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A stylized white swan is the central element, facing left. It is set against a vibrant blue background. The background is composed of several large, overlapping geometric shapes: a large white triangle on the left, a smaller white triangle on the right, and a white curved shape at the bottom right. The swan's neck is long and curved, and its tail is also curved. The overall design is clean and modern.

our vision

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

our values

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



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corporate profile

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

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

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

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

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

The Group's Gross Premium Income amounted to Rs.2.9 billion for the year ended 31st December 2010. Assets under the management of the Swan Group amounted to Rs.22.9 billion and the Life Assurance Fund reached Rs.20.9 billion at 31st December 2010.

Reserves of the Swan Group stood at Rs.977.4 million and that of the Company at Rs.962.8 million in 2010.

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 billion and loans on business properties totalled Rs.521 million at 31st December 2010.

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 2010 was Rs.2.1 billion.

notice of annual meeting to shareholders

Notice is hereby given that the Annual Meeting of the shareholders of Swan Insurance Company Limited will be held on Wednesday 22nd June 2011 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 2010 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 2010.
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 elect Mr. J. Jean-Pierre P. Dalais as Director of the Company.
6. To re-elect Mr. F. M. J. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
7. To re-elect Mr. M. D. Pierre Dinan, 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.

By order of the Board of Directors



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

03 May 2011

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, 2010

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Insurance Company Limited for the year ended December 31, 2010, contents of which are listed below:

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This Annual Report was approved by the Board of Directors on 30 March 2011.



M.E. Cyril Mayer
Chairperson



M. A. Eric Espitalier-Noël
Director

principal activities

DECEMBER 31, 2010

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
Swan International Co. Ltd.
Swan Group Corporate Services Limited
Manufacturers' Distributing Station Ltd.
Pension Consultants and Administrators Ltd.
The Anglo-Mauritius Financial Services Ltd.
Processure Compagnie Ltée
Swan Group Foundation
Société de la Croix
Société de la Montagne
Société de la Rivière

Life assurance, pension, actuarial and investment business
Reinsurance broking, consultancy and investment
Provision of Secretarial Services to Swan Group
Investment Company
Pension and Fund Administration
Fund Management and Investment Consulting
Insurance back office services
Corporate Social Responsibility
Investment entity
Investment entity
Investment entity

directorate & management

DIRECTORS

Non-Executive

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

M. J. Cyril LAGESSE [Up to 8 October 2010]

J. Jean-Pierre P. DALAIS / M.B.A. (USA) [As from 19 November 2010]

L. J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A. (UK) [Up to 8 October 2010]

F. M. J. Pierre DOGER DE SPÉVILLE

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

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

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

Thierry P. J. M. LAGESSE / M.B.A. (France) [Up to 8 October 2010]

Independent Non-Executive

M. D. Pierre DINAN, G.O.S.K. / B.Sc. Economics (LSE), F.C.A. (England)

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

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

Executive

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

A. Michel THOMAS / LL.M., F.C.I.I., MCI Arb – Operations Executive



M. E. Cyril Mayer



J. Jean-Pierre P. DALAIS



F. M. J. Pierre Doger de Spéville



George J. Dumbell



M. A. Eric Espitalier-Noël



M. D. Henri Harel

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 Moorooogen



Victor C. Seeyave



J. M. Louis Rivalland



A. Michel Thomas

directorate & management (cont'd)

DIRECTORS' PROFILE

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

Managing Director of Harel Frères Limited

Positions presently held on

(a) sugar sector private institutions

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

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:

- Harel Frères Limited
- Omnicane Limited (Up to 30/04/2010)
- United Docks Limited

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

Executive Director, Ciel Investment Limited

Chief Executive Officer, Ciel Capital Limited

Member of the Investment Committee of CIEL Group

Directorships of listed Companies:

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

F. M. J. Pierre DOGER DE SPÉVILLE

Notary Public from August 1965 to June 1997

Chairperson of the Médine Group of Companies

Directorship of listed Company:

- Innodis Limited

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

Chairperson, Constance Group of Companies

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

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

Director and Fellow of the Mauritius Institute of Directors

Directorships of listed Companies:

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

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

Chief Executive of ENL Commercial Limited

Directorships of listed Companies:

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

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

Group Chief Finance Officer of Harel Frères Ltd.

Directorship of listed Company:

- Harel Frères Limited

directorate & management (cont'd)

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 MOOROGEN, F.C.C.A., M.B.A (Wales)

Senior Executive - Mass Market - Mauritius Telecom

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

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

Managing Director of Altima Limited

Directorship of listed Company:

- Innodis Limited

MANAGEMENT TEAM

Group Chief Executive

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

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

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

Gilbert MONTENOT — Maintenance

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

Nasser PANCHAMEAH — 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. (U.K.), F.A.S. (SA)

Group Chief Executive

Louis Rivalland (40) 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 is the President of the Joint Economic Council since March 2010, is a Past President of the Insurers' Association of Mauritius, a Board member of the Mauritius Revenue Authority and a member of the Financial Services Consultative Council. He has played an active role in the development of risk management, insurance and pensions in Mauritius having chaired or been part of various technical committees on these areas.

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

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

Operations Executive

Master of Laws (LL.M) - United Kingdom (U.K.)

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

Chartered Insurer - U.K.

Associate member of the Chartered Institute of Arbitrators (MCI Arb)

Member of the Chartered Insurance Institute - U.K., Chartered Institute of Arbitrators - U.K., the British Insurance Law Association - U.K.

Member of The Insurance Institute of Mauritius (IIM)

Fellow Member of the Mauritius Institute of Directors

Michel Thomas (51) joined Swan Insurance in 1980. From 1980 to 1982, he worked as Motor Insurance Clerk in the Motor Department. From 1983 to mid 1988, he worked as Underwriter in the Fire and Accident and Commercial Departments.

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

He was appointed Training and Development Manager in 1997, Senior Manager of the Training and Development Department in 1999 and Senior Manager of the Group Research and Development Department in 2001.

He has also been acting as Money Laundering Reporting Officer (MLRO) of the Swan Group for the period 2003 to 2007.

He has 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 insurance and reinsurance contract law, liability insurances, general insurance underwriting, claims management, general insurance training, arbitration law and rules and Alternative Dispute Resolution (ADR) procedures.

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

Jean Paul CHASTEAU DE BALYON, F.MIoD

Swan Group Corporate Services Limited

Fellow Member of the Mauritius Institute of Directors

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

Member of The Association of Company Secretaries - Mauritius

Jean Paul Chateau de Balyon (60) joined Swan Insurance in 1969 as Underwriter motor and non-motor insurance and was appointed Assistant Company Secretary in 1974. In 1976 he was appointed Company Secretary of Swan Insurance and also attributed the responsibilities of Administration and Human Resources. He was appointed Group Company Secretary of the Swan Group in January 2003.

He has been fully involved in the following key projects:

Standardisation of the Swan Group conditions of employment (1979)

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

Scheme of Arrangement for the benefit of shareholders in 1991

Swan Group Centre in 1992 and 1993

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

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

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

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

senior management team profile (cont'd)

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

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

Directorship of Listed Company:

Naiade Resorts Limited

As from 1st January 2011, it is under a Service Agreement with the Group that Jean Paul Chateau de Balyon acts as Company Secretary and Director of Swan Group Corporate Services Ltd.

Jean Marc CHEVREAU

Senior Manager

Jean Marc Chevreau (58) joined Albatross Insurance Company Ltd. as Underwriter in general insurance in 1976 and was later promoted to Senior Supervisor. In 1986 he joined the Mauritian Eagle Co. Ltd. as Marketing Manager in the short-term business section.

In 1989, he participated in the setting up of La Prudence Mauricienne Assurances Ltée (La Prudence). He then acted as Manager of La Prudence with overall responsibility of the short-term business.

He joined Swan Insurance as Senior Manager - Technical in April 2000. He was responsible for the Motor Department and for looking into claims issues.

He has been responsible for the Motor and Fire and Accident Departments since 2003. In January 2005 he was attributed the responsibility for the Individual Business, Motor and Agents' Development. Since July 2007 he is responsible for Individual Business Development, Agents' Monitoring & Product Review.

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

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 responsibility (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 (56) joined Swan Insurance in 1974 and has more than 35 years of service with the Company working at different levels. He started as Underwriter in the Fire and Accident Department and was then transferred in 1980 to the Commercial Department.

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

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

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

He was appointed Senior Manager Technical of the Company in 2005 and also acts as Complaints Coordinator as from January 2007. He is member of the Board of Directors of State Assurance Company Limited of the Seychelles (SACOS) 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.) - U.K.

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

Rémi Desvaux de Marigny (42) 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 (43) worked in the Actuarial Department of The Anglo-Mauritius as Actuarial Clerk from February 1988 to April 1989. From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of Albatross Insurance Company Ltd.

From August 1996 to June 2001, he was 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 (U.K.)

Chartered Insurer - U.K.

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

Member of The Insurance Institute of Mauritius (IIM)

Tse Kwong Philippe LO FAN HIN (52) has joined Swan Insurance Co. Ltd. in April 1978. He qualified as an Associate of the Chartered Insurance Institute (London) in 1983 (A.C.I.I.) and obtained his Fellowship (F.C.I.I.) by examination in 1991. He is a Chartered Insurer and has been promoted to Senior Manager on the 1st July 2003.

