(Company)
Rs million
1,100
1,050
1,000
950
900
850
800
750
700
650
600
550
500
450
400
350
300
2007
2008
2009
2010
2011
Year


Dividends Declared
(Group & Company)
Rs million
70
60
50
40
30
20
10
2007
2008
2009
2010
2011
Year


Life Assurance Fund
Rs billion
25.0
20.0
15.0
10.0
5.0
-
2007
2008
2009
2010
2011
Year

group chief executive's review (cont'd)

economic landing in China. During the year, developed equity markets returned -7.6% as measured by the MSCI World Index whilst MSCI Europe slipped by 13.8%. Emerging market equities were even weaker, as the MSCI EM Index returned -20.4% in 2011. On the other hand, US equities fared better as recorded by the modest gains of the S&P 500 Index by 2.1%.

Fixed Income Market

Excessive liquidity and high inflationary trend (headline inflation rate of 6.5% p.a at year end) were the predominant factors on the domestic fixed income market over the year. Monetary policy was tightened by a net 65 bps over the period as a counter move to contain inflation and improve the real savings rate which dropped into the red zone; the 364 Day counter managing a yield to maturity of only 4.79% p.a.

Currency display was marked by a strong rupee versus the major hard currencies - the EUR, USD and GBP depreciating by 6.2%, 3.7% and 3.9% respectively. The FOREX market was subject mainly to the worldwide repercussions of the European sovereign debt crisis.

Company's Investment Portfolio

The equity portion of the investment portfolio was affected by the poor performances of equity markets whilst the fixed income segment delivered rewarding yields in a difficult economic environment. The fund was invested in a mix of 35% in equities and 65% in fixed income securities. Over the year, the Fund's exposure to equities was conservatively reduced to mitigate the impact of the Euro zone turmoil. Investment income grew satisfactorily over the period due to a reallocation of short-term cash on longer termed higher rewarding prime instruments.

Performance of The Anglo-Mauritius Funds

A difficult year for equity markets in a low yielding fixed income environment were the challenges faced by the investment funds of Anglo-Mauritius. Nonetheless, the equity portfolios of the various unit-linked funds portrayed strong resilience in downturns due to an active strategy and selective diversification. On the other hand, fixed income portfolios generated competitive real rates of return.

In this context, a good unit-linked performer was the Secure Fund (Pension), which recorded an annualized performance of 6.6%. This conservative Fund invests wholly in prime fixed income instruments such as secured mortgage loans, government securities, rupee and forex deposits.

The Non-Linked Fund remains our largest fund as at 31st December 2011 with assets of Rs. 17.0 billion. The assets are allocated at approximately 48% in fixed income instruments and 52% in shares & properties. The fund performed satisfactorily over the year due to a prudent management of its foreign investment portfolio with regular diversification to money market alternatives and bonds during the year; a strategy which proved fruitful to contain overall fund value.

LEGAL AND REGULATORY FRAMEWORK

Following the budget presented by the Minister of Finance and Economic Development, the regulatory framework has also been revisited to cater amongst others for measures relating to the financial services sector.

The main measures include the following:

(1) Abolition of Capital Gains Tax in case of sale of immovable property.

(2) Requirement for a Protected Cell Company to file financial statements with the Registrar of Companies for each cell and pay tax on a cellular basis.

(3) Computation of Corporate Social Responsibility is now based on 2% of chargeable income instead of 2% of book profit.

(4) Amendments have been made to the Bank of Mauritius Act, Financial Services Act & Securities Act to allow the disclosure of information to the Financial Services Commission.

(5) Abrogation of legislation that would have allowed local assets to be insured in 2013 with an insurance company based in a foreign country.

(6) Employees are now allowed to use their monthly NSF contribution to pay for the premiums of a private health insurance.

(7) Amendment to The Borrower Protection Act to give financial institutions the option of issuing loan statements electronically.

(8) Removal of registration duty on registration of secured loans where the amount borrowed does not exceed Rs 1 Million.

(9) Amendment of the "Code Civil" to extend the time limit for renewal of inscription in connection with a secured loan from 10 years to 40 years.

(10) Financial institutions will be exempted from payment of land transfer tax on the sale of immovable property in connection with debt realization provided that the property is being sold within a period of 12 months from its acquisition date.

(11) Tax deduction at source has been extended to services provided inter-alia by doctors, attorneys, barristers and legal consultants.

HUMAN RESOURCES AND ORGANISATION STRUCTURE

Mr. Gilbert Montenot, Manager of the Maintenance Department, has retired from his post at the end of April 2011. On behalf of the Board of Directors, the Management Committee, and, in my own name, I wish to thank him for his dedication and contribution to the Swan Group.

The Maintenance Department, whose attributions go beyond maintenance, has been renamed Group Facilities Department since May 2012 and Mr. Dave Luchmun has been promoted to the position of Group Facilities Manager.

During the year 2011, we have replaced our paper-based performance management system with a web-based electronic one. This new system aims at facilitating the annual performance reviews while, at the same time, providing Management with tools for the effective monitoring and analysis of performance. Our ultimate aim is to provide our staff with the constructive feedbacks and support they need to constantly improve the services we deliver to our internal and external customers.

The implementation of this new performance management and development system has coincided with the introduction of a performance-related reward system for our administrative, professional and managerial staff. This new way of rewarding employees constitutes one of the major changes we have brought to our remuneration practices over the past two years. We hope that this performance-related reward system will enable us to give a better recognition to our high performers and will encourage our employees at large to go the extra mile.

In line with our profound belief in a greener globe, we have elaborated an environmental policy for the Swan Group. This policy will henceforth guide our actions in respect of environment protection. We shall enlist our employees in internal projects aimed at reducing our carbon footprint and in specific outdoor environmental protection activities.

Following the announcement of the proposed merger between CIM companies and Swan Group companies, we have given due attention to the human aspects of such a major change. On the assumption that this proposed merger will receive the approval of the authorities concerned, we have been working with our consultants in view of ensuring that the eventual integration of the businesses takes place with a minimum amount of discomfort to employees of all the entities.

J. M. Louis Rivalland
Group Chief Executive

corporate governance report 2011

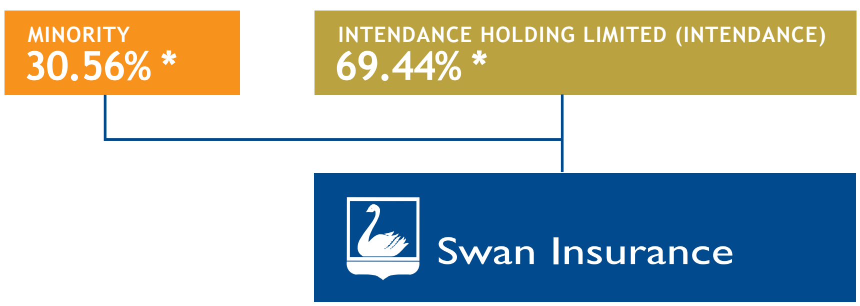
1. COMPLIANCE STATEMENT

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

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

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

2. ULTIMATE HOLDING COMPANY



* at 31.12.11

3. COMMON DIRECTORS (at 31.12.2011)

	SWAN	INTENDANCE
M. E. Cyril Mayer	✓	✓
J. Jean-Pierre P. Dalais	✓	✓
M. A. Eric Espitalier-Noël	✓	✓
M. D. Henri Harel	✓	✓
J. M. René Leclézio (As from 06/10/2011)	✓	✓

4. MAJOR SHAREHOLDERS

At April 30, 2012, the following shareholders held more than 5% of the ordinary share capital of Swan Insurance.

	Direct		Indirect
	No. of shares	% of voting rights	% of voting rights
Intendance Holding Limited	4,979,627	69.44	-
HF Investments Ltd	-	-	30.45
The Kibo Fund LLC	-	-	11.81
Excelsior United Development Companies Limited	-	-	11.69
ENL Investment Limited	-	-	7.92
Belle Mare Holding Limited	-	-	5.27

5. DIVIDEND POLICY

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

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

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

Year	Dividend Cover* (Times)	Dividend Yield** %
2011	3.22	2.70
2010	3.26	2.57
2009	3.33	4.57
2008	2.88	7.05
2007	1.53	6.11

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

corporate governance report 2011 (cont'd)

(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

1. 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.

2. The Board's collective appraisal has been postponed until such time as the amalgamation process with CIM currently underway is completed.

(d) Interests in shares at 31.12.2011

(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	-	-	-	-	-	-	200	0.008
J.Jean-Pierre P. Dalais	52	0.001	-	-	-	-	-	-
J.M. Louis Rivalland	7,900	0.110	-	-	11,400	0.456	-	-
	7,952	0.111	-	-	11,400	0.456	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	-	-	-	-	-	-

(e) Directors' dealing in shares of the Company

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

7. REMUNERATION POLICY

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

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

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

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

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

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

8. BOARD COMMITTEES

(a) The Audit and Risks Committee

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

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

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

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

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

(b) The Corporate Governance Committee

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

corporate governance report 2011 (cont'd)

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

The Corporate Governance Committee's terms of reference which comprise areas covered by a nomination and remuneration committee 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 IN 2011

		Board	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held during the year		6	4	1
Directors	Classification	Attendance		
M. E. Cyril Mayer	Non-executive	6	N/A	1
J. Jean-Pierre P. Dalais	Non-executive	5	N/A	N/A
M. D. Pierre Dinan	Independent non-executive	5	2	1
F. M. J. Pierre Doger de Spéville (Up to 06/10/2011)	Non-executive	1	N/A	N/A
George J. Dumbell	Non-executive	3	N/A	N/A
M. A. Eric Espitalier Noël	Non-executive	3	N/A	N/A
M. D. Henri Harel	Non-executive	4	1	N/A
J. M. René Leclézio (As from 06/10/2011)	Non-executive	-	N/A	N/A
Peroomal Gopallen Mooroogen	Independent non-executive	6	4	1
Victor C. Seeyave	Independent non-executive	6	3	1
J. M. Louis Rivalland	Executive	6	4	1
A. Michel Thomas	Executive	6	N/A	N/A

(b) DIRECTORS' REMUNERATION IN 2011

	From the Company	From Subsidiary Companies
	Rs.	Rs.
Non-Executives	939,250	973,250
Executive	10,232,220	7,525,696

The Directors' fees and remuneration are in accordance with market rates. They have not been disclosed on an individual basis due to the sensitive nature of the information.

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 32 to the financial statements.

12. CONSTITUTION

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

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year under review.

14. INTERNAL AUDIT

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

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

- **Role and Responsibilities**

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

- **Reporting and 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.

corporate governance report 2011 (cont'd)

- *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 sustainable basis.

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

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

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

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

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

- **Insurance risk**

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

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

- **Reinsurance risk**

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

- **Environment and Strategy risks**

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

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

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

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

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

  — *Industry Risks:*
  Risks which make the industry less attractive as a result of changes in:
  • Key factors for competitive success within the industry, including significant opportunities and threats;
  • Capabilities of existing and potential competitors; and
  • Group's strengths and weaknesses relative to present and future competitors.