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

He has been working in the insurance industry for 33 years. He has been dealing with Swan's Agents and worked in various fields of insurance such as Motor, Personal lines as well as the Commercial and Industrial sectors. During the past fifteen years he has been heading the Reinsurance and Statistics department of Swan Insurance Co. Ltd.

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

Vishnoo LUXIMAN, M.Sc.

Senior Manager

Master of Science in Human Resource Management (University of Surrey)

Diploma in Business Management (University of Surrey/Mauritian Institute of Management)

Diploma in Personnel Management (University of Mauritius)

Member of the Singapore Human Resources Institute

Vishnoo Luximan(49) 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 (58) 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 also a Director of Robert Le Maire Limited and Chairman of the Audit Committee of that Company, as well as Alternate Director of Mauritius Freeport Development Limited.

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 2010.

In 2010, the Parliament, after its normal term of 5 years, was dissolved and general elections held in May. They saw the continuation of the Labour Party at the head of an electoral coalition which had been shaped up quite differently from that of the outgoing government.

On the economic front, recovery remained weak in the midst of an unprecedented crisis in the euro zone. This significant external shock prompted the newly appointed Minister of Finance and Economic Development to formulate the Economic Restructuring and Competitiveness Program (ERCP). This Program's far reaching agenda, combined with a diligent implementation contributed quite significantly in keeping our economy on the path of a reasonably comfortable growth pace.

Furthermore, the Government, on the occasion of its budgetary policy formulation for 2011, announced a series of initiatives to restore the balance of growth, improve productivity and consolidate social justice. When laying emphasis on growth balancing, the Minister expressed the need to (i) maximise opportunities emerging from the new poles of growth whilst reducing dependence on the euro zone, (ii) explore higher value-added activities and (iii) balance the economic space between large enterprises and SMEs. The Minister also announced the duty-free shopping paradise concept and indicated that the Government's objective was to integrate this new industry into those of tourism and local manufacturers of luxury and prestige brands.

As for the Group's operations, I am pleased to report another year of strong operational results with an appreciable growth and improved profitability of the short-term business. The long-term business has also performed well, the net premium income having grown substantially especially in the life insurance segment. The life fund's equity portfolio, both locally and overseas, continued its recovery against the background of invigorated stock market's indices. Overall, the Group's performance has been satisfactory especially since it was achieved in circumstances of a fragile economic recovery and euro zone crisis.

Changes also took place during the year in the shareholding of the Group's ultimate holding company, Intendance Holding Limited. Six shareholders holding together 32.46% disposed of their stake in the company, which was acquired by the remaining shareholders. As a result, the Harel Frères Group has now become the largest shareholder of Intendance Holding Limited with a 43.85% stake, and another shareholder, the CIEL Group, holds its increased shareholding under a different entity within their group. Following this restructuring Messrs. Cyril Lagesse and Thierry Lagesse tendered their resignation as Directors, and Mr. Jean-Pierre Dalais was appointed Director in replacement of Mr. Jérôme de Chasteauneuf. I wish to take this opportunity in expressing, on behalf of the Board, my gratitude to Messrs. Cyril and Thierry Lagesse for their significant contribution to the Board, especially to Mr. Cyril Lagesse whose directorship lasted 43 years and who chaired the Board from 2002 to 2004. I also wish to congratulate Mr. Dalais on his appointment and to thank Mr. de Chasteauneuf for his valuable contribution to the Boards' activities.

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



M. E. Cyril Mayer
Chairperson

group chief executive's review



J. M. Louis Rivalland
/ Group Chief Executive

STRATEGIC REVIEW

In 2010, we consolidated a number of our strategic initiatives started four years ago and these now give us a solid foundation which enables us to further our ambitions for the future. In this respect, we have now set up an international department to market Swan Group's products and services globally and to develop business opportunities for the Group in selected foreign markets. We also continue on our drive to develop the personal lines segment of our business and have during the year launched a new range of general insurance products with unique and innovative features under the Oxygen Brand launched by Anglo-Mauritius in 2007. This is a concrete evidence of the synergies achieved within the Group which was one of our strategic initiatives. The Oxygen Insurance Shop, opened at the beginning of 2011, is a further testimony of this drive.

In addition, Anglo-Mauritius acquired the life insurance portfolio of Sun Insurance in 2010, a move which we believe complements our existing clients' database.

SHORT TERM OPERATIONS

This year again the Company achieved strong operational results despite the persistent soft market conditions and the intensely competitive environment prevailing in almost all lines of business. These remarkable results are attributable to our prudent and selective underwriting approach, good claims management and the absence of major natural perils or man-made claims.

The business continued to grow profitably with a 14% increase in gross premium. The underwriting surplus showed an appreciable increase of 18% compared to the previous year, which demonstrates the quality and resilience of our business model. The profit before tax was up by 10% reflecting our disciplined underwriting and continued effort to rigorously manage our expenses in response to market conditions.

The motor sector performed well with a good loss ratio. This commendable achievement is the result of our rigorous pricing discipline and the moderate claims severity experienced. There are encouraging signs in personal motor business of some price stability on the part of some major players. It is unfortunately not the case regarding fleet motor business where market rates are either below technical price or marginally adequate. We are constantly monitoring our results and our risk appetite in view of the cyclical nature of this segment.

We have this year launched a new personal motor product under the Oxygen brand which offers unrivalled coverage and the widest choice of extra benefits. It is worth mentioning that we are the first insurance company in Mauritius to introduce the first party driver injury cover and the finance gap protection. We are pursuing our forward-thinking

approach and leveraging our technical expertise to develop innovative solutions in response to our clients' new needs for coverage.

The health business has contributed significantly to the overall growth in gross premium. More importantly, this sector has just started to show some slight improvement in the technical results, which is largely attributable to our continued pricing action together with efficient claims management. However, the sustainability of this line of business constitutes a serious challenge in view of the continuous pressure on rates as a result of fierce competition. In addition, the ever increasing cost of medical technology and treatment constitutes a major concern to long term sustainable positive results. We have put in place scientific tools which allow us to price our risks correctly and monitor operational results efficiently. We are presently busy in improving our data capture system so as to be in a position to offer bespoke products and solutions to our valued clients.

The commercial lines business has produced a good result in view of the favorable claims experience along with the prolonged absence of major weather related perils claims. This sector is clearly showing signs of saturation and growth is only achievable at uneconomic pricing levels. We are observing an unprecedented and alarmingly sharp fall in rates brought about by the intense competition between major players in the market. These very low rates are often being practised at the expense of quality reinsurance security, which ultimately represents a threat to policyholders themselves. We are also seeing again a number of requests for fronting arrangements which are detrimental to the local market besides posing a serious risk to fronters in case of reinsurers' default.

The pricing of liability policies is also well below technical rate. The marked upward trend in the award of damages by our courts and the confirmed inclination of these courts to opt for a strict liability approach leave insurers with very limited defense avenues. Moreover this situation is not properly taken into consideration in the pricing of liability risks. Also, jurisdiction and applicable law issues which have far reaching consequences are being underestimated by local underwriters. A significant shift in attitude is required from the market leaders so as to bring back rates to an acceptable level.

Despite some sizeable marine claims, the transportation business has delivered satisfactory results. This line of business has been impacted by the stiff competitive environment in

spite of the poor underwriting results on the international market. The sharp fall in premium rates, coupled with the contraction of the mauritian imports as a result of the slow economic recovery, is a cause of concern to local insurers. The excess reinsurance capacity available on the main international markets is unlikely to assist the much needed hardening of rates which are presently being practised in the marine cargo business. On the other hand, the hull business is growing steadily and has produced good overall results.

The personal lines business has produced good results. We have launched an Individual Business Unit (IBU) designed to respond effectively to the needs of private individual clients both in terms of products and service. Our aim is to offer cutting edge and tailor-made solutions besides providing consistent and unrivalled standards and levels of service to our valued customers. This dedicated unit will increase the responsiveness and flexibility of our services leading to a more distinctive entrepreneurial approach to client service. We expect to achieve further market penetration with the help of our new and innovative products launched under the very popular Oxygen brand and also through the expansion of our branches in strategic regions over the island.

We have been able to contain the inflationary pressures on claims cost in most classes of business and stabilise our attritional loss ratio. We are awaiting some major court and arbitration decisions in respect of some property, engineering and liability claims. We relentlessly focus in settling genuine and valid claims in a timely and effective manner and have allocated new resources in this respect. We differentiate ourselves through our superior quality service and flexibility and the professionalism of our skilled team is one of the cornerstones of our success.

The restructuring and optimisation of our reinsurance programme have yielded positive results. We have secured reasonable renewal terms, albeit some marginal increases in the catastrophe excess of loss programmes.

We are thankful to brokers and our agents for their significant contribution to our top line growth and their loyalty and support in competitive market conditions. We also fully appreciate their high level of trust in our technical ability and professionalism along with our unflinching efforts to meet the level of service expected from market leaders. In the present context of the highly competitive market environment and the dramatic thinning of rates, we are confident that brokers would act responsibly, as they

group chief executive's review (cont'd)

have always done in the past. There is a pressing need to strike the right balance between their clients' immediate interest for cheap premiums and the survival of the local insurance industry capable of offering rates which would allow professional reinsurers to still support this market. We are eager to further strengthen our relationship and explore together business opportunities in line with our underwriting appetite and criteria.

We have set up an international unit aimed at exploring avenues in growing our book of business and bringing our proven expertise and know-how in targeted overseas territories. Together with our international strategic partners, we are examining the countries offering better market penetration opportunities in view of their low level of product sophistication and insurance trading activities. The diversification of our risks' exposures in various geographical areas will ensure a less volatile risk profile and would act like a bulwark against market cycles.

In view of the prevailing soft market conditions which are likely to continue in 2011, we anticipate that there will be further increased pressure on rates in all classes of business. Our main focus will be on securing adequate rates where it is possible to do so and try to achieve a stable level of renewals, particularly in the commercial lines of business. However, with our well diversified portfolio, our capital strength, our innovative power and dedicated and talented team, we are confident in overcoming once more this hurdle.

LONG TERM OPERATIONS

Further to the provision of the Insurance Act requiring Insurance Companies to have separate legal entities for their Short Term and Long Term Operations as from 1st January 2011, there have been a number of transactions in the industry during the year. Most of the composite companies have set up separate legal entities but there are a few insurance companies that have decided to transfer their long term operations. Sun Insurance was one such company. Following a successful bid and the approval of the Financial Services Commission, we acquired the life insurance portfolio of Sun Insurance on 1st August 2010.

In terms of our operating result, following a challenging year in 2009, the performance of our long term operations has been very good and exceeded our expectations. The total premium income net of reinsurance has experienced a strong growth of around 14% (13% excluding premiums from the

acquisition of Sun Insurance). The life insurance business has been the biggest contributor to this growth with an increase in net premiums of around 22% (19% excluding premiums from the acquisition of Sun Insurance).

It is very encouraging to note that the foundations that have been set and our effort and commitment to continuously improve the quality and level of our products and services are starting to reap its reward. However, we are fully aware that we should keep on improving, in particular due to the increasing level of competition. As such, we will remain focus on our objectives and continue with our hard work.

Individual Business

The acquisition of the life insurance portfolio of Sun Insurance has been a major event for the Individual Business Operation. Other than a few teething issues that one has to expect, we are pleased to report that the transfer of business took place in a very smooth and efficient manner with minimalistic or no disruption to the policyholders. As from 1st August 2010, we have therefore welcomed around 9,000 policyholders with annual premium income of around Rs.50 million and total asset value of around Rs.380 million.

As part of our commitment to continue to improve on the quality of our services and communication to our policyholders, we have extended our online facility to all of our with-profit policyholders. We are very happy that all of our individual policyholders can now have access to the details of their policies by simply logging on to their personal online accounts. Moreover, unit-linked policyholders can also assess the performance of their funds whilst with-profit policyholders can view the bonuses that have accrued on their policies to date. This online service is accessible at any time.

In terms of performance of our unit-linked funds, both the Equity and Foreign Equity Life Funds performed well with annualised gross returns of around 16% and 14% respectively.

Looking ahead, 2011 will be an important year for with-profit policyholders as the Statutory Actuary will be making his recommendations regarding the level of bonuses to declare for the 3 years ending 31st December 2010.

Corporate Business

At the end of 2010, Anglo-Mauritius provided administrative services to around 530 pension schemes - 330 defined

benefit and 200 defined contribution schemes. The total active membership of these schemes exceeds 20,000 lives. Our pensions business is supported by a strong actuarial team consisting of 2 qualified actuaries and 8 actuarial analysts. Coupled with our subsidiaries, Pension Consultants and Administrators Limited (PCA) and The 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 this field due to our professional advice and excellent client service.

In fact, following our Pension Workshop held at the Swami Vivekananda International Convention Centre in 2009, we were approached by the Mauritius Employers' Federation to explain to its members the implications of the changes to the retirement age. As was the case in 2009, the advisory session was a great success.

The reaction of employers to the extension of retirement age has been fairly timid in respect of changes to be made to their pension schemes. However, as the extension of retirement age becomes more pronounced from one year to the other, we expect to see more and more employers looking for ways as to how to integrate the new retirement age within their existing pension schemes. In fact, towards the end of 2010, two major groups have approached us for such an advice.

Career Counselling Session

In March 2010, we organised a career counselling session for prospective actuaries. We were overwhelmed by the response to the point where we had to limit the number of people attending. During the session, we talked mostly about the role of actuaries and future job prospects. We were also fortunate to have an actuary from South-Africa who gave an international dimension to the session. The career counselling session was very helpful to the prospective actuaries and further enhanced our reputation in the actuarial field.

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 2010, PCA has further reinforced 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 client base with turnover growing by 21% from last year whilst profitability has been very healthy for the third year in a row.

At the end of 2010, the company provided administrative services to more than 170 companies grouped under 20 pension schemes with total active membership of nearly 13,000 lives.

The year under review has seen more synergies between the company and the pensions department of the Anglo-Mauritius Assurance for the benefit of our respective clients and the Group generally.

PCA's objective in 2011 will be to further strengthen its position on the market by being more attentive to its clients' needs in the rapidly changing and complex pension environment.

The Anglo-Mauritius Financial Services Ltd (AMFS)

AMFS provides 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 20 billion rupees mark as at 31st December 2010, comprising investments in local equities, fixed income securities as well as foreign investments.

The relationship developed over the years with BlackRock, the world's 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

The global economy expanded by around 5% in 2010 as the recovery was engineered via accommodative fiscal and monetary policies. The US economy expanded by around 2.5% in 2010, while the average growth in other developed economies (Germany, Japan and the UK) has been between

group chief executive's review (cont'd)

3% and 4% in recent quarters. Emerging and developing countries substantially aided to pull the global economy out of depression, with China for instance revolving around 9.8% whilst India was near 9%.

Domestic economy

The Mauritian economy registered a GDP growth rate of 4.2% in 2010, higher than the 3.1% growth the year before. GDP at basic prices increased by 5.5% in 2010, to reach Rs.266.5 billion. Subsequently, per capita GDP at market prices moved up from Rs.221,723 in 2009 to Rs.233,754 in 2010. The main contributors to the GDP growth were 'real estate, renting and business activities' (+0.7%), 'transport, storage and communications' (+0.5%) and 'financial intermediation' (+0.5%).

The primary sector and the secondary sector grew at a lesser pace in 2010 compared to 2009. However, this underperformance was mitigated by the boost in the tertiary sector. The primary sector, comprising mainly of agricultural activities, grew by 2.5% only in 2010 compared to 8.7% in 2009. This weak growth can be explained by the persistent dry season in Mauritius.

In the secondary sector, 2.9% growth was noted, lower than the 3.0% growth in 2009, due to the underperforming manufacturing and construction sectors. The 'sugar milling' sector increased by 2.3% compared to 15% in 2009 due to lower sugar production (450,000 tonnes in 2010 compared to 467,234 tonnes in 2009). Food processing grew marginally lower in 2010 by 3.9%, compared to 4.0% in 2009. The construction segment grew by 4.3% due to projects in the public sector but was lower than the 6.2% growth registered a year before.

In the tertiary sector, the main driver of 2010 GDP growth, 4.8% gain was recorded in 2010, higher than the 2.8% growth in 2009. Higher tourist arrivals of around 920,000 compared to 871,356 a year earlier and higher estimated tourism earnings of Rs.39.0 billion in 2010 compared to Rs.35.7 billion in 2009 contributed to the upsurge of the tourism industry. The latter boosted by 3.8% compared to the sharp decline of 5.9% in 2009. Better growth could have been recorded if the industry was not plagued by the euro zone crisis.

In the financial intermediation segment, 4.3% growth was noted in 2010 compared to 3.8% growth in 2009 essentially supported by higher growths of 3.9% and 4.5% in banks and insurance clusters respectively.

The unemployment rate stands at 7.5% as compared to 7.3% in 2009. The headline inflation rate for the twelve months ending December 2010 was 2.9% compared to 2.5% for the previous period. However, the investment rate dropped from 26.3% in 2009 to 24.6% over the year with the share of private sector investments rising marginally to 75.9% from 75% in 2009 and public sector decreasing to 24.1 % from 25% a year earlier.

FINANCIAL HIGHLIGHTS

THE GROUP

The Group's Gross Premium Income at 31st December 2010 amounted to Rs.2,920 million, representing an increase of 14% (Rs.2,565 million in 2009). The Net Earned Premiums have increased by 13% from Rs.1,834 million in 2009 to Rs.2,079 million this year.

The Profit Before Tax increased to Rs.229.2 million in 2010, representing a rise of 7% (Rs.213.4 million in 2009).

Total assets under the management of the Swan Group amounted to Rs.22.9 billion at 31st December 2010 (Rs.20.3 billion in 2009) representing an increase of 13%.

The Life Assurance Fund amounted to Rs.20.9 billion at 31st December 2010 compared to Rs.18.5 billion in 2009, an increase of 13%.