- **Operational risks**

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

  Operational risks are further broken down into:
  — Human resource risks:
  Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.

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

  — Physical risks:
  Losses due to fire, cyclone, explosion, riots etc.

  — Business Continuity risks:
  Losses from failed transaction processing, and process management, inadequate backups and loss of data.

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

- **Information Processing/Technology Risks**

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

corporate governance report 2011 (cont'd)

- **Financial Risks**
  The primary sources of financial risks within the Group are reinsurance counterparties, credit risks 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 3.2 of the financial statements.

16. INTERNAL CONTROLS

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

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

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

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

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

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

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

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

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

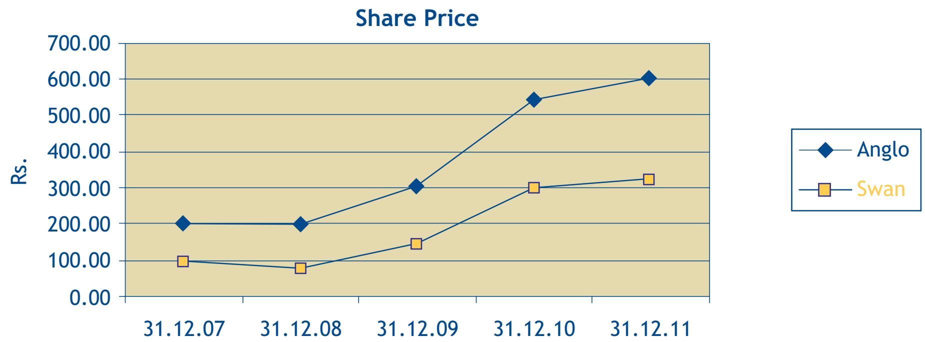
7) Management has put in place appropriate operational and compliance controls at all operating units.

17. SHARE OPTION

The Group has no share option plan.

18. SHARE PRICE INFORMATION

Share price of the Company and its subsidiary, The Anglo-Mauritius Assurance Society Limited increased by 250% and 200% respectively over the last five years, from Rs.90.- and Rs.200.- per share at December 31, 2007 to Rs.315.- and Rs.600.- per share in 2011.



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	666	87,456	01.22
501 - 1,000	106	83,764	01.17
1,001 - 5,000	166	379,155	05.29
5,001 - 10,000	36	258,503	03.60
10,001 - 50,000	28	514,405	07.17
50,001 - 100,000	3	190,318	02.65
100,001 - 250,000	1	100,500	01.40
250,001-500,000	2	577,618	08.06
Over 500,000	1	4,979,627	69.44
TOTAL	**1,009**	**7,171,346**	**100.00**

(b)

Category	No. of Shareholders	No. of shares	% holding
Individuals	902	1,025,494	14.30
Insurance and Assurance Companies	6	149,699	02.09
Pension & Provident Funds	14	215,028	03.00
Investment and Trust Companies	10	36,115	00.50
Other Corporate Bodies	76	765,383	10.67
The Holding Company	1	4,979,627	69.44
TOTAL	**1,009**	**7,171,346**	**100.00**

corporate governance report 2011

20. CHARITABLE DONATIONS, CORPORATE SOCIAL RESPONSIBILITY AND POLITICAL CONTRIBUTIONS

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

21. STAKEHOLDERS' RELATIONS AND COMMUNICATION

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

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

22. CODE OF ETHICS

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

23. SUSTAINABILITY REPORTING

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

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

24. TIME-TABLE OF IMPORTANT FORTHCOMING EVENTS

June 2012	Annual Meeting of Shareholders
August 2012	Publication of Unaudited Condensed Financial Statements for quarter and half-year ending June 30, 2012.
November 2012	Publication of Unaudited Condensed Financial statements for quarter ending September 30, 2012 Board of directors meets to examine provisional results for year ending December 2012 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 judgments.

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 judgments and estimates have been used consistently;

(iii) International Financial Reporting Standards have been adhered to. Any departure in fair presentation has been disclosed, explained and quantified.

(iv) The Code of Corporate Governance has been adhered to. Reasons have been provided where there has not been compliance.

Signed on behalf of the Board of Directors

M. E. Cyril Mayer
Chairperson

M. A. Eric Espitalier-Noël
Director

independent auditors' report to the members

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

Report on the Financial Statements

We have audited the financial statements of Swan Insurance Company Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 44 to 92 which comprise the statements of financial position at December 31, 2011, and the income statements, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and notes to financial statements.

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 92 give a true and fair view of the financial position of the Group and of the Company at December 31, 2011, 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.

Financial Reporting Act 2004

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

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

BDO & CO
Chartered Accountants

Ameenah Ramdin, FCCA, ACA
Licensed by FRC

Port Louis,
Mauritius.

28th March 2012

statements of financial position

AS AT DECEMBER 31, 2011

		THE GROUP		THE COMPANY	
	Notes	**2011**	2010	**2011**	2010
ASSETS		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Non-current assets					
Property and equipment	5	**86,703**	84,001	**86,517**	83,785
Intangible assets	6	**6,109**	10,372	**6,109**	10,372
Investment in subsidiary companies	7	**-**	-	**80,220**	55,220
Investment in associated company	8	**44,409**	58,317	**-**	-
Investment in joint venture	8	**415**	316	**500**	500
Investment in financial assets	9	**545,452**	601,149	**559,441**	601,149
Loans and receivables	10	**105,572**	86,222	**105,572**	86,222
Net deferred tax assets	11	**3,812**	4,005	**3,812**	4,005
		792,472	844,382	**842,171**	841,253
Current assets					
Investment in financial assets	9	**78,967**	61,050	**78,967**	61,050
Loans and receivables	10	**3,800**	2,320	**3,800**	2,320
Trade and other receivables	12	**991,723**	797,147	**844,062**	737,702
Bank balances, deposits and cash	26(b)	**381,247**	272,119	**353,072**	269,573
		1,455,737	1,132,636	**1,279,901**	1,070,645
Life Business Assets	13	**20,586,765**	20,888,758	**-**	-
Total assets		**22,834,974**	22,865,776	**2,122,072**	1,911,898
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Share capital	14	**35,857**	35,857	**35,857**	35,857
Reserves		**1,107,998**	977,394	**1,049,868**	962,843
Owners' interest		**1,143,855**	1,013,251	**1,085,725**	998,700
Non-controlling interests	16	**64,924**	50,853	**-**	-
Total equity		**1,208,779**	1,064,104	**1,085,725**	998,700
Technical provisions					
Life Assurance Fund	13	**20,586,765**	20,888,758	**-**	-
Outstanding claims and IBNR	20/27(a)/2(n)	**323,279**	287,818	**323,279**	287,818
Gross unearned premiums	20/27(b)/2(n)	**523,488**	499,019	**523,488**	499,019
		21,433,532	21,675,595	**846,767**	786,837
Non-current liabilities					
Retirement benefit obligations	17	**36,129**	37,726	**35,967**	37,612
Current liabilities					
Trade and other payables	18	**89,459**	79,807	**86,542**	80,210
Current tax liabilities	19	**6,119**	8,544	**6,115**	8,539
Dividend payable	24	**60,956**	-	**60,956**	-
		156,534	88,351	**153,613**	88,749
Total equity and liabilities		**22,834,974**	22,865,776	**2,122,072**	1,911,898

These financial statements have been approved for issue by the Board of Directors on 28th March 2012.

M. E. Cyril Mayer
Chairperson

M. A. Eric Espitalier-Noël
Director

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

income statements

FOR THE FOR THE YEAR ENDED DECEMBER 31, 2011

	Notes	THE GROUP 2011 Rs'000	THE GROUP 2010 Rs'000	THE COMPANY 2011 Rs'000	THE COMPANY 2010 Rs'000
Gross premiums		**3,344,050**	2,920,258	**1,339,600**	1,245,321
Premiums ceded to reinsurers		**(870,489)**	(810,355)	**(788,918)**	(726,578)
Change in gross unearned premiums	20/27(b)	**(24,469)**	(74,872)	**(24,469)**	(74,872)
Recoverable from reinsurers	20/27(b)	**14,207**	43,704	**14,207**	43,704
Net earned premiums	2(l)	**2,463,299**	2,078,735	**540,420**	487,575
Net earned premiums relating to Life Assurance Fund		**(1,922,879)**	(1,591,160)	**-**	-
		540,420	487,575	**540,420**	487,575
Gross claims paid	27(a)	**(633,734)**	(497,001)	**(633,734)**	(497,001)
Claims recovered from reinsurers	27(a)	**363,967**	262,133	**363,967**	262,133
Movement in claims outstanding and IBNR:					
Gross claims outstanding and IBNR	27(a)	**(35,461)**	(37,706)	**(35,461)**	(37,706)
Recoverable from reinsurers	27(a)	**17,053**	28,340	**17,053**	28,340
Net claims incurred		**(288,175)**	(244,234)	**(288,175)**	(244,234)
Commissions receivable from reinsurers		**197,936**	184,802	**197,936**	184,802
Commissions paid to Agents and Brokers		**(132,201)**	(134,774)	**(132,201)**	(134,774)
Net commissions		**65,735**	50,028	**65,735**	50,028
Underwriting surplus		**317,980**	293,369	**317,980**	293,369
Investment income	21	**102,886**	100,452	**86,433**	85,796
Operating profit		**420,866**	393,821	**404,413**	379,165
Other income	22	**6,903**	5,572	**6,828**	2,264
		427,769	399,393	**411,241**	381,429
Marketing and administrative expenses	23	**(179,935)**	(166,086)	**(178,868)**	(165,366)
Depreciation	5	**(6,720)**	(6,355)	**(6,690)**	(6,325)
Amortisation	6	**(4,263)**	(4,263)	**(4,263)**	(4,263)
Share of profit of associated company and joint venture	8	**1,235**	6,502	**-**	-
Profit before taxation		**238,086**	229,191	**221,420**	205,475
Taxation	19	**(25,247)**	(25,468)	**(25,105)**	(25,452)
Profit for the year		**212,839**	203,723	**196,315**	180,023
Attributable to:					
Owners of the parent		**195,848**	184,046	**196,315**	180,023
Non-controlling interests	16	**16,991**	19,677	**-**	-
		212,839	203,723	**196,315**	180,023
Earnings per share					
(Rupees and cents)	25	**27.31**	25.66	**27.37**	25.10

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

statements of comprehensive income

FOR THE YEAR ENDED DECEMBER 31, 2011

		THE GROUP		THE COMPANY	
	Notes	**2011**	2010	**2011**	2010
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit for the year		**212,839**	203,723	**196,315**	180,023
Other comprehensive income:					
Net movement in fair value changes of available-for-sale financial assets		**(40,950)**	42,533	**(40,950)**	42,533
Release on disposal of available-for-sale financial assets		**(7,384)**	(16)	**(7,384)**	(16)
Net movement in other reserves		**72,246**	(86,506)	**-**	-
Other comprehensive income for the year		**23,912**	(43,989)	**(48,334)**	42,517
Total comprehensive income for the year		**236,751**	159,734	**147,981**	222,540
Attributable to:					
Owners of the parent		**221,388**	152,538	**147,981**	222,540
Non-controlling interests	16	**15,363**	7,196	**-**	-
		236,751	159,734	**147,981**	222,540