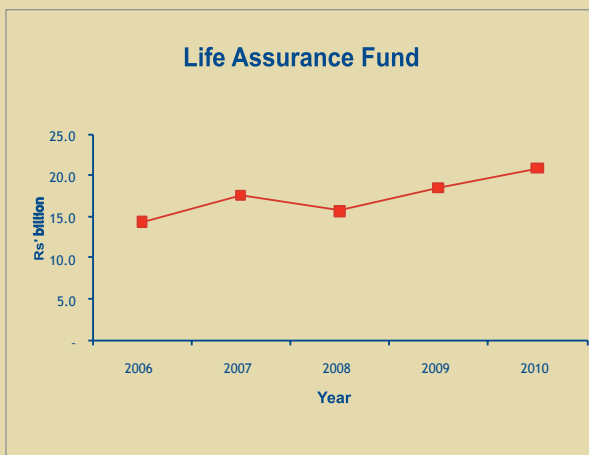
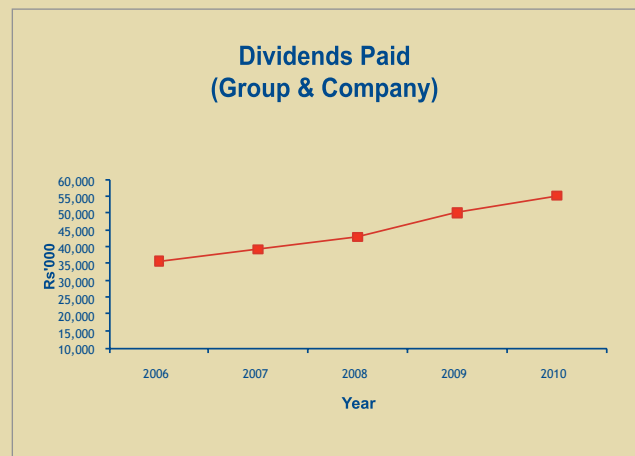
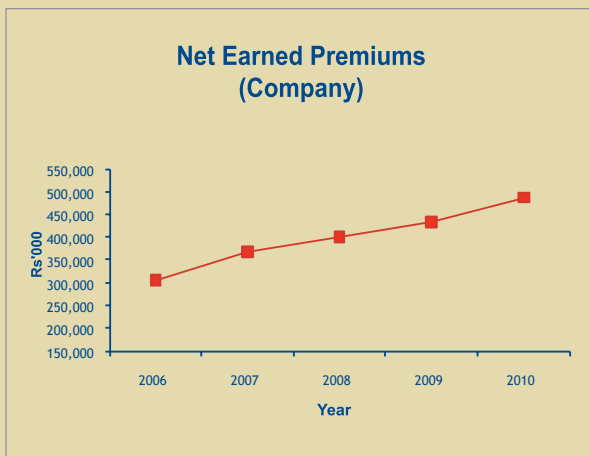
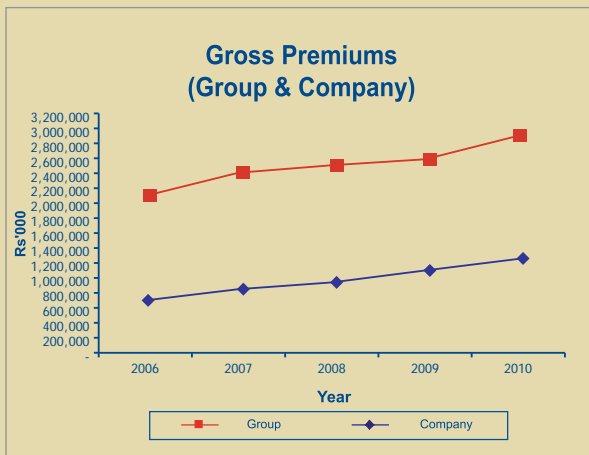
The Net Asset Value per Share amounted to Rs.141.29 in 2010 (Rs.127.45 in 2009) and the Earnings per Share increased by 6% at Rs.25.66 compared to Rs.24.10 in 2009.

THE COMPANY

The Company's Gross Premium Income increased by 14% to Rs.1,245 million in 2010 (Rs.1,090 million in 2009) while Net Earned Premiums have increased by 13% to reach Rs.487.6 million (Rs.433.1 million in 2009).

The Profit Before Tax for 2010 amounted to Rs.205.5 million compared to Rs.185.8 million in 2009. Dividends paid amounted to Rs.55.2 million (Rs.50.2 million in 2009), in line with the Company's dividend policy as stated in the Governance Report.

The Company's Reserves at 31st December 2010 stood at Rs. 962.8 million compared to Rs.795.5 million in 2009.



group chief executive's review (cont'd)

INVESTMENTS

Equity Market

Stock markets worldwide registered vigorous gains over the year. In Mauritius, the SEMTRI gained 22% in 2010, driven essentially by middle capitalisation companies. This market thrust was also attributable to a net foreign inflow of Rs 1,556 million.

On the international front, global equities posted a healthy performance driven by hopes of continued recovery. The MSCI World Index was up by 12.34%. The US gained significant traction to finish 15.45% up. However, the euro zone treaded negatively logging -3.42%. UK fared relatively well at 8.8%. Emerging markets were the star performers by rallying an impressive 19.2%.

Fixed Income Market

On the fixed income side, the market was governed by excessive liquidity driving down treasury rates to rock bottom levels. With inflation rate remaining on the low side at 2.9% at year end, interest rates were reduced over the last quarter by 100 bps to stimulate economic growth.

Currency display was mixed during the period, the GBP and the Euro each depreciating by 2.5% and 6.1% respectively. The rupee was however weak against USD depreciating by 1.5% over the year. In the US, a second wave of Quantitative Easing measures was adopted in a bid to further shore up the economy.

Company's Investment Portfolio

The investment portfolio registered appreciable gains over the year. The fund was invested in a mix of 42% in equities and 58% in fixed income securities. Investment income grew satisfactorily although operating in an environment of low interest rates due to strategic allocation of deposits on longer termed higher remunerating maturities. Over the year, the Fund's exposure to local equity was topped up which contributed positively to overall performance.

Performance of The Anglo-Mauritius Funds

The whole range of our unit-linked funds performed satisfactorily over the year. The Equity Fund (Pension) in particular offered a good performance with an 18% gain. Although the asset allocation remained slightly underweight towards equity, security selection offered

superior performance.

Secure Fund (Pension) also recorded a remarkable annualized performance of 8.5% in a low yielding fixed income environment. This conservative Fund invests wholly in prime fixed income instruments such as secured loans, government securities, rupee and forex deposits.

The Non-Linked Fund remains our largest fund as at 31st December 2010 with assets nearing Rs.17.0 billion at market value compared to Rs.15.1 billion in the previous year. The assets are allocated at approximately 48% in fixed income instruments and 52% in shares and properties. The fund progressed satisfactorily supported by the good performance of its equity portfolios. Moreover, approximately 23% of the fund are invested in foreign assets to diversify its asset mix and optimise performance.

LEGAL & REGULATORY FRAMEWORK

No Act has been passed in Parliament in relation to our line of business.

Three new Rules have however been issued by the Financial Services Commission:

- (1) The Securities (Takeover) Rules 2010 whose objectives are inter alia to help fill in an existing gap in our legislative framework with regard to takeovers whilst, at the same time, clarifying the concept of "effective control" and safeguarding the rights of minority shareholders,
- (2) The Securities (Authorisation of Foreign Investment Dealers) Rules 2010 which apply to the authorisation of foreign investment dealers whose activities shall be restricted to trading on a securities exchange, and
- (3) The Insurance (General Insurance Business Solvency) Rules 2007 have been amended by stipulating that, subject to the prior approval of the Financial Services Commission, the capital available to an insurer may also include subordinated loans.

HUMAN RESOURCES & ORGANISATION STRUCTURE

We have been aggrieved by the demise on 4th April 2010 of Dr. Raymond Avrillon, ex-Chief Medical Officer of The Anglo-Mauritius Assurance Society Ltd. I wish to place on record his contribution to the provision of an efficient

in-house medical service to our customers and staff from 1995 to 2004.

Mrs. Paulette Chung Fat, Manager & Personal Assistant to the Group Chief Executive, officially retired from The Anglo-Mauritius Assurance Society Ltd. in December 2010 after more than 40 years of service. During her career with the Swan Group, Mrs. Chung Fat has been at the service of 2 Managing Directors and 2 Group Chief Executives successively. She distinguished herself as being a very efficient lady who discharged her duties with the highest level of discretion and tact required for the job. On behalf of my predecessors and, in my own name, I express our gratitude for her unflinching support and loyalty over the years. Moreover I wish her a long and peaceful retirement.

Mr. Carlo Poliah, Manager of the Individual Business Marketing Department, also retired from service in December 2010. During his career with Anglo-Mauritius, Mr. Poliah played a key role in the recruitment and development of our agents. He also designed and delivered a number of courses on company products and on customer care to the Group's staff. I am thankful to Mr. Poliah for his contribution to the development of the long term business. I wish him all the best in his future endeavours.

Following the retirement of Mr. Carlo Poliah, the responsibility for Group Credit Insurance has been assigned to Mr. Sattar Jackaria, Senior Manager of the Actuarial Department. The responsibility for the Individual Business Marketing Department as well as for the Individual Business Development Unit has been reallocated to Mr. Gaël Aliphon, Manager of the Individual Business Unit.

One important landmark in 2010 has been the setting up of an International Department to market Swan Group's products and services internationally and to develop business opportunities for the Swan Group in selected foreign markets. In this context we have recruited two high profile professionals, namely, Mr. Patrice Bastide and Mr. Philippe Leonard as International Development Consultants. Mr. Bastide holds a MSc. in Applied Mathematics from the Indiana University of Pennsylvania, U.S.A. He previously worked at Albatross Insurance Company Ltd. where he successively held the positions of Marketing Manager, Motor & Marine Manager, Head Life & Pension and General Manager, Business Development. Mr. Leonard is a senior french qualified Actuary with 19 years experience in Life and Employee benefits. He has gained international experience working for both consultancy companies as well as large European insurance groups.

The year 2010 has also been marked by the implementation of recommendations of the Reward Review project which started in 2008. This project aimed, firstly, at setting up a new grading structure after a proper evaluation of all jobs and, secondly, at reviewing all the remuneration practices to ensure that we are internally consistent and externally competitive. We are fully satisfied that we now have a framework that will enable Management to take more informed decisions about rewards and, hence, ensure our competitiveness on the talents market.