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

statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2011

(a) THE GROUP

	Notes	Share Capital	Fair Value Reserve	Other Reserves	Proprietors' Fund	Retained Earnings	Total	Non-controlling Interests	Total Equity
		(Attributable to owners of the parent)							
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2011		**35,857**	**150,730**	**49,321**	**(32,214)**	**809,557**	**1,013,251**	**50,853**	**1,064,104**
Total comprehensive income for the year:									
Profit for the year		**-**	**-**	**-**	**-**	**195,848**	**195,848**	**16,991**	**212,839**
Other comprehensive income:									
- Net movement in fair value changes of available-for-sale financial assets	**9**	**-**	**(40,950)**	**-**	**-**	**-**	**(40,950)**	**-**	**(40,950)**
- Release on disposal of available-for-sale financial assets	**9**	**-**	**(7,384)**	**-**	**-**	**-**	**(7,384)**	**-**	**(7,384)**
- Net movement for the year		**-**	**-**	**(7,403)**	**81,277**	**-**	**73,874**	**(1,628)**	**72,246**
Dividends	**24**	**-**	**-**	**-**	**-**	**(60,956)**	**(60,956)**	**(17,131)**	**(78,087)**
Consolidation adjustment		**-**	**-**	**(29,828)**	**-**	**-**	**(29,828)**	**15,839**	**(13,989)**
Balance at December 31, 2011		**35,857**	**102,396**	**12,090**	**49,063**	**944,449**	**1,143,855**	**64,924**	**1,208,779**
Balance at January 1, 2010		35,857	108,213	61,179	29,953	678,802	914,004	60,844	974,848
Total comprehensive income for the year:									
Profit for the year		-	-	-	-	184,046	184,046	19,677	203,723
Other comprehensive income:									
- Net movement in fair value changes of available-for-sale financial assets	9	-	42,533	-	-	-	42,533	-	42,533
- Release on disposal of available-for-sale financial assets	9	-	(16)	-	-	-	(16)	-	(16)
- Net movement for the year		-	-	(11,858)	(62,167)	-	(74,025)	(12,481)	(86,506)
Transaction with owners	7/16	-	-	-	-	1,928	1,928	(1,928)	-
Dividends	24	-	-	-	-	(55,219)	(55,219)	(15,259)	(70,478)
Balance at December 31, 2010		35,857	150,730	49,321	(32,214)	809,557	1,013,251	50,853	1,064,104

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

statements of changes in equity (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

(b) THE COMPANY

	Notes	Share Capital Rs'000	Fair Value Reserve Rs'000	Other Reserves Rs'000	Retained Earnings Rs'000	Total Equity Rs'000
Balance at January 1, 2011		**35,857**	**150,730**	**28,719**	**783,394**	**998,700**
Total comprehensive income for the year						
Profit for the year		**-**	**-**	**-**	**196,315**	**196,315**
Other comprehensive income:						
- Net movement in fair value changes of available-for-sale financial assets	9	**-**	**(40,950)**	**-**	**-**	**(40,950)**
- Release on disposal of available-for-sale financial assets	9	**-**	**(7,384)**	**-**	**-**	**(7,384)**
Dividends	24	**-**	**-**	**-**	**(60,956)**	**(60,956)**
Balance at December 31, 2011		**35,857**	**102,396**	**28,719**	**918,753**	**1,085,725**
Balance at January 1, 2010		35,857	108,213	28,719	658,590	831,379
Total comprehensive income for the year						
Profit for the year		-	-	-	180,023	180,023
Other comprehensive income:						
- Net movement in fair value changes of available-for-sale financial assets	9	-	42,533	-	-	42,533
- Release on disposal of available-for-sale financial assets	9	-	(16)	-	-	(16)
Dividends	24	-	-	-	(55,219)	(55,219)
Balance at December 31, 2010		35,857	150,730	28,719	783,394	998,700

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

statements of cash flows

FOR THE YEAR ENDED DECEMBER 31, 2011

		THE GROUP		THE COMPANY	
	Notes	2011	2010	2011	2010
		Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities					
Cash generated from operations	26(a)	162,654	127,093	145,170	114,982
Tax paid		(27,479)	(27,255)	(27,336)	(27,237)
Net cash generated from operating activities		135,175	99,838	117,834	87,745
Cash flows from investing activities					
Purchase of property and equipment	5	(9,422)	(5,280)	(9,422)	(5,150)
Purchase of intangible assets	6	-	(338)	-	(338)
Proceeds from sale of property and equipment		177	973	177	973
Incorporation of subsidiary	7(a)	-	-	(25,000)	-
Acquisition of interest in subsidiary	7(a)	-	(23,758)	-	(23,758)
Purchase of financial assets	9	(153,263)	(237,660)	(153,263)	(237,660)
Disposal/maturity of financial assets	9	133,394	74,536	133,394	74,536
Loans granted	10	(27,009)	(16,710)	(27,009)	(16,710)
Loans recovered	10	6,179	5,121	6,179	5,121
Investment income received		42,195	85,782	41,650	85,782
Net cash used in investing activities		(7,749)	(117,334)	(33,294)	(117,204)
Cash flows from financing activities					
Dividends paid to Company's shareholders	24	-	(55,219)	-	(55,219)
Dividends paid to non-controlling interests	16	(17,131)	(15,259)	-	-
Net cash used in financing activities		(17,131)	(70,478)	-	(55,219)
Increase/(decrease) in cash and cash equivalents		110,295	(87,974)	84,540	(84,678)
Movement in cash and cash equivalents					
At January 1,		272,119	359,127	269,573	353,490
Increase/(decrease)		110,295	(87,974)	84,540	(84,678)
Effect of foreign exchange rate changes		(1,167)	966	(1,041)	761
At December 31,	26(b)	381,247	272,119	353,072	269,573

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

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2011

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 to underwrite short term insurance business and has remained unchanged during the year. The activities of the subsidiary companies are detailed in note 7.

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(i) available-for-sale financial assets are stated at their fair values; and

(ii) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

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

Amendment to IAS 32, 'Classification of rights issues', addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. This amendment is not expected to have any impact on the Group's financial statements.

Amendment to IFRS 1, 'Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters' provides first-time adopters relief from presenting comparative information for the new disclosures required by the March 2009 amendments to IFRS 7 'Financial Instruments: Disclosures'. This amendment is not expected to have any impact on the Group's financial statements.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments', clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. This IFRIC will not have any impact on the Group's financial statements.

IAS 24, 'Related Party Disclosures' (Revised 2009), clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. This revised standard is not expected to have any impact on the Group's related party disclosures.

Amendments to IFRIC 14, 'Prepayments of a Minimum Funding Requirement' correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. These amendments are not expected to have any impact on the Group's financial statements.

Improvements to IFRSs (issued 6 May 2010)

IAS 1 (Amendment), 'Presentation of Financial Statements', clarifies that an entity may present the required reconciliations for each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This amendment is not expected to have any impact on the Group's financial statements.

IAS 27 (Amendment), 'Consolidated and Separate Financial Statements', clarifies that the consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively. This amendment is unlikely to have an impact on the Group's financial statements.

IAS 34 (Amendment), 'Interim Financial Reporting', emphasises the disclosure principles in IAS 34 and adds further guidance to illustrate how to apply these principles. This amendment is not expected to have any impact on the Group's financial statements.

IFRS 1 (Amendment), 'First-time Adoption of International Financial Reporting Standards', clarifies that a first-time adopter is exempt from all the requirements of IAS 8 for the interim financial report it presents in accordance with IAS 34 for part of the period covered by its first IFRS financial statements and for its first IFRS financial statements. It also allows an entity to recognise an event-driven fair value measurement as deemed cost when the event occurs, provided that this is during the periods covered by its first IFRS financial statements. This amendment is not expected to have any impact on the Group's financial statements.

IFRS 3 (Amendment), 'Business Combinations', clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS. The application guidance in IFRS 3 applies to all share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards. This amendment is unlikely to have an impact on the Group's financial statements.

IFRS 7 '(Amendment), Financial Instruments: Disclosures', clarifies the required level of disclosure around credit risk and collateral held and provides relief from disclosures regarding renegotiated loans. This amendment is unlikely to have an impact on the Group's financial statements.

IFRIC 13 (Amendment), 'Customer Loyalty Programmes' clarifies that when the fair value of award credits is measured on the basis of the value of the awards for which they could be redeemed, the fair value of the award credits should take account of expected forfeitures as well as the discounts or incentives that would otherwise be offered to customers who have not earned award credits from an initial sale. This amendment is unlikely to have an impact on the Group's financial statements.

Standards, Amendments to published 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 2012 or later periods, but which the Group has not early adopted.

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

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1) (effective 1 July 2011)
Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)
Disclosures – Transfers of Financial Assets (Amendments to IFRS 7) (effective 1 July 2011)
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income
IFRS 9 Financial Instruments
IAS 27 Separate Financial Statements
IAS 28 Investments in Associates and Joint Ventures
IFRS 10 Consolidated Financial Statements
IFRS 11 Joint Arrangements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurement
IAS 19 Employee Benefits (Revised 2011)

Where relevant, the Group is still evaluating the effect of these Standards, amendments to published Standards and Interpretations issued but not yet effective, on the presentation of its financial statements.

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. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 will flow in 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%

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

(c) Intangible assets

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

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

(d) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

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

(e) Investment in subsidiaries

Separate financial statements of the investor
In the 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 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.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at fair value.

Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree 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.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(f) Investment in associates

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

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 except when classified as held-for-sale. The Group's investment in associates may include goodwill, net of any accumulated impairment loss identified on acquisition. Investments is associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

When the group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

(g) Investment in joint venture

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

(h) Financial instruments

(i) Financial assets

A Categories of 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.

(a) Loans and receivables
Loans and receivables are 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 after the end of the reporting period or non-current assets for maturities greater than twelve months.

(b) 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.

(c) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the end of the reporting period.

(d) 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.

B Recognition and measurement

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recorded at fair value plus transaction costs.

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

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

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

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

The fair values of quoted investments are based on current bid prices (Level 1). The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as on entity specific estimates (Level 2). 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 (Level 3) (See note 9).

C Impairment of financial assets

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

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

(ii) Trade 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).

(iii) Trade 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.

(iv) Cash and cash equivalents

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

(i) Deferred income tax

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

Deferred income tax is determined using tax rates that have been enacted by the end of the reporting period 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.

(j) Life Assurance Fund

(i) Non-Linked Account

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

(ii) Linked Account

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

(k) Insurance Contracts

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

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

The Group transacts in short-term insurance contracts which cover the following classes of business: risks of fire and allied perils, motor, health, engineering, marine, public liability, personal accident and miscellaneous. These contracts compensate the contract holders for 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.

(l) Revenue Recognition - Premiums Earned

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

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

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

(m) Reinsurance Contracts

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

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

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

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

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

(n) Short term insurance

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

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

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

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 the end of the reporting period. 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, on an accrual basis based on experts' estimate, and include non-insurance assets that have been acquired by exercising rights to sell (usually damaged) motor vehicles, to settle a claim (salvage)/

obtain refund from third parties for some or all costs (subrogation) under the terms of the insurance contracts. Salvage of motor vehicles are accounted for on an accrual basis.

(iii) Liability adequacy test

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

(o) Retirement benefit obligations

(i) Defined Benefit Plan

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

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

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

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

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has 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.

(p) Other revenues

Other revenues earned by the Group are recognised on the following bases:
- Interest income - on a time-proportion basis using the effective interest method.
- Dividend income - when the shareholder's right to receive payment is established.
- Commission receivable - as it accrues in accordance with the substance of the relevant agreements.

(q) Foreign currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement or the Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited). Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

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

(iii) Group companies

The results and financial position of the subsidiary, Swan International Co. Ltd., holding a Global Business 1 Licence (GBL1), 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 end of the reporting period 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 Other Comprehensive Income.

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

(r) Provisions

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

(s) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are declared.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

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

3.1 Insurance risk

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

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

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

Insurance contracts

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

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

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

(ii) Concentration of insurance risk
The following table discloses the concentration of claims by class of business gross and net of reinsurance.

	Outstanding claims					
	2011			2010		
Class of Business	No of Claims	Gross	Net	No of Claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	193	26,654	6,653	183	40,584	6,565
Motor	1,804	116,901	111,530	3,054	100,649	96,646
Health	3,763	37,594	9,417	2,339	23,635	5,928
Others	1,139	120,630	37,751	868	101,450	37,803
	6,899	301,779	165,351	6,444	266,318	146,942
IBNR		21,500	21,500		21,500	21,500
		323,279	186,851		287,818	168,442

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 reporting date. The Company has ensured that liabilities on the Statement of Financial Position at reporting date for existing claims whether reported or not, are adequate.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

3.1 Insurance risks (cont'd)

(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 Statement of Financial Position.

	2007	2008	2009	2010	2011	TOTAL
GROSS	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:						
- At end of claim year	307,359	152,992	102,495	133,536	130,915	827,297
- one year later	58,146	19,225	36,253	51,282	-	164,906
- two years later	33,545	25,296	32,412	-	-	91,253
- three years later	25,604	23,951	-	-	-	49,555
- four years later	20,958	-	-	-	-	20,958
Current estimate of cumulative claims	636,194	428,241	429,008	555,184	631,399	2,680,026
Less Cumulative payments to date	615,595	404,290	396,596	503,902	500,484	2,420,867
Liability recognised in the Statement of Financial Position	20,599	23,951	32,412	51,282	130,915	259,159
Liability in respect of prior years						42,620
						301,779
IBNR						21,500
Gross liability at year end (notes 20/27(a))						323,279

	2007	2008	2009	2010	2011	TOTAL
NET	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Estimate of ultimate claim costs:						
- At end of claim year	66,914	54,524	54,974	65,827	59,647	301,886
- one year later	23,355	13,456	28,502	26,570	-	91,883
- two years later	12,424	22,333	26,855	-	-	61,612
- three years later	7,548	20,589	-	-	-	28,137
- four years later	8,128	-	-	-	-	8,128
Current estimate of cumulative claims	248,453	218,636	214,647	249,776	280,184	1,211,696
Less Cumulative payments to date	240,325	198,047	187,792	223,204	220,537	1,069,905
Liability recognised in the Statement of Financial Position	8,128	20,589	26,855	26,572	59,647	141,791
Liability in respect of prior years						23,560
						165,351
IBNR						21,500
Net liability at year end (notes 20/27(a))						186,851

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

3.2 Financial risk

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

The most important components of this financial risk are :

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

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

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

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

3.2.1 Market risk

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

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

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

(i) Currency risk

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

The Group has an investment in a Global Business Licence (GBL 1) company which in turn holds an equity investment in the Seychelles. The net assets of the GBL 1 company are exposed to currency translation risk.

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

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

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

At December 31, 2011	Rs'000	Equivalent in Rs'000 GBP	USD	Euro	Total Rs'000
Assets:					
Non-current assets					
- Financial assets :					
• Held-to-Maturity	102,144	-	-	-	102,144
• Available-for-sale	176,159	-	213,024	54,125	443,308
• Loans and receivables	105,572	-	-	-	105,572
- Other non-current assets	141,448	-	-	-	141,448
Current assets					
- Financial assets :					
• Held-to-Maturity	78,967	-	-	-	78,967
• Loans and receivables	3,800	-	-	-	3,800
- Trade and other receivables	991,723	-	-	-	991,723
- Bank balances, deposits and cash	370,692	14	9,919	622	381,247
TOTAL ASSETS	1,970,505	14	222,943	54,747	2,248,209
Liabilities:					
- Technical Provisions :					
• Gross unearned premiums	523,488	-	-	-	523,488
• Outstanding claims and IBNR	323,279	-	-	-	323,279
- Non-current liabilities	36,129	-	-	-	36,129
- Current liabilities	156,534	-	-	-	156,534
TOTAL LIABILITIES	1,039,430	-	-	-	1,039,430

At December 31, 2010	Rs'000	Equivalent in Rs'000 GBP	USD	Euro	Total Rs'000
Assets:					
Non-current assets					
- Financial assets :					
• Held-to-Maturity	99,593	-	-	-	99,593
• Available-for-sale	187,445	-	244,640	69,470	501,555
• Loans and receivables	86,222	-	-	-	86,222
- Other non-current assets	157,011	-	-	-	157,011
Current assets					
- Financial assets :					
• Held-to-Maturity	61,050	-	-	-	61,050
• Loans and receivables	2,320	-	-	-	2,320
- Trade and other receivables	797,147	-	-	-	797,147
- Bank balances, deposits and cash	267,564	12	1,837	2,706	272,119
TOTAL ASSETS	1,658,352	12	246,477	72,176	1,977,017
Liabilities:					
- Technical Provisions :					
• Gross unearned premiums	499,019	-	-	-	499,019
• Outstanding claims and IBNR	287,818	-	-	-	287,818
- Non-current liabilities	37,726	-	-	-	37,726
- Current liabilities	88,351	-	-	-	88,351
TOTAL LIABILITIES	912,914	-	-	-	912,914

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

Sensitivity

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

	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results :						
• At December 31, 2011						
- Financial assets	**-**	**-**	**10,651**	**(10,651)**	**2,706**	**(2,706)**
- Bank balances and deposits	**1**	**(1)**	**496**	**(496)**	**31**	**(31)**
• At December 31, 2010						
- Financial assets	-	-	12,232	(12,232)	3,727	(3,727)
- Bank balances and deposits	1	(1)	92	(92)	135	(135)

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

(ii) Interest rate risk

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

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

Sensitivity

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

	Impact on results	
	+1%	-1%
At December 31, 2011	Rs'000	Rs'000
- Held-to-maturity investments	**128**	**(128)**
- Loans and receivables	**65**	**(65)**
- Bank balances and deposits	**149**	**(149)**
At December 31, 2010		
- Held-to-maturity investments	131	(131)
- Loans and receivables	59	(59)
- Bank balances and deposits	160	(160)

(iii) Equity price risk

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

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

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

	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2011	Rs'm	Rs'm
- Available-for-sale financial assets	**44**	**(44)**
At December 31, 2010		
- Available-for-sale financial assets	50	(50)

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 Statements of Financial Position 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 Aon Re.

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

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

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

	Neither past due nor impaired	Financial assets that are past due but not impaired				Financial assets that have been impaired	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
2011							
- Financial assets	**624,419**	**-**	**-**	**-**	**-**	**-**	**624,419**
- Loans and receivables	**109,372**	**-**	**-**	**-**	**-**	**-**	**109,372**
- Trade and other receivables	**778,538**	**81,731**	**85,889**	**21,962**	**5,003**	**18,600**	**991,723**
2010							
- Financial assets	662,199	-	-	-	-	-	662,199
- Loans and receivables	88,542	-	-	-	-	-	88,542
- Trade and other receivables	572,276	72,480	94,032	34,935	4,824	18,600	797,147

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.

Maturities of financial assets and liabilities:

At December 31, 2011	**< 1 year**	**1 to 5 years**	**> 5 years**	**Total**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**
Assets				
- Financial assets	**522,277**	**50,580**	**51,562**	**624,419**
- Loans and receivables	**3,800**	**105,572**	**-**	**109,372**
- Other non-current assets	**-**	**141,448**	**-**	**141,448**
- Current assets				
• Trade and other receivables	**991,723**	**-**	**-**	**991,723**
• Bank balances, deposits and cash	**381,247**	**-**	**-**	**381,247**
TOTAL ASSETS	**1,899,047**	**297,600**	**51,562**	**2,248,209**
Liabilities				
- Technical Provisions :				
• Gross unearned premiums	**523,488**	**-**	**-**	**523,488**
• Outstanding claims and IBNR	**323,279**	**-**	**-**	**323,279**
- Non-current liabilities	**-**	**36,129**	**-**	**36,129**
- Current liabilities	**156,534**	**-**	**-**	**156,534**
TOTAL LIABILITIES	**1,003,301**	**36,129**	**-**	**1,039,430**

At December 31, 2010	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Financial assets	562,606	62,283	37,310	662,199
- Loans and receivables	2,320	86,222	-	88,542
- Other non-current assets	-	157,011	-	157,011
- Current assets				
• Trade and other receivables	797,147	-	-	797,147
• Bank balances, deposits and cash	272,119	-	-	272,119
TOTAL ASSETS	1,634,192	305,516	37,310	1,977,018
Liabilities				
- Technical Provisions :				
• Gross unearned premiums	499,019	-	-	499,019
• Outstanding claims and IBNR	287,818	-	-	287,818
- Non-current liabilities	-	37,726	-	37,726
- Current liabilities	88,351	-	-	88,351
TOTAL LIABILITIES	875,188	37,726	-	912,914

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 end of the reporting period. 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 the end of the reporting period.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Critical accounting estimates and assumptions

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

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

4.1 Insurance contracts

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

(i) Estimates of future claims payments

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

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

- terms and conditions of the insurance contracts;
- knowledge of events;

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

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

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

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

(iii) Uncertainties and judgements
The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:
- uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occuring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

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

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

4.2 Reinsurance

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

4.5 Impairment of other assets

At the end of each reporting period, 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.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

4.6 Pension obligations

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. The Group contributes to a defined benefit plan, the assets of which are held independently and administered by The Anglo-Mauritius Assurance Society Limited.