Last but not least, we have inaugurated in May 2010 the 'Oxy-Zone', Swan Group's welfare centre, situated on the 1st floor of the Swan Group Centre. This is a landmark in our endeavour to provide employees with an environment and facilities that are conducive to teamwork, knowledge, productivity as well as a good work-life balance. 'Oxy-Zone' provides lunching and recreational facilities to enable employees to take a break before starting the second part of the day with renewed energy. It is also equipped with a mini-gym for employees who wish to exercise before or after working hours. 'Oxy-Zone' also comprises a Knowledge Centre where employees may update and improve their knowledge through reference books, specialised magazines as well as the internet.

I wish to seize the opportunity to thank all our employees for their contribution in all the projects we have implemented during the year. We are satisfied that we have gradually built up the human capital we require to bring the Swan Group to a new threshold of development.



J. M. Louis Rivalland
Group Chief Executive

corporate governance report

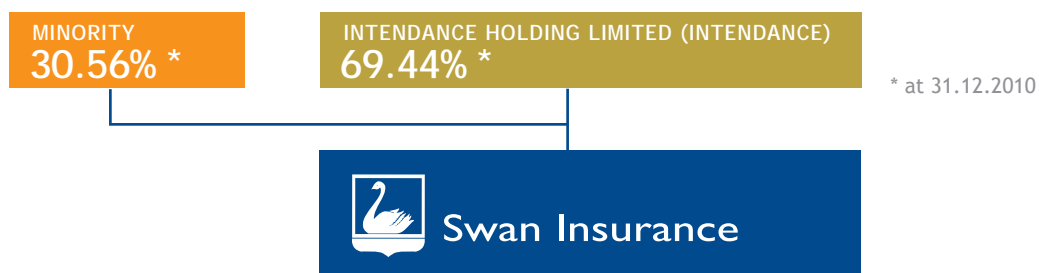
1. COMPLIANCE STATEMENT

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

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

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

2. ULTIMATE HOLDING COMPANY



3. COMMON DIRECTORS (at 31.12.2010)

	SWAN	INTENDANCE
M. E. Cyril Mayer	■	■
J. Jean-Pierre P. Dalais (As from 19/11/2010)	■	■
M. A. Eric Espitalier-Noël	■	■
F. M. J. Pierre Doger de Spéville	■	■

4. MAJOR SHAREHOLDERS

At April 30, 2011 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** %
2010	3.26	2.57
2009	3.33	4.57
2008	2.88	7.05
2007	1.53	6.11
2006	0.90	4.07

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

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

6. THE BOARD OF DIRECTORS

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

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

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

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

(a) Role of the Board

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

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

(b) Election of Directors

The Code of Corporate Governance provides for directors to be elected (or re-elected as the case may be) every year at the annual meeting of shareholders. However, the Board does not consider this recommendation to be appropriate within

corporate governance report (cont'd)

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 is undertaking a process by which Directors will be appraised collectively.

(d) Interests in shares at 31st December 2010

(i) Directors

	In the Company				In the Subsidiary (The Anglo-Mauritius Assurance Society Limited)			
	Direct No. of shares	%	Indirect No. of shares	%	Direct No. of shares	%	Indirect No. of shares	%
M. E. Cyril Mayer	-	-	155	0.002	-	-	200	0.008
J. Jean-Pierre P. Dalais (As from 19/11/2010)	52	0.001	-	-	-	-	-	-
F. M. J. Pierre Doger de Spéville	1,888	0.026	-	-	70	0.003	-	-
J. M. Louis Rivalland	4,000	0.056	-	-	9,200	0.368	-	-
	5,940	0.083	155	0.002	9,270	0.371	200	0.008

(ii) Senior Officers other than Directors

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

(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 is 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 Moorooogen (Chairperson), Mr. Pierre Dinan, Mr. Henri Harel and Mr. Victor Seeyave. The Group Chief Executive attends unless a conflict of interest is likely to arise. Members of the Committee (including the Chairperson) have adequate financial awareness.

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

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

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

The Audit and Risks Committee's focus is on:

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

(b) The Corporate Governance Committee

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

The current members are Mr. Cyril Mayer (Chairperson), Mr. Pierre Dinan, Mr. Peroomal Gopallen Moorooogen 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.

corporate governance report (cont'd)

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

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

9. (a) BOARD AND COMMITTEES' ATTENDANCE AND REMUNERATION IN 2010

		Board	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held during the year		4	4	2
Directors	Classification	Attendance		
M.E. Cyril Mayer	Non-executive	4	N/A	2
M.J. Cyril Lagesse (Up to 08/10/2010)	Non-executive	3	N/A	N/A
J. Jean-Pierre P. Dalais (As from 19/11/2010)	Non-executive	N/A	N/A	N/A
L.J. Jérôme de Chasteauneuf (Up to 08/10/2010)	Non-executive	3	N/A	N/A
M.D. Pierre Dinan	Independent non-executive	2	4	2
F.M.J. Pierre Doger de Spéville	Non-executive	3	N/A	N/A
George J. Dumbell	Non-executive	3	N/A	N/A
M. A. Eric Espitalier-Noël	Non-executive	2	N/A	N/A
M.D. Henri Harel	Non-executive	3	4	N/A
Thierry P.J.M. Lagesse (Up to 08/10/2010)	Non-executive	1	N/A	N/A
Peroomal Gopallen Moorroogen	Independent non-executive	4	4	2
Victor C. Seeyave	Independent non-executive	2	4	2
J.M. Louis Rivalland	Executive	4	4	2
A. Michel Thomas	Executive	4	N/A	N/A

(b) DIRECTORS' REMUNERATION IN 2010

	From the Company	From Subsidiary Companies
	Rs.	Rs.
Non-executive	908,000	1,024,000
Executives	9,125,928	6,767,954

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 31 to the financial statements.

12. CONSTITUTION

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

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year under review.

14. INTERNAL AUDIT

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

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

- **Role and Responsibilities**

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

- **Reporting and disclosures**

- *Structure and Organisation*

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

- *Reporting lines*

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

- **Coverage and Risk management**

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

corporate governance report (cont'd)

- Accessibility

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

15. RISK MANAGEMENT

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

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

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

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

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

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

- **Insurance risk**

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

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

- **Reinsurance risk**

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

- **Environment and Strategy risks**

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

Environment risks may arise from:

- failure to understand customer needs;
- failure to anticipate or react to actions of competitors; and
- over dependence on vulnerable suppliers, etc

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

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

- *Regulatory Risks:*

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

- *Industry Risks:*

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

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

- **Operational risks**

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

Operational risks are further broken down into:

- *Human resource risks:*

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

- *Fraud risks:*

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

- *Physical risks:*

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

- *Business Continuity risks:*

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

- *Reputational risks:*

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

- **Information Processing/Technology Risks**

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

corporate governance report (cont'd)

- **Financial Risks**

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

The management of these financial risks is further discussed in Note 3.2 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's activities, including the operation of the internal control system. The system of internal controls is, however, designed to provide assurance against material misstatement or loss, and manage risks of failure in operational systems.

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

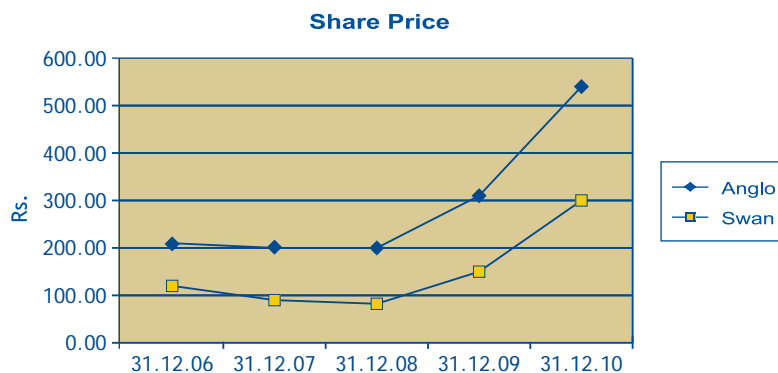
- 1) The Board has established a clear organisation structure, including the delegation of appropriate responsibilities to the Board committees, the Group Chief Executive, members of the Senior Management, and to the heads of operating units;
- 2) The Board assesses the effectiveness of internal controls by considering the recommendations of the Audit & Risks Committee, reports of the internal auditors, feedback from Management and the external auditors;
- 3) A comprehensive management accounting system is in place to provide financial and operational performance data for management accounting purposes. Review of the accounting information takes place on a regular basis at Audit & Risks Committee and Board levels and remedial action is promptly taken, where necessary;
- 4) There is an ongoing effort to document the system and procedures for each operating unit. These documents are also being updated regularly;
- 5) A compliance function has been put in place under the leadership of the Money Laundering Reporting Officer and clear compliance procedures have been established. Regular training is being conducted to ensure that:
 - New staff are trained in compliance with requirements that the Group is subject to; and
 - Existing staff are regularly updated on compliance issues;
- 6) Management has put in place appropriate financial controls by way of segregation of duties of accounting staff; and
- 7) Management has put in place appropriate operational and compliance controls at all operating units.

17. SHARE OPTION

The Group has no share option plan.

18. SHARE PRICE INFORMATION

Share price of the Company and its subsidiary, The Anglo-Mauritius Assurance Society Limited increased by 144% and 155% respectively over the last five years, from Rs.123.- and Rs.210.- per share at December 31, 2006 to Rs.300.- and Rs.535.- per share in 2010.



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	630	82,314	01.15
501 - 1,000	98	78,657	01.10
1,001 - 5,000	166	382,861	05.34
5,001 - 10,000	36	255,440	03.56
10,001 - 50,000	28	541,500	07.55
50,001 - 100,000	2	136,518	01.90
100,001 - 250,000	1	108,411	01.51
250,001 - 500,000	2	606,018	08.45
Over 500,000	1	4,979,627	69.44
TOTAL	964	7,171,346	100.00

(b)

Category	No. of shareholders	No. of shares	% holding
Individuals	876	1,031,734	14.39
Insurance and Assurance Companies	5	154,986	02.16
Pension and Provident Funds	10	178,513	02.49
Investment and Trust Companies	9	55,593	00.77
Other Corporate Bodies	63	770,893	10.75
The Holding Company	1	4,979,627	69.44
TOTAL	964	7,171,346	100.00

corporate governance report (cont'd)

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, cultural, social and humanitarian fields through the Swan Group Foundation.

24. TIME-TABLE OF IMPORTANT FORTHCOMING EVENTS

June 2011	Annual Meeting of Shareholders
August 2011	Publication of Unaudited Condensed Financial Statements for quarter and half-year ending June 30, 2011
November 2011	Publication of Unaudited Condensed Financial Statements for quarter ending September 30, 2011 Board of Directors meets to examine provisional results for year ending December 2011 and decide on the advisability of declaring a dividend.



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

statement of directors' responsibilities

Directors acknowledge their responsibilities for:

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

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

The Directors report that:

- (i) adequate accounting records and an effective system of internal controls and risk management have been maintained;
- (ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;
- (iii) applicable accounting standards have been adhered to. Any departure in fair presentation has been disclosed, explained and quantified.
- (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, 2010, 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, 2010, 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



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

Port Louis,
Mauritius
30 March 2011

statements of financial position

AS AT DECEMBER 31, 2010

		THE GROUP		THE COMPANY	
	Notes	2010 Rs'000	2009 Rs'000	2010 Rs'000	2009 Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	84,001	86,249	83,785	86,133
Intangible assets	6	10,372	14,297	10,372	14,297
Investment in subsidiary companies	7	-	-	55,220	31,462
Investment in associated company	8	58,317	63,748	-	-
Investment in joint venture	8	316	286	500	500
Investment in financial assets	9	601,149	437,561	601,149	437,561
Loans and receivables	10	86,222	74,989	86,222	74,989
Net deferred tax assets	11	4,005	3,714	4,005	3,714
		844,382	680,844	841,253	648,656
Current assets					
Investment in financial assets	9	61,050	18,569	61,050	18,569
Loans and receivables	10	2,320	1,964	2,320	1,964
Trade and other receivables	12	797,147	718,412	737,702	606,163
Bank balances, deposits and cash	26(b)	272,119	359,127	269,573	353,490
		1,132,636	1,098,072	1,070,645	980,186
Life business assets	13	20,888,758	18,507,136	-	-
Total assets		22,865,776	20,286,052	1,911,898	1,628,842
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent company)					
Share capital	14	35,857	35,857	35,857	35,857
Reserves	15	977,394	878,147	962,843	795,522
Owners' interest		1,013,251	914,004	998,700	831,379
Non-controlling interests	16	50,853	60,844	-	-
Total equity		1,064,104	974,848	998,700	831,379
Technical provisions					
Life assurance fund	13	20,888,758	18,507,136	-	-
Outstanding claims and IBNR	20/27	287,818	250,112	287,818	250,112
Gross unearned premiums	20/27(b)/2(n)	499,019	424,147	499,019	424,147
		21,675,595	19,181,395	786,837	674,259
Non-current liabilities					
Retirement benefit obligations	17	37,726	39,165	37,612	39,093
Current liabilities					
Trade and other payables	18	79,807	80,603	80,210	74,078
Current tax liabilities	19	8,544	10,041	8,539	10,033
		88,351	90,644	88,749	84,111
Total equity and liabilities		22,865,776	20,286,052	1,911,898	1,628,842

These financial statements have been approved for issue by the Board of Directors on : 30 March 2011.

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 YEAR ENDED DECEMBER 31, 2010

	Notes	THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums		2,920,258	2,565,091	1,245,321	1,090,038
Premiums ceded to reinsurers		(810,355)	(707,100)	(726,578)	(633,090)
Change in gross unearned premiums	20/27(b)	(74,872)	(47,607)	(74,872)	(47,607)
Recoverable from reinsurers	20/27(b)	43,704	23,789	43,704	23,789
Net earned premiums	2(l)	2,078,735	1,834,173	487,575	433,130
Net earned premiums relating to Life Assurance Fund		(1,591,160)	(1,401,043)	-	-
		487,575	433,130	487,575	433,130
 Gross claims paid	27(a)	 (497,001)	 (433,512)	 (497,001)	 (433,512)
Claims recovered from reinsurers	27(a)	262,133	232,249	262,133	232,249
 Movement in claims outstanding and IBNR:					
Gross claims outstanding and IBNR	27(a)	(37,706)	52,376	(37,706)	52,376
Recoverable from reinsurers	27(a)	28,340	(64,289)	28,340	(64,289)
Net claims incurred		(244,234)	(213,176)	(244,234)	(213,176)
 Commissions receivable from reinsurers		 184,802	 144,618	 184,802	 144,618
Commissions paid to Agents and Brokers		(134,774)	(115,177)	(134,774)	(115,177)
Net commissions		50,028	29,441	50,028	29,441
 Underwriting surplus		 293,369	 249,395	 293,369	 249,395
Investment income	21	100,452	94,714	85,796	79,626
Operating profit		393,821	344,109	379,165	329,021
Other income	22	5,572	23,762	2,264	16,779
		399,393	367,871	381,429	345,800
Marketing and administrative expenses	23	(166,086)	(150,385)	(165,366)	(148,401)
Depreciation	5	(6,355)	(7,056)	(6,325)	(7,039)
Amortisation	6	(4,263)	(4,532)	(4,263)	(4,532)
Share of profit of associated company and joint venture	8	6,502	7,463	-	-
Profit before taxation		229,191	213,361	205,475	185,828
Taxation	19	(25,468)	(19,638)	(25,452)	(18,843)
Profit for the year		203,723	193,723	180,023	166,985
 Attributable to:					
Owners of the parent		184,046	172,820	180,023	166,985
Non-controlling interests	16	19,677	20,903	-	-
		203,723	193,723	180,023	166,985
 Earnings per share (Rupees and cents)	25	25.66	24.10	25.10	23.29

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, 2010

	Notes	THE GROUP		THE COMPANY	
		2010 Rs'000	2009 Rs'000	2010 Rs'000	2009 Rs'000
Profit for the year		203,723	193,723	180,023	166,985
Other comprehensive income:					
Net movement in fair value changes of available-for-sale financial assets		42,533	62,493	42,533	62,493
Release on disposal of available-for-sale financial assets		(16)	(18,570)	(16)	(18,570)
Net movement in other reserves		(101,765)	(38,506)	-	-
Other comprehensive income for the year		(59,248)	5,417	42,517	43,923
Total comprehensive income for the year		144,475	199,140	222,540	210,908
Attributable to:					
Owners of the parent		152,538	199,595	222,540	210,908
Non-controlling interests	16	(8,063)	(455)	-	-
		144,475	199,140	222,540	210,908

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, 2010

(a) THE GROUP

Notes	(Attributable to owners of the parent)						Non-controlling Interests	Total Equity
	Share Capital	Fair Value Reserve	Other Reserves	Proprietors' Fund	Retained Earnings	Total		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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)	(27,740)	(101,765)
Transaction with owners	7/16	-	-	-	1,928	1,928	(1,928)	-
Dividends	24	-	-	-	(55,219)	(55,219)	-	(55,219)
Balance at December 31, 2010	35,857	150,730	49,321	(32,214)	809,557	1,013,251	50,853	1,064,104
Balance at January 1, 2009	35,857	64,290	48,155	60,125	556,181	764,608	61,299	825,907
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	172,820	172,820	20,903	193,723
Other comprehensive income:								
- Net movement in fair value changes of available-for-sale financial assets	9	-	62,493	-	-	62,493	-	62,493
- Release on disposal of available-for-sale financial assets	9	-	(18,570)	-	-	(18,570)	-	(18,570)
- Net movement for the year		-	13,024	(30,172)	-	(17,148)	(21,358)	(38,506)
Dividends	24	-	-	-	(50,199)	(50,199)	-	(50,199)
Balance at December 31, 2009	35,857	108,213	61,179	29,953	678,802	914,004	60,844	974,848

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, 2010

(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, 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)
- Net movement for the year		-	-	-	-	-
Dividends	24	-	-	-	(55,219)	(55,219)
Balance at December 31, 2010		35,857	150,730	28,719	783,394	998,700
Balance at January 1, 2009		35,857	64,290	28,719	541,804	670,670
Total comprehensive income for the year						
Profit for the year		-	-	-	166,985	166,985
Other comprehensive income:						
- Net movement in fair value changes of available-for-sale financial assets	9	-	62,493	-	-	62,493
- Release on disposal of available-for-sale financial assets	9	-	(18,570)	-	-	(18,570)
- Net movement for the year		-	-	-	-	-
Dividends	24	-	-	-	(50,199)	(50,199)
Balance at December 31, 2009		35,857	108,213	28,719	658,590	831,379