4.7 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 - 2011	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST/DEEMED COST					
At January 1, 2011	**86,391**	**17,943**	**23,475**	**63,677**	**191,486**
Additions	**-**	**3,534**	**382**	**5,506**	**9,422**
Disposals	**-**	**(1,297)**	**-**	**-**	**(1,297)**
At December 31, 2011	**86,391**	**20,180**	**23,857**	**69,183**	**199,611**
DEPRECIATION					
At January 1, 2011	**15,552**	**12,830**	**20,969**	**58,134**	**107,485**
Charge for the year	**1,728**	**1,602**	**554**	**2,836**	**6,720**
Disposal adjustment	**-**	**(1,297)**	**-**	**-**	**(1,297)**
At December 31, 2011	**17,280**	**13,135**	**21,523**	**60,970**	**112,908**
NET BOOK VALUE					
At December 31, 2011	**69,111**	**7,045**	**2,334**	**8,213**	**86,703**

THE GROUP - 2010	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST/DEEMED COST					
At January 1, 2010	86,391	20,211	22,889	60,486	189,977
Additions	-	1,316	586	3,378	5,280
Disposals	-	(3,584)	-	(187)	(3,771)
At December 31, 2010	86,391	17,943	23,475	63,677	191,486
DEPRECIATION					
At January 1, 2010	13,824	13,295	20,437	56,172	103,728
Charge for the year	1,728	1,946	532	2,149	6,355
Disposal adjustment	-	(2,411)	-	(187)	(2,598)
At December 31, 2010	15,552	12,830	20,969	58,134	107,485
NET BOOK VALUE					
At December 31, 2010	70,839	5,113	2,506	5,543	84,001

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY - 2011	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2011	86,391	17,943	23,475	63,376	191,185
Additions	-	3,534	383	5,505	9,422
Disposals	-	(1,297)	-	-	(1,297)
At December 31, 2011	86,391	20,180	23,858	68,881	199,310
DEPRECIATION					
At January 1, 2011	15,552	12,832	20,969	58,047	107,400
Charge for the year	1,728	1,603	554	2,805	6,690
Disposal adjustment	-	(1,297)	-	-	(1,297)
At December 31, 2011	17,280	13,138	21,523	60,852	112,793
NET BOOK VALUE					
At December 31, 2011	69,111	7,042	2,335	8,029	86,517

THE COMPANY - 2010	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2010	86,391	20,211	22,889	60,315	189,806
Additions	-	1,316	586	3,248	5,150
Disposals	-	(3,584)	-	(187)	(3,771)
At December 31, 2010	86,391	17,943	23,475	63,376	191,185
DEPRECIATION					
At January 1, 2010	13,824	13,297	20,437	56,115	103,673
Charge for the year	1,728	1,946	532	2,119	6,325
Disposal adjustment	-	(2,411)	-	(187)	(2,598)
At December 31, 2010	15,552	12,832	20,969	58,047	107,400
NET BOOK VALUE					
At December 31, 2010	70,839	5,111	2,506	5,329	83,785

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

6. INTANGIBLE ASSETS

THE GROUP AND THE COMPANY - 2011	Goodwill	Computer Softwares	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	5,463	3,795	14,990	24,248
Additions	-	-	-	-
At December 31,	5,463	3,795	14,990	24,248
AMORTISATION				
At January 1,	5,463	2,417	5,996	13,876
Charge for the year	-	1,265	2,998	4,263
At December 31,	5,463	3,682	8,994	18,139
NET BOOK VALUE	-	113	5,996	6,109

THE GROUP AND THE COMPANY - 2010	Goodwill	Computer Softwares	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	5,463	3,457	14,990	23,910
Additions	-	338	-	338
At December 31,	5,463	3,795	14,990	24,248
AMORTISATION				
At January 1,	5,463	1,152	2,998	9,613
Charge for the year	-	1,265	2,998	4,263
At December 31,	5,463	2,417	5,996	13,876
NET BOOK VALUE	-	1,378	8,994	10,372

7. INVESTMENT IN SUBSIDIARY COMPANIES

(a) THE COMPANY	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
At January 1, and December 31, 2010	54,639	581	55,220
Incorporation of subsidiary	-	25,000	25,000
At December 31, 2011	54,639	25,581	80,220

The market value of the subsidiary Company, The Anglo-Mauritius Assurance Society Limited based on the DEM bid price at December 31, 2011 amounted to **Rs1.1bn** (2010: Rs.979.5m).

7. INVESTMENT IN SUBSIDIARY COMPANIES - AT COST (CONT'D)

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

	Class of shares held	Stated Capital		Nominal Value of Investment		Proportion of ownership interest and voting power held: Swan Insurance Company Limited		Other Group Company		Main Business
		2011	2010	2011	2010	2011	2010	2011	2010	
		Rs'000	Rs'000	Rs'000	Rs'000	%	%	%	%	
• The Anglo-Mauritius Assurance Society Limited	Ordinary	25,000	25,000	54,640	54,640	73.23	73.23	-	-	• Life assurance, pensions, actuarial and investment business
• Swan Group Corporate Services Limited	Ordinary	1,000	1,000	500	500	50	50	50	50	• Provide Secretarial services to Swan Group
• Manufacturers' Distributing Station Limited	Ordinary	961	961	-	-	-	-	99.80	99.80	• Investment Company
• Pension Consultants and Administrators Limited	Ordinary	4,100	4,100	-	-	-	-	100	100	• Pension and fund administration
• The Anglo-Mauritius Financial Services Limited	Ordinary	1,000	1,000	-	-	-	-	100	100	• Fund management and investment
• Société de La Croix	Parts	2,500	2,500	-	-	-	-	100	100	• Investment entity
• Société de La Montagne	Parts	45,654	45,654	-	-	-	-	100	100	• Investment entity
• Société de La Rivière	Parts	2,500	2,500	-	-	-	-	100	100	• Investment entity
• Swan Group Foundation	Limited by guarantee	1	1	1	1	50	50	50	50	• Management of Swan Group CSR fund (not consolidated)
		USD	USD							
• Swan International Co Ltd	Ordinary	7,000	7,000	79	79	51	51	49	49	• Reinsurance Brokers and Consultants
• Swan Reinsurance PCC	Core and Cellular	900,000	-	25,000	-	100	-	-	-	• Reinsurance of long term and short term business
				80,220	55,220					

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

8. INVESTMENT IN ASSOCIATED COMPANY AND JOINT VENTURE

		THE GROUP	
		2011	2010
		Rs '000	Rs '000
(a) Group's share of net assets in associated company			
At January 1		**58,317**	63,748
Share of results of associated company		**8,903**	6,472
Dividends		**(890)**	-
Other movements		**(7,767)**	(953)
Exchange difference		**(14,154)**	(10,950)
At December 31,	Rs.	**44,409**	58,317

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

Name	Year end	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest and voting rights (Indirect)
		Rs '000	Rs '000	Rs '000	Rs '000	%
2011						
State Assurance Co. Ltd (SACL)	**31 December**	**1,067,624**	**822,678**	**223,195**	**49,105**	**18.13%**
2010						
State Assurance Co. Ltd (SACL)	31 December	1,383,225	1,061,565	259,560	35,697	18.13%

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

		THE GROUP	
		2011	2010
		Rs '000	Rs '000
(b) Group's share of net assets in joint venture			
At January 1,		**316**	286
Share of results		**99**	30
At December 31,	Rs.	**415**	316

		2011	2010
		Rs '000	Rs '000
The Company			
Investment at cost	Rs.	**500**	500

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

Name	Year end	Current Assets	Current Liabilities	Revenues	Expenses	Proportion of ownership interest and voting rights (Direct)
		Rs '000	Rs '000	Rs '000	Rs '000	%
2011						
Processure Compagnie Limitee	**31 December**	**1,481**	**651**	**2,837**	**(2,639)**	**50.00%**
2010						
Processure Compagnie Limitee	31 December	1,291	659	2,354	(2,294)	50.00%

Processure Compagnie Limitée is a jointly controlled entity by Swan Insurance Company Limited and Tessi S.A, a company incorporated in France.

9. INVESTMENT IN FINANCIAL ASSETS

	2011									2010
	Held-to-maturity				Available-for-sale					
	T-Bills	Government securities	Debentures	Total	Level 1	Level 2	Level 3	Total	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) THE GROUP										
At January 1,	39,204	121,440	-	**160,644**	469,063	2,340	30,152	**501,555**	**662,199**	456,130
Additions	68,020	14,253	10,250	**92,523**	59,330	168	1,242	**60,740**	**153,263**	237,660
Movement in fair value	-	-	-	**-**	(56,215)	(126)	8,007	**(48,334)**	**(48,334)**	42,516
Matured	(49,042)	(21,846)	-	**(70,888)**	-	-	-	**-**	**(70,888)**	-
Disposals	-	-	-	**-**	(55,012)	-	(1,652)	**(56,664)**	**(56,664)**	(74,122)
Accrued interest	-	(1,168)	-	**(1,168)**	-	-	-	**-**	**(1,168)**	15
Consolidation adjustment	-	-	-	**-**	-	-	(13,989)	**(13,989)**	**(13,989)**	-
At December 31,	**58,182**	**112,679**	**10,250**	**181,111**	**417,166**	**2,382**	**23,760**	**443,308**	**624,419**	662,199
(b) THE COMPANY										
At January 1,	39,204	121,440	-	**160,644**	469,063	2,340	30,152	**501,555**	**662,199**	456,130
Additions	68,020	14,253	10,250	**92,523**	59,330	168	1,242	**60,740**	**153,263**	237,660
Movement in fair value	-	-	-	**-**	(56,215)	(126)	8,007	**(48,334)**	**(48,334)**	42,516
Matured	(49,042)	(21,846)	-	**(70,888)**	-	-	-	**-**	**(70,888)**	-
Disposals	-	-	-	**-**	(55,012)	-	(1,652)	**(56,664)**	**(56,664)**	(74,122)
Accrued interest	-	(1,168)	-	**(1,168)**	-	-	-	**-**	**(1,168)**	15
At December 31,	**58,182**	**112,679**	**10,250**	**181,111**	**417,166**	**2,382**	**37,749**	**457,297**	**638,408**	662,199

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Analysed as follows :				
Non-current	**545,452**	601,149	**559,441**	601,149
Current	**78,967**	61,050	**78,967**	61,050
	624,419	662,199	**638,408**	662,199
Disposal/maturity proceeds	**133,393**	74,536	**133,393**	74,536

(c) Held-to-maturity investments comprise of Treasury Bills and Mauritius Government Securities with interest rates varying from 4.191% to 12.25%.
(d) None of the financial assets are either past due or impaired.
(e) Currency analysis of financial assets is disclosed in note 3.2.1.(i)
(f) The ageing of financial assets is disclosed in note 3.2.2.

10. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2011	2010
	Rs'000	Rs'000
At January 1,	**88,542**	76,953
Mortgage loans granted	**27,009**	16,710
Mortgage loans recovered	**(6,179)**	(5,121)
At December 31,	**109,372**	88,542
Analysed as follows :		
Non-current	**105,572**	86,222
Current	**3,800**	2,320
	109,372	88,542

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

10. LOANS AND RECEIVABLES (CONT'D)

(a) The rates of interest on the above loans vary between 6.5% and 11.75% for 2011 (2010: 6.05% and 11.75%).
(b) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.
(c) At December 31, 2011 and 2010, 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% (2010: 15%)
The movement on deferred tax account is as follows:

	THE GROUP AND THE COMPANY	
	2011	2010
	Rs'000	Rs'000
At January 1,	**4,005**	3,714
Income Statement credit (note 19)	**(193)**	291
At December 31,	**3,812**	4,005

(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 Statement of Financial Position:

	THE GROUP AND THE COMPANY	
	2011	2010
	Rs'000	Rs'000
Deferred tax assets	**5,940**	5,859
Deferred tax liabilities	**(2,128)**	(1,854)
Net deferred tax assets	**3,812**	4,005

(c) Deferred tax assets and liabilities (charged)/credited in the Income Statement are attributable to the following items:

	THE GROUP AND THE COMPANY		
	At January 1, 2011	(Charged)/ credited to Income Statement	**At December 31, 2011**
	Rs'000	Rs'000	**Rs'000**
Deferred tax assets			
Retirement benefit obligations	5,643	(247)	**5,396**
Accelerated tax depreciation	216	328	**544**
	5,859	81	**5,940**
Deferred tax liabilities			
Accelerated tax depreciation	-	-	**-**
Unrealised exchange gain	(1,854)	(274)	**(2,128)**
	(1,854)	(274)	**(2,128)**
Net deferred tax assets	4,005	(193)	**3,812**

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	Rs'000	Rs'000	**Rs'000**	Rs'000
Due from contract holders	**204,778**	198,999	**204,778**	198,999
Due from brokers and agents	**136,134**	145,170	**136,134**	145,170
Less impairment provision	**(18,600)**	(18,600)	**(18,600)**	(18,600)
Due from reinsurers				
- share of outstanding claims (note 20)	**136,428**	119,376	**136,428**	119,376
- share of unearned premiums (note 20)	**265,969**	251,762	**265,969**	251,762
- commission and other receivables	**40,878**	17,514	**40,878**	17,514
Receivable from subsidiaries	**-**	-	**12,262**	1,918
Prepayments	**-**	-	**-**	-
Other receivables	**81,692**	25,009	**66,213**	21,563
	847,279	739,230	**844,062**	737,702
Share of Group's and non-controlling interests in Life Business Assets (note 13)	**144,444**	57,917	**-**	-
	991,723	797,147	**844,062**	737,702

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

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

	THE GROUP AND THE COMPANY	
	2011	2010
	Rs'000	Rs'000
At January 1,	**18,600**	15,800
Impairment provision	**-**	2,800
At December 31,	**18,600**	18,600

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

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

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

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

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

13. LIFE BUSINESS ASSETS

	THE GROUP	
	2011	2010
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	**242,167**	131,633
Investment properties	**531,547**	448,298
Intangible assets	**56,816**	66,127
Investment in associated company	**37,816**	58,317
Investment in financial assets	**13,162,053**	12,873,202
Loans and receivables	**2,741,414**	2,465,976
	16,771,813	16,043,553
Current assets		
Trade and other receivables	**210,944**	193,453
Financial assets	**1,766,475**	2,910,975
Loans and receivables	**310,328**	290,094
Short term deposits	**1,682,011**	1,656,293
Cash in hand and at bank	**369,811**	122,072
	4,339,569	5,172,887
Current liabilities		
Trade and other payables	**190,574**	158,491
Dividend payable	**62,750**	-
Current tax liabilities	**9,515**	5,022
	262,839	163,513
Non current liabilities		
Gross Outstanding claims	**18,547**	18,747
Retirement benefit obligations	**98,781**	87,368
Deferred tax liabilities	**6**	137
	117,334	106,252
	20,731,209	20,946,675
Less share of Group's and minority interest's (note 12)	**(144,444)**	(57,917)
Policyholders' share - Life Assurance Fund	**20,586,765**	20,888,758

14. SHARE CAPITAL

	2011 & 2010
	Rs'000
Authorised	
9,600,000 ordinary shares of Rs.5 each	**48,000**
Issued and fully paid	
7,171,346 ordinary shares of Rs.5 each	**35,857**

15. OTHER COMPREHENSIVE INCOME

THE GROUP	Fair value reserve Rs'000	Other reserve Rs'000	Proprietors' fund Rs'000	Non-controlling interests Rs'000
2011				
- Net movement in fair value of available-for-sale financial assets	**(40,950)**	**-**	**-**	**-**
- Release from fair value reserve	**(7,384)**	**-**	**-**	**-**
- Movement for the year	**-**	**(7,403)**	**81,277**	**(1,628)**
	(48,334)	**(7,403)**	**81,277**	**(1,628)**
2010				
- Net movement in fair value of available-for-sale financial assets	42,533	-	-	-
- Release from fair value reserve	(16)	-	-	-
- Movement for the year	-	(11,858)	(62,167)	(12,481)
	42,517	(11,858)	(62,167)	(12,481)

Fair value reserve

Fair value reserve comprises of the cumulative net change in the fair value of available-for-sale financial assets that has been recognised in other comprehensive income until the investments are derecognised or impaired.

Other reserve

Other reserve is a translation reserve whereby differences obtained when translating the subsidiary, Swan International Co. Limited, which has a functional currency different from that of the presentation currency of the Company, are accounted.

Proprietors' fund

Proprietors' fund is the reserves of the proprietors of The Anglo Mauritius Assurance Society Ltd, a subsidiary of the Company.

THE COMPANY	Fair Value Reserve Rs'000	Other Reserve Rs'000
2011		
- Net movement in fair value changes of available-for-sale financial assets	**(40,950)**	**-**
- Release from fair value reserve	**(7,384)**	**-**
	(48,334)	**-**
2010		
- Net movement in fair value changes of available-for-sale financial assets	42,533	-
- Release from fair value reserve	(16)	-
	42,517	-

16. NON-CONTROLLING INTERESTS

	THE GROUP	
	2011	2010
	Rs'000	Rs'000
At January 1,	**50,853**	60,844
Share of profit (page 45)	**16,991**	19,677
Share of dividend received (Note 21)	**(17,131)**	(15,259)
Transaction with owners (page 47)	**-**	(1,928)
Consolidation adjustment	**15,839**	-
Movement in proprietors' fund	**(1,628)**	(12,481)
	64,924	50,853

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

17. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
Amounts recognised in the Statement of Financial Position:	Rs'000	Rs'000	Rs'000	Rs'000
Pension benefits (note (a)(ii))	36,129	37,726	35,967	37,612
Analysed as follows:				
Non-current liabilities	36,129	37,726	35,967	37,612
Income Statement				
- Pension benefits (note (a)(v))	9,871	10,547	9,855	10,506

(a) Pension benefits

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

(ii) The amounts recognised in the Statement of Financial Position are as follows:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	128,861	107,861	128,373	107,447
Fair value of plan assets	(68,082)	(56,275)	(67,746)	(55,957)
	60,779	51,586	60,627	51,490
Unrecognised actuarial losses	(24,650)	(13,860)	(24,660)	(13,878)
Liability in the Statement of Financial Position	36,129	37,726	35,967	37,612

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of defined obligation at January 1,	107,861	97,570	107,447	97,216
Current service cost	3,862	3,864	3,828	3,832
Interest cost	10,506	10,132	10,463	10,094
Actuarial gains	8,892	(2,942)	8,895	(2,932)
Benefits paid	(2,260)	(763)	(2,260)	(763)
Present value of defined obligation at December 31,	128,861	107,861	128,373	107,447

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value of plan assets at January 1,	56,275	42,793	55,957	42,493
Expected return on plan assets	6,279	5,490	6,247	5,458
Actuarial losses	(2,246)	(1,793)	(2,235)	(1,782)
Employer contributions	11,500	11,986	11,500	11,986
Scheme expenses	(431)	(452)	(431)	(452)
Cost of insuring risks benefits	(1,035)	(986)	(1,032)	(983)
Benefits paid	(2,260)	(763)	(2,260)	(763)
Fair value of plan assets at December 31,	68,082	56,275	67,746	55,957

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(v) The amounts recognised in the Statement of Comprehensive Income are as follows:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	3,862	3,864	3,828	3,832
Interest cost	10,506	10,132	10,463	10,094
Expected return on plan assets	(6,279)	(5,490)	(6,247)	(5,458)
Net actuarial losses recognised during the year	316	603	348	603
Scheme expenses	431	452	431	452
Cost of insuring risks benefits	1,035	986	1,032	983
Total, included in employee benefit expense (note 23)	9,871	10,547	9,855	10,506
Actual return on plan assets	4,034	3,698	4,013	3,676

(vi) The movement in the liability recognised in the Statement of Financial Position are as follows:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	37,726	39,165	37,612	39,093
Total expenses as above	9,871	10,547	9,855	10,505
Employer contributions	(11,468)	(11,986)	(11,500)	(11,986)
At December 31,	36,129	37,726	35,967	37,612

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

	THE GROUP			
	2011		2010	
	Rs'000	%	Rs'000	%
Local Equities	25,531	13%	21,103	13%
Overseas Equities	15,319	13%	12,662	13%
Fixed Interest	23,829	10%	19,696	10%
Properties	3,403	7%	2,814	8%
Total Market value of assets	68,082		56,275	

	THE COMPANY			
	2011		2010	
	Rs'000	%	Rs'000	%
Local Equities	25,405	13%	20,984	13%
Overseas Equities	15,243	13%	12,590	13%
Fixed Interest	23,711	10%	19,585	10%
Properties	3,387	7%	2,798	7%
Total Market value of assets	67,746		55,957	

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(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 end of the reporting period. 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, 2012 are Rs. 11.5m.

(x) Amounts for the current and previous four years for the Group are as follows:

	2011	2010	2009	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	128,861	107,860	97,570	97,240	86,465
Fair value of plan assets	(68,082)	(56,275)	(42,793)	(47,546)	(49,731)
Deficit	60,779	51,585	54,777	49,694	36,734
Experience adjustments on plan liabilities	8,892	(2,944)	(3,241)	13,271	(8,223)
Experience adjustments on plan assets	(2,246)	(1,792)	(1,903)	(1,718)	689

(xi) Amounts for the current and previous four years for the Company are as follows:

	2011	2010	2009	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	128,373	107,447	97,216	96,923	86,234
Fair value of plan assets	(67,746)	(55,957)	(42,493)	(47,291)	(49,488)
Deficit	60,627	51,490	54,723	49,632	36,746
Experience adjustments on plan liabilities	8,895	(2,932)	(3,211)	13,239	(8,197)
Experience adjustments on plan assets	(2,235)	(1,782)	(1,890)	(1,707)	686

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

	THE GROUP AND THE COMPANY	
	2011	2010
	%	%
Discount rate	9.50	9.50
Expected return on plan assets	10.00	10.00
Future salary increases	7.50	7.50
Future pension increases	-	-

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Reinsurance liabilities	39,794	31,602	39,794	31,602
Accrued expenses	7,043	3,441	7,043	3,441
Amount payable to subsidiary companies	-	-	7,289	19,350
Other payables	42,622	44,764	32,416	25,817
	89,459	79,807	86,542	80,210

(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 to approximate their fair values.