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, 2010

	Notes	THE GROUP		THE COMPANY	
		2010	2009	2010	2009
		Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities					
Cash generated from operations	26(a)	127,093	98,181	114,982	82,961
Tax paid		(27,255)	(28,003)	(27,237)	(27,202)
Net cash generated from operating activities		99,838	70,178	87,745	55,759
Cash flows from investing activities					
Purchase of property and equipment	5	(5,280)	(1,474)	(5,150)	(1,474)
Purchase of intangible assets	6	(338)	(18,447)	(338)	(18,447)
Disposal proceeds of property and equipment		973	768	973	768
Acquisition of interest in subsidiaries	7(a)	(23,758)	-	(23,758)	-
Acquisition of interest in joint venture		-	(500)	-	(500)
Purchase of financial assets	9	(237,660)	(56,718)	(237,660)	(56,718)
Disposal/maturity of financial assets	9	74,536	58,778	74,536	58,778
Loans granted	10	(16,710)	(4,427)	(16,710)	(4,427)
Loans recovered	10	5,121	7,129	5,121	7,129
Investment income received		85,782	80,944	85,782	80,944
Net cash (used in)/generated from investing activities		(117,334)	66,053	(117,204)	66,053
Cash flows from financing activities					
Dividends paid to Company's shareholders	24	(55,219)	(50,199)	(55,219)	(50,199)
Dividends paid to non-controlling interests	16	(15,259)	(15,088)	-	-
Net cash used in financing activities		(70,478)	(65,287)	(55,219)	(50,199)
(Decrease)/increase in cash and cash equivalents		(87,974)	70,944	(84,678)	71,613
Movement in cash and cash equivalents					
At January 1,		359,127	294,201	353,490	287,414
(Decrease)/increase		(87,974)	70,944	(84,678)	71,613
Effect of foreign exchange rate changes		966	(6,018)	761	(5,537)
At December 31,	26(b)	272,119	359,127	269,573	353,490

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, 2010

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.

Amendments to published Standards and Interpretations effective in the reporting period

IAS 27, 'Consolidated and Separate Financial Statements' (Revised 2008), requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The revised standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. This IAS will not have any impact on the Group's financial statements.

IFRS 3, 'Business Combinations' (Revised 2008), continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. This IFRS will not have any impact on the Group's financial statements.

Amendments to IAS 39, 'Eligible hedged items', prohibit designating inflation as a hedgeable component of a fixed rate debt. In a hedge of one-sided risk with options, it prohibits including time value in the hedged risk. The amendment is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 1 and IAS 27, 'Cost of an Investment in a Subsidiary', clarify that the cost of a subsidiary, jointly controlled entity or associate in a parent's separate financial statements, on transition to IFRS, is determined under IAS 27 or as a deemed cost. Dividends from a subsidiary, jointly controlled entity or associate are recognised as income. There is no longer a distinction between pre-acquisition and post-acquisition dividends. The cost of the investment of a new parent in a group (in a reorganisation meeting certain criteria) is measured at the carrying amount of its share of equity as shown in the separate financial statements of the previous parent. The amendment is not expected to have any impact on the Group's financial statements.

IFRIC 17, 'Distributions of Non-cash Assets to Owners', clarifies that a dividend payable is recognised when appropriately authorised and no longer at the entity's discretion. An entity measures distributions of assets other than cash when it pays dividends to its owners, at the fair value of the net assets to be distributed. The difference between fair value of the dividend paid and the carrying amount of the net assets distributed is recognised in profit or loss. This IFRIC will not have any impact on the Group's financial statements.

IFRIC 18, 'Transfers of Assets from Customers', addresses the treatment for assets transferred from a customer in return for connection to a network or ongoing access to goods or services, or both. It requires the transferred assets to be recognised initially at fair value and the related revenue to be recognised immediately; or, if there is a future service obligation, revenue is deferred and recognised over the relevant service period. This IFRIC will not have any impact on the Group's financial statements.

Amendments to IFRS 1, 'Additional Exemptions for First-time Adopters' exempt entities that use the full cost method for oil and gas properties from retrospective application of IFRSs. It also exempts entities with existing leasing contracts from reassessing the classification of those contracts in accordance with IFRIC 4, 'Determining whether an arrangement contains a lease'. The amendment is not expected to have any impact on the Group's financial statements.

Amendments to IFRS 2, 'Group Cash-settled Share-based Payment Transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 - Group and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. This amendment is not expected to have any impact on the Group's financial statements.

Improvements to IFRSs (issued May 22, 2008)

IFRS 5 (Amendment), 'Non-current Assets Held for Sale and Discontinued Operations', clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. The amendment will not have an impact on the Group's operations.

Improvements to IFRSs (issued April 16, 2009)

IAS 1 (Amendment), 'Presentation of Financial Statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. This amendment is not expected to have any impact on the Group's financial statements.

IAS 7 (Amendment), 'Statement of Cash Flows', clarifies that only expenditure that results in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities. This amendment is unlikely to have an impact on the Group's financial statements.

IAS 17 (Amendment) 'Leases', clarifies that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with IAS 17's general principles. Prior to the amendment, IAS 17 generally required a lease of land with an indefinite useful life to be classified as an operating lease, unless title passed at the end of the lease term. A lease newly classified as a finance lease should be recognised retrospectively. The amendment will not have an impact on the Group's operations.

IAS 18 (Amendment), 'Revenue'. An additional paragraph has been added to the appendix to IAS 18, providing guidance on whether an entity is acting as principal or agent.

IAS 36 (Amendment), 'Impairment of Assets', clarifies that for the purpose of impairment testing, the cash-generating unit or groups of cash-generating units to which goodwill is allocated should not be larger than an operating segment (as defined by IFRS 8, 'Operating segments') before aggregation. The amendment will not have an impact on the Group's operations.

IAS 38 (Amendment), 'Intangible Assets', clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment removes the exceptions from recognising intangible assets on the basis that their fair values cannot be reliably measured. Intangible assets acquired in a business combination that are separable or arise from contractual or other legal rights should be recognised. The amendment specifies different valuation techniques that may be used to value intangible assets where there is no active market. The amendment is unlikely to have an impact on the Group's financial statements.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement' clarifies that the scope exemption within IAS 39 only applies to forward contracts that will result in a business combination at a future date, as long as the term of the forward contract does 'not exceed a reasonable period normally necessary to obtain any required approvals and to complete the transaction'. The amendment removes reference to transactions between segments as being hedgeable transactions in individual or separate financial statements and clarifies that amounts deferred in equity are only reclassified to profit or loss when the underlying hedged cash flows affect profit or loss. The amendment is not expected to have an impact on the Group's income statement/statement of comprehensive income.

IFRS 2 (Amendment), 'Share-based Payment', confirms that, transactions in which the entity acquires goods as part of the net assets acquired in a business combination as defined by IFRS 3 (2008) 'Business Combinations', contribution of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2 'Share-based Payment'. The amendment will not have an impact on the Group's operations.

IFRS 5 (Amendment), 'Non-current Assets Held for Sale and Discontinued Operations'. The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The amendment will not have an impact on the Group's operations.

IFRS 8 (Amendment), 'Operating Segments', clarifies that the requirement for disclosing a measure of segment assets is only required when the Chief Operating Decision Maker reviews that information. This amendment is unlikely to have an impact on the Group's financial statements.

IFRIC 9 (Amendment), 'Reassessment of Embedded Derivatives', clarifies that embedded derivatives in contracts acquired in a combination between entities or businesses under common control or the formation of a joint venture are outside the scope of IFRIC 9. This amendment is unlikely to have an impact on the Group's financial statements.

IFRIC 16 (Amendment), 'Hedges of a Net Investment in a Foreign Operation', clarifies that hedging instruments may be held by any entity or entities within the group. This includes a foreign operation that itself is being hedged. 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 January 1, 2011 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:

Classification of Rights Issues (Amendment to IAS 32) (Effective February 1, 2010)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (Effective July 1, 2010)
Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IAS 24 Related Party Disclosures (Revised 2009)
Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1)
Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12)
IFRS 9 Financial Instruments
Disclosures - Transfers of Financial Assets (Amendments to IFRS 7)
Amendment to IFRS 1 Limited Exemption from Comparatives IFRS 7 Disclosures for First-time Adopters (Effective July 1, 2010)

Improvements to IFRSs (issued May 6, 2010)

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 3 Business Combinations (Effective July 1, 2010)
IFRS 7 Financial Instruments: Disclosures
IAS 1 Presentation of Financial Statements
IAS 27 Consolidated and Separate Financial Statements (Effective July 1, 2010)
IAS 34 Interim Financial Reporting
IFRIC 13 Customer Loyalty Programmes

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

(i) 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.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

(ii) Consolidated financial statements

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

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 deconsolidated 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 either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests in 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.

(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 in associates are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associate less any impairment in the value of individual investments.

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 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.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

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

The fair values of quoted investments are based on current bid prices (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

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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 are made up of:

- (a) provisions for claims incurred but not reported (IBNR) and
- (b) the net estimated costs of claims admitted or intimated but not yet settled at end of the 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, as and when received, and include non-insurance assets that have been acquired by exercising rights to sell (usually damaged) property and equipment, to settle a claim (salvage) or obtain refund from third parties for some or all costs (subrogation) under the terms of the insurance contracts.