19. INCOME TAX

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax liabilities				
Balance at January 1,	**8,544**	10,041	**8,539**	10,033
Amount paid during the year	**(8,682)**	(10,829)	**(8,551)**	(10,820)
Current tax on the adjusted profit for the year at 15% (2010:15%)	**25,039**	24,971	**24,897**	24,956
Payment under Advance Payment System (APS)	**(18,729)**	(16,362)	**(18,717)**	(16,352)
Tax deducted at source	**(68)**	(65)	**(68)**	(65)
Under provision in prior year	**15**	788	**15**	787
Balance at December 31,	**6,119**	8,544	**6,115**	8,539
Income Statement Charge				
Current tax on the adjusted profit for the year at 15% (2010:15%)	**25,039**	24,971	**24,897**	24,956
Deferred tax (note 11)	**193**	(291)	**193**	(291)
Under provision in prior year	**15**	788	**15**	787
	25,247	25,468	**25,105**	25,452

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	
	2011	2010	**2011**	2010
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**238,086**	229,191	**221,420**	205,475
Tax calculated at rate of 15% (2010:15%)	**35,713**	34,379	**33,213**	30,821
Income not subject to tax	**(11,086)**	(10,242)	**(8,826)**	(7,670)
Expenses not deductible for tax purposes	**790**	1,514	**703**	1,514
Share of results of associate	**(185)**	(971)	**-**	-
Under provision in prior year	**15**	788	**15**	787
Tax charge for the year	**25,247**	25,468	**25,105**	25,452

20. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2011	2010
	Rs'000	Rs'000
Gross		
- Claims reported and loss adjustment expenses	**301,779**	266,318
- Unearned premiums (page 44/note 27(b))	**523,488**	499,019
Total gross insurance liabilities	**825,267**	765,337
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses (note 12)	**136,428**	119,376
- Unearned premiums (notes 12,27(b))	**265,969**	251,762
Total reinsurers' share of insurance liabilities	**402,397**	371,138
Net		
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 27(a))	**165,351**	146,943
- Unearned premiums (note 27(b))	**257,519**	247,257
	422,870	394,200
IBNR		
Claims incurred but not reported IBNR (note 27(a))	**21,500**	21,500
Total net insurance liabilities	**444,370**	415,700

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

21. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest income	**34,407**	35,015	**34,407**	35,015
Dividend income	**68,479**	65,437	**52,026**	50,781
	102,886	100,452	**86,433**	85,796
Total Investment income:				
Non-controlling interests - dividend income	**16,798**	15,259	**-**	-
Interest and investment income	**86,088**	85,193	**86,433**	85,796
	102,886	100,452	**86,433**	85,796

22. OTHER INCOME

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	Rs'000	Rs'000	**Rs'000**	Rs'000
(Loss)/profit on disposal of available-for-sale financial assets	**(1,542)**	398	**(1,542)**	398
Release from fair value reserve	**7,384**	16	**7,384**	16
Profit/(loss) on disposal of property and equipment	**177**	(200)	**177**	(200)
Others	**495**	3,308	**420**	-
	6,514	3,522	**6,439**	214
Rent	**1,430**	1,289	**1,430**	1,289
Net foreign exchange (losses)/gains	**(1,041)**	761	**(1,041)**	761
	389	2,050	**389**	2,050
Total	**6,903**	5,572	**6,828**	2,264

23. MARKETING AND ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Marketing and administrative expenses include:				
- Contributions in respect of Corporate Social Responsibility	**3,594**	2,915	**3,592**	2,914
- Internal auditors' fees	**1,121**	155	**1,121**	155
- Staff costs (see note (b) below)	**122,639**	111,336	**121,267**	110,187
(b) Analysis of staff costs				
- Salaries and wages	**94,086**	85,869	**93,446**	85,258
- Retirement benefit obligation costs (note 17(v))	**9,903**	10,548	**9,855**	10,506
- Other costs	**18,650**	14,919	**17,966**	14,423
	122,639	111,336	**121,267**	110,187

24. DIVIDEND PAYABLE

	THE COMPANY	
	2011	2010
	Rs'000	Rs'000
Declared and paid		
Final dividend of Rs 7.70 per ordinary share	**-**	55,219
Declared and payable		
Final dividend of Rs 8.50 payable per ordinary share.	**60,956**	-

25. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
Profit attributable to equity holders of the Company (Rs'000)	**195,848**	184,046	**196,315**	180,023
Number of ordinary shares in issue	**7,171,346**	7,171,346	**7,171,346**	7,171,346
Basic earnings per share (Rs/cs)	**27.31**	25.66	**27.37**	25.10

26. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	Notes	THE GROUP		THE COMPANY	
		2011	2010	**2011**	2010
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation		**238,086**	229,191	**221,420**	205,475
Adjustments for:					
Depreciation	5	**6,720**	6,355	**6,690**	6,325
Amortisation	6	**4,263**	4,263	**4,263**	4,263
Foreign exchange losses/(gains)	22	**1,041**	(761)	**1,041**	(761)
(Profit)/loss on sale of property and equipment	22	**(177)**	200	**(177)**	200
Release from fair value reserve on disposal of financial assets	22	**(7,384)**	(16)	**(7,384)**	(16)
Loss on disposal of financial assets	22	**1,542**	(398)	**1,542**	(398)
Investment income	21	**(86,088)**	(85,193)	**(86,433)**	(85,796)
Retirement benefit obligations	17(vi)	**(1,597)**	(1,439)	**(1,645)**	(1,481)
Change in Gross Unearned Premiums	20/27(b)	**24,469**	74,872	**24,469**	74,872
Share of profit of associated company and joint venture	8	**(1,235)**	(6,502)	**-**	-
Changes in working capital:					
- Trade and other receivables		**(62,099)**	(130,389)	**(60,409)**	(131,539)
- Trade and other payables		**9,652**	(796)	**6,332**	6,132
- Outstanding claims		**35,461**	37,706	**35,461**	37,706
Cash generated from operating activities		**162,654**	127,093	**145,170**	114,982

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term deposits	**309,432**	235,195	**309,431**	235,195
Bank balances and cash	**71,815**	36,924	**43,641**	34,378
Cash and cash equivalents	**381,247**	272,119	**353,072**	269,573

The interest rates on short-term foreign deposits ranged from **0.01%** to **0.58%** (2010: 0.31% to 0.63%) and on local deposits from **2.00%** to **6.75%** (2010: average of 3.75% to 9%).

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

27. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

(i) THE GROUP AND THE COMPANY

(a) Outstanding claims

	2011			2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	266,318	(119,376)	146,942	228,612	(91,036)	137,576
Increase in liabilities	669,195	(381,019)	288,176	534,707	(290,473)	244,234
Cash paid for claims settled in the year (Page 45)	(633,734)	363,967	(269,767)	(497,001)	262,133	(234,868)
	301,779	(136,428)	165,351	266,318	(119,376)	146,942
Incurred but not reported (IBNR) (note 20)	21,500	-	21,500	21,500	-	21,500
At December 31,	323,279	(136,428)	186,851	287,818	(119,376)	168,442

(b) Provision for unearned premiums

	2011			2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	499,019	(251,762)	247,257	424,147	(208,058)	216,089
Increase during the year	24,469	(14,207)	10,262	74,872	(43,704)	31,168
At December 31,(note 20)	523,488	(265,969)	257,519	499,019	(251,762)	247,257

28. COMMITMENTS

	THE GROUP	
	2011	2010
Outstanding commitments for loan, freehold properties and investments approved by the Board of Directors	Rs'000	Rs'000
	677,700	301,800

29. EVENT AFTER THE REPORTING PERIOD

Amalgamation transaction

The Board of the Company made an announcement on October 13, 2011, with regards to the in-principle approvals by the Boards of Swan Insurance Company Limited ("Swan") and The Anglo Mauritius Assurance Society Limited ("AMAS"), of the merger of their insurance businesses with those of Rogers Group (Cim Insurance Ltd with and into Swan and Cim Life Ltd with and into AMAS). The combination of the asset management and stockbroking arms of Rogers Group with those of Swan Group are also part of this restructuring.

On February 23, 2012, the Commissioners of the Competition Commission gave clearance on the proposed merger. The impact of the transaction could not be appropriately measured for disclosures.

30. SEGMENT INFORMATION - THE GROUP

(a) Operating segment

	Life	General Casualty	General Property	2011 Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	2,004,450	895,671	443,929	3,344,050
Net earned premiums	1,922,879	424,020	116,400	2,463,299
Underwriting surplus	-	194,624	123,356	317,980
Investment income				102,886
Operating profit				420,866
Other income				6,903
				427,769
Marketing and Administrative expenses				(179,935)
Share of profit of associated company and joint venture				1,235
Depreciation				(6,720)
Amortisation				(4,263)
Profit before taxation				238,086
Taxation				(25,247)
Profit for the year				212,839

	Life	General Casualty	General Property	Unallocated	2011 Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	20,586,765	637,462	174,994	1,435,753	22,834,974
Segment liabilities	(20,586,765)	(35,459)	(4,335)	(999,636)	(21,626,195)
Equity holders' interest					1,208,779
Capital expenditure	-	2,356	754	6,312	9,422
Depreciation	-	1,680	538	4,502	6,720
Amortisation	-	1,066	341	2,856	4,263

i) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer.

ii) The operating segments are strategic business units offering services under:
- Life: long term insurance undertaken by The Anglo Mauritius Assurance Society Limited.
- General: short term insurance undertaken by Swan Insurance Company Limited.

iii)The type of products and services from which each reportable segment generates revenue are disclosed in note 2(k).

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

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

(a) Operating Segment

		General		2010
	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	1,674,938	809,129	436,191	2,920,258
Net earned premiums	1,591,160	377,589	109,986	2,078,735
Underwriting surplus	-	177,094	116,275	293,369
Investment income				100,452
Operating profit				393,821
Other income				5,572
				399,393
Marketing and Administrative expenses				(166,086)
Share of profit of associated company and joint venture				6,502
Depreciation				(6,355)
Amortisation				(4,263)
Profit before taxation				229,191
Taxation				(25,468)
Profit for the year				203,723

		General			2010
	Life	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	20,888,758	569,353	165,847	1,241,818	22,865,776
Segment liabilities	(20,888,758)	(27,804)	(3,797)	(881,313)	(21,801,672)
Equity holders' interest					1,064,104
Capital expenditure	-	1,320	422	3,538	5,280
Depreciation	-	1,589	508	4,258	6,355
Amortisation	-	1,066	341	2,856	4,263

31. 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.

32. RELATED PARTY TRANSACTIONS

(a) THE GROUP	Sale 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
2011								
Shareholders with significant influence	**146,944**	**306**	**7,443**	**162,246**	**13,439**	**16,353**	**33,548**	**-**
Enterprises that have a number of directors in common	**8,297**	**-**	**-**	**990**	**-**	**7**	**6,064**	**-**
Enterprises on which the Company and Subsidiaries exert significant influence	**13,909**	**-**	**-**	**1,166,121**	**-**	**-**	**-**	**-**
Key Management Personnel	**1,317**	**-**	**111**	**-**	**-**	**444**	**35**	**-**
	170,467	**306**	**7,554**	**1,329,357**	**13,439**	**16,804**	**39,647**	**-**
2010								
Shareholders with significant influence	142,642	610	4,181	42,840	2,400	19,795	40,552	-
Enterprises that have a number of directors in common	232	-	-	-	-	-	-	-
Enterprises on which the Company and Subsidiaries exert significant influence	25,577	-	-	1,090,080	-	-	-	-
Key Management Personnel	1,112	-	207	-	-	341	117	-
	169,563	610	4,388	1,132,920	2,400	20,136	40,669	-

32. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Sale 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
2011								
Subsidiary companies	11,266	46,297	5,934	1,083	80,720	12,262	434	7,289
Shareholders with significant influence	146,944	8	-	7,443	298	16,353	33,548	-
Enterprises that have a number of Directors in common	8,297	-	-	990	-	7	6,064	-
Enterprises on which the Company exerts significant influence	-	-	-	-	-	546	-	-
Key Management Personnel	1,317	-	-	111	-	444	35	-
	167,824	46,305	5,934	9,627	81,018	29,612	40,081	7,289
2010								
Subsidiary companies	9,392	47,237	8,719	1,056	55,720	8,334	275	19,350
Shareholders with significant influence	142,642	8	-	4,181	236	19,795	40,552	-
Enterprises that have a number of Directors in common	232	-	-	-	-	-	-	-
Enterprises on which the Company exerts significant influence	-	-	-	-	-	593	-	-
Key Management Personnel	1,112	-	-	207	-	341	117	-
	153,378	47,245	8,719	5,444	55,956	29,063	40,944	19,350

The related party transactions are within the normal course of the business at rate varying between 6% and 12%, secured by life policies of the party.

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Salaries and short-term employee benefits	54,931	52,742	28,100	25,852
Post-employment benefits - current service cost	2,741	2,979	1,635	1,842
- others	123	110	64	54
Termination benefits	-	-	-	-
	57,795	55,831	29,799	27,748

(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.

33. FIVE YEAR SUMMARY

(a) THE GROUP

	2011	2010	2009	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
INCOME STATEMENTS					Restated
Gross premiums	**3,344,050**	2,920,258	2,565,091	2,500,254	2,357,440
Net earned premiums	**2,463,299**	2,078,735	1,834,173	1,871,766	1,760,614
Underwriting surplus	**317,980**	293,369	249,395	203,212	133,040
Operating profit	**420,866**	393,821	344,109	287,469	208,741
Profit before taxation	**238,086**	229,191	213,361	159,775	84,497
Taxation	**25,247**	25,468	19,638	16,643	4,848
Profit for the year	**212,839**	203,723	193,723	143,132	79,649
STATEMENTS OF COMPREHENSIVE INCOME					
Profit for the year	**212,839**	203,723	193,723	143,132	79,649
Other comprehensive income for the year	**23,912**	(43,989)	5,417	(40,938)	(9,441)
Total comprehensive income	**236,751**	159,734	199,140	102,194	70,208
Attributable to:					
Owners of the parent	**221,388**	152,538	199,595	63,785	71,915
Non-controlling interest	**15,363**	7,196	(455)	38,409	(1,707)
	236,751	159,734	199,140	102,194	70,208
STATEMENTS OF FINANCIAL POSITION					
Non-current assets	**792,472**	844,382	680,844	591,796	615,415
Current assets	**1,455,737**	1,132,636	1,098,072	1,095,381	1,141,468
Life Business Assets	**20,586,765**	20,888,758	18,507,136	15,701,377	17,607,922
	22,834,974	22,865,776	20,286,052	17,388,554	19,364,805
Owners' interest	**1,143,855**	1,013,251	914,004	764,608	743,851
Non-controlling interest	**64,924**	50,853	60,844	61,299	22,890
Life Assurance Fund	**20,586,765**	20,888,758	18,507,136	15,701,377	17,607,922
Gross unearned premiums	**523,488**	499,019	424,147	376,540	354,213
Outstanding claims & IBNR	**323,279**	287,818	250,112	302,487	412,799
Non-current liabilities	**36,129**	37,726	39,165	31,934	33,965
Current liabilities	**156,534**	88,351	90,644	150,309	189,165
	22,834,974	22,865,776	20,286,052	17,388,554	19,364,805
Dividends per share (Rs/Cs)	**8.50**	7.70	7.00	6.00	5.50
Earnings per share (Rs/Cs)	**27.31**	25.66	24.10	17.71	9.00
Net assets value per share (Rs/Cs)	**159.50**	141.29	127.45	106.62	103.73
Number of shares used in calculation	**7,171,346**	7,171,346	7,171,346	7,171,346	7,171,346

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

33. FIVE YEAR SUMMARY (CONT'D)

(b) THE COMPANY

	2011	2010	2009	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000 Restated
INCOME STATEMENTS					
Gross premiums	**1,339,600**	1,245,321	1,090,038	954,607	886,819
Net earned premiums	**540,420**	487,575	433,130	400,981	367,887
Underwriting surplus	**317,980**	293,369	249,395	203,212	133,040
Operating profit	**404,413**	379,165	329,021	274,412	197,572
Profit before taxation	**221,420**	205,475	185,828	140,334	65,228
Taxation	**25,105**	25,452	18,843	16,577	4,831
Profit for the year	**196,315**	180,023	166,985	123,757	60,397
STATEMENTS OF COMPREHENSIVE INCOME					
Profit for the year	**196,315**	180,023	166,985	123,757	60,397
Other comprehensive income for the year	**(48,334)**	42,517	43,923	(116,537)	40,914
Total comprehensive income	**147,981**	222,540	210,908	7,220	101,311
STATEMENTS OF FINANCIAL POSITION					
Non-current assets	**842,171**	841,253	648,656	587,802	592,621
Current assets	**1,279,901**	1,070,645	980,186	940,999	1,102,174
	2,122,072	1,911,898	1,628,842	1,528,801	1,694,795
Owners' interest	**1,085,725**	998,700	831,379	670,670	706,478
Gross unearned premiums	**523,488**	499,019	424,147	376,540	354,213
Outstanding claims and IBNR	**323,279**	287,818	250,112	302,487	412,799
Non-current liabilities	**35,967**	37,612	39,093	31,872	33,933
Current liabilities	**153,613**	88,749	84,111	147,232	187,372
	2,122,072	1,911,898	1,628,842	1,528,801	1,694,795
Dividends per share (Rs/Cs)	**8.50**	7.70	7.00	6.00	5.50
Earnings per share (Rs/Cs)	**27.37**	25.10	23.29	17.26	8.42
Net assets value per share (Rs/Cs)	**151.40**	139.26	115.93	93.52	98.51
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, 2011 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. Jean-Pierre P. DALAIS / M.B.A. (USA)
Mr. M. D. Pierre Dinan, G.O.S.K. / B.Sc. Economics (LSE), F.C.A. (England)
Mr. F. M. J. Pierre DOGER DE SPÉVILLE [Up to 6 October 2011]
Mr. George J. DUMBELL / A.C.I.B. (UK)
Mr. M. A. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK)
Mr. M. D. Henri HAREL / A.C.I.S.
Mr. J. M. René LECLÉZIO / B.Sc (Chemical Engineering), M.B.A. (UK) [As from 6 October 2011]
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Victor C. SEEYAVE / M.B.A. (USA), B.A. Economics (UK)
Mr. A. Michel Thomas / LL.M., F.C.I.I., MCI Arb

DIRECTORS OF SUBSIDIARY COMPANIES

The Anglo-Mauritius Assurance Society Limited

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. J. Jean-Pierre P. DALAIS / M.B.A. (USA)
Mr. M. D. Pierre Dinan, G.O.S.K. / B.Sc. Economics (LSE), F.C.A. (England)
Mr. F. M. J. Pierre DOGER DE SPÉVILLE [Up to 6 October 2011]
Mr. George J. DUMBELL / A.C.I.B. (UK)
Mr. M. A. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK)
Mr. M. D. Henri HAREL / A.C.I.S.
Mr. J. M. René LECLÉZIO / B.Sc (Chemical Engineering), M.B.A. (UK) [As from 6 October 2011]
Me. M. F. I. Jean Hugues MAIGROT, G.O.S.K.
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Victor C. SEEYAVE / M.B.A. (USA), B.A. Economics (UK)

Swan International Co. Ltd.

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

Manufacturers' Distributing Station Limited

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

Pension Consultants and Administrators Ltd.

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

Processure Compagnie Ltée

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

other statutory disclosures (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2011

DIRECTORS OF SUBSIDIARY COMPANIES (CONT'D)

Swan Reinsurance PCC

Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Frans PRINSLOO
Mr. D. P. A. Maxime REY
Mr. A. C. A. Sattar JACKARIA / B.Sc. (Hons.), F.I.A.
Mr. T. K. Philippe LO FAN HIN / F.C.C.I.
Mr. M. D. Pierre Dinan, G.O.S.K. / B.Sc. Economics (LSE), F.C.A. (England)
Mr. Victor C. SEEYAVE / M.B.A. (USA), B.A. Economics (UK)

Swan Group Corporate Services Limited

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

The Anglo-Mauritius Financial Services Ltd.

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

Swan Group Foundation

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION AND BENEFITS

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

- Directors of Swan Insurance Company Limited	From the Company		From the Subsidiaries	
	2011	2010	**2011**	2010
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive Directors				
- Full-time	**10,232**	9,126	**7,526**	6,767
Non-executive Directors	**939**	908	**973**	1,024
	11,171	10,034	**8,499**	7,791

- Directors of subsidiary companies who are not directors of the Company	From the Subsidiaries	
	2011	2010
	Rs'000	Rs'000
Executive Directors		
- Full-time	**-**	-
Non-executive Director	**85**	85
	85	85

DONATIONS	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	Rs'000	Rs'000	**Rs'000**	Rs'000
Political donations	**-**	1,625	**-**	875
Charitable donations	**70**	305	**13**	194
Corporate social responsibility	**4,830**	4,210	**3,592**	2,914

AUDITORS' FEES

The fees paid to the auditors, for audit and other services were:

	THE GROUP		THE COMPANY	
	2011	2010	**2011**	2010
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees paid to:				
- BDO & Co	**2,007**	1,913	**800**	750
- Other firms	**78**	72	**-**	-
	2,085	1,985	**800**	750
Fees paid for other services:				
- Review of consolidated financial statements	**490**	470	**260**	240
- Review of statutory return	**190**	171	**90**	85
- Tax services	**270**	241	**112**	108
- Other services	**160**	160	**160**	160
	1,110	1,042	**622**	593

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, 2011

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

28th March 2012

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

SWAN INSURANCE COMPANY LIMITED

proxy form

I/We...

of ....

being a member/s of SWAN INSURANCE COMPANY LIMITED

hereby appoint ....

of ....

or failing him ....

of .... as my/our proxy to vote for me/us on my/our behalf at the

Annual Meeting of the Company to be held on Tuesday 26th June 2012 at 9.30 hours and at any adjournment thereof.

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

	FOR	AGAINST	ABSTAIN
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2011.			
4. To re-appoint BDO & Co. as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.			
5. To re-elect Mr. Pierre Dinan, G.O.S.K. as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
6. To elect Mr. J.M. René Leclézio as Director of the Company.			

Dated this .... day of .... 2012.

(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

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Email swan@intnet.mu
Website www.swangroup.mu

Swan Insurance

annual report 2011

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annual report/2011

Swan Group