(iii) Liability adequacy test

At each 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

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are recognised in the income statement or the Life Assurance Fund (for the Subsidiary, The Anglo-Mauritius Assurance Society Limited). Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

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

(iii) Group companies

The results and financial position of the Subsidiary, Swan International Co. Limited, holding a Global Business 1 Licence (GBL 1), which has a functional currency different from that of the presentation currency of the Company, are translated as follows:

- (a) assets and liabilities are translated at the 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 'Translation Reserve', as a separate component of equity.

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

(r) **Provisions**

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

(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.

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 significant resulting from severe weather events like cyclones, fire and allied perils and their consequences and liability claims awarded by the Court. Inflation is another factor that may affect claims payments.

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

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

(ii) Concentration of insurance risk

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

Class of Business	Outstanding claims					
	2010			2009		
	No. of Claims	Gross	Net	No. of claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	183	40,584	6,565	163	26,757	7,132
Motor	3,054	100,649	96,646	2,582	99,269	94,926
Health	2,339	23,635	5,928	411	8,548	2,156
Others	868	101,450	37,803	710	94,038	33,362
	<u>6,444</u>	<u>266,318</u>	<u>146,942</u>	<u>3,866</u>	<u>228,612</u>	<u>137,576</u>
IBNR		<u>21,500</u>	<u>21,500</u>		<u>21,500</u>	<u>21,500</u>
		<u>287,818</u>	<u>168,442</u>		<u>250,112</u>	<u>159,076</u>

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

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

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

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

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

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(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.

	2006	2007	2008	2009	2010	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
GROSS						
Estimate of ultimate claim costs:						
- At end of claim year	80,518	307,359	152,992	102,495	133,536	776,900
- one year later	24,148	58,146	19,225	36,253	-	137,772
- two years later	22,766	33,545	25,296	-	-	81,607
- three years later	14,225	25,604	-	-	-	39,829
- four years later	11,160	-	-	-	-	11,160
Current estimate of cumulative claims	328,666	634,888	426,731	428,435	533,350	2,352,070
Less Cumulative payments to date	317,506	609,284	401,435	392,183	399,814	2,120,222
Liability recognised in the statement of financial position	11,160	25,604	25,296	36,252	133,536	231,848
Liability in respect of prior years						34,470
						266,318
IBNR						21,500
Gross liability at year end (notes 20/27(a))						287,818

	2006	2007	2008	2009	2010	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
NET						
Estimate of ultimate claim costs:						
- At end of claim year	54,281	66,914	54,524	54,974	65,827	296,520
- one year later	19,363	23,355	13,456	28,502	-	84,676
- two years later	18,784	12,424	22,333	-	-	53,541
- three years later	12,039	7,548	-	-	-	19,587
- four years later	9,978	-	-	-	-	9,978
Current estimate of cumulative claims	220,183	247,337	218,883	214,561	251,798	1,152,762
Less Cumulative payments to date	210,205	239,789	196,549	186,059	185,971	1,018,573
Liability recognised in the statement of financial position	9,978	7,548	22,334	28,502	65,827	134,189
Liability in respect of prior years						12,753
						146,942
IBNR						21,500
Net liability at year end (notes 20/27(a))						168,442

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

3.2 Financial risk

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

The most important components of this financial risk are :

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

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

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

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

3.2.1 Market risk

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

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

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

(i) Currency risk

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

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

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

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

	Rs.	Equivalent in Rs.			Total
		GBP	USD	Euro	
At December 31, 2010					
Assets:					
Non-current assets					
- Financial assets:					
• Held-to-Maturity	99,593	-	-	-	99,593
• Available-for-sale	182,377	-	244,640	74,539	501,556
• 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	1,653,284	12	246,477	77,245	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	912,914	-	-	-	912,914

	Rs.	Equivalent in Rs.			Total
		GBP	USD	Euro	
At December 31, 2009					
Assets:					
Non-current assets					
- Financial assets:					
• Held-to-Maturity	80,335	-	-	-	80,335
• Available-for-sale	135,091	-	181,110	41,025	357,226
• Loans and receivables	74,989	-	-	-	74,989
- Other non-current assets	168,294	-	-	-	168,294
Current assets					
- Financial assets:					
• Held-to-Maturity	18,569	-	-	-	18,569
• Loans and receivables	1,964	-	-	-	1,964
- Trade and other receivables	718,412	-	-	-	718,412
- Bank balances, deposits and cash	294,048	45	2,086	62,948	359,127
TOTAL ASSETS	1,491,702	45	183,196	103,973	1,778,916

Liabilities:

- Technical Provisions:					
• Gross unearned premiums	424,147	-	-	-	424,147
• Outstanding claims and IBNR	250,112	-	-	-	250,112
- Non-current liabilities	39,165	-	-	-	39,165
- Current liabilities	90,644	-	-	-	90,644
TOTAL LIABILITIES	804,068	-	-	-	804,068

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd) *Sensitivity*

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

	GBP		USD		EURO	
	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Results:						
• At December 31, 2010						
- Financial assets	-	-	12,232	(12,232)	3,727	(3,727)
- Bank balances and deposits	1	(1)	92	(92)	135	(135)
• At December 31, 2009						
- Financial assets	-	-	9,055	(9,055)	2,051	(2,051)
- Bank balances and deposits	2	(2)	104	(104)	3,147	(3,147)

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

(ii) Interest rate risk

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

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

Sensitivity

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

	Impact on results	
	+1%	-1%
	Rs'000	Rs'000
At December 31, 2010		
- Held-to-maturity investments	131	(131)
- Loans and receivables	59	(59)
- Bank balances and deposits	160	(160)
At December 31, 2009		
- Held-to-maturity investments	113	(113)
- Loans and receivables	57	(57)
- Bank balances and deposits	129	(129)

(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.

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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% Rs'm	-10% Rs'm
At December 31, 2010		
- Available-for-sale financial assets	50	(50)
 At December 31, 2009		
- Available-for-sale financial assets	36	(36)

3.2.2 Credit risk

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

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

The amounts presented in the 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 Munich Re.

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

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

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

	Neither past due nor impaired Rs'000	1m-3m Rs'000	3m-6m Rs'000	6m-1yr Rs'000	>1yr Rs'000	Financial assets that have been impaired Rs'000	Financial assets that have been written off Rs'000	Carrying amount at year end Rs'000
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
2009								
- Financial assets	456,130	-	-	-	-	-	-	456,130
- Loans and receivables	76,953	-	-	-	-	-	-	76,953
- Trade and other receivables	544,820	68,376	67,922	17,239	4,255	15,800	-	718,412

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, 2010	< 1 year Rs'000	1 to 5 years Rs'000	> 5 years Rs'000	Total 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	1,791,203	148,505	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
At December 31, 2009	< 1 year Rs'000	1 to 5 years Rs'000	> 5 years Rs'000	Total Rs'000
Assets				
- Financial assets	375,795	43,025	37,310	456,130
- Loans and receivables	1,964	74,989	-	76,953
- Other non-current assets	168,294	-	-	168,294
- Current assets	-	-	-	-
• Trade and other receivables	718,412	-	-	718,412
• Bank balances, deposits and cash	359,127	-	-	359,127
TOTAL ASSETS	1,623,592	118,014	37,310	1,778,916
Liabilities				
- Technical Provisions :				
• Gross unearned premiums	424,147	-	-	424,147
• Outstanding claims and IBNR	250,112	-	-	250,112
- Non-current liabilities	-	39,165	-	39,165
- Current liabilities	90,644	-	-	90,644
TOTAL LIABILITIES	764,903	39,165	-	804,068

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

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

4.2 Reinsurance

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

4.5 Impairment of other assets

At each balance 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.

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.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

5. PROPERTY AND EQUIPMENT

THE GROUP 2010	Buildings Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Office Equipment Rs'000	Total 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
THE GROUP 2009	Buildings Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Office Equipment Rs'000	Total Rs'000
COST/DEEMED COST					
At January 1, 2009	86,391	23,597	22,386	59,554	191,928
Additions	-	-	503	971	1,474
Disposals	-	(3,386)	-	(39)	(3,425)
At December 31, 2009	86,391	20,211	22,889	60,486	189,977
DEPRECIATION					
At January 1, 2009	12,096	14,286	19,937	53,778	100,097
Charge for the year	1,728	2,395	500	2,433	7,056
Disposal adjustment	-	(3,386)	-	(39)	(3,425)
At December 31, 2009	13,824	13,295	20,437	56,172	103,728
NET BOOK VALUE					
At December 31, 2009	72,567	6,916	2,452	4,314	86,249

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY 2010	Buildings Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Office Equipment Rs'000	Total 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
THE COMPANY 2009	Buildings Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Office Equipment Rs'000	Total Rs'000
COST					
At January 1, 2009	86,391	23,597	22,386	59,383	191,757
Additions	-	-	503	971	1,474
Disposals	-	(3,386)	-	(39)	(3,425)
At December 31, 2009	86,391	20,211	22,889	60,315	189,806
DEPRECIATION					
At January 1, 2009	12,096	14,288	19,937	53,738	100,059
Charge for the year	1,728	2,395	500	2,416	7,039
Disposal adjustment	-	(3,386)	-	(39)	(3,425)
At December 31, 2009	13,824	13,297	20,437	56,115	103,673
NET BOOK VALUE					
At December 31, 2009	72,567	6,914	2,452	4,200	86,133

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

6. INTANGIBLE ASSETS

THE GROUP AND THE COMPANY 2010	Goodwill Rs'000	Computer Softwares Rs'000	Department & other costs Rs'000	Total 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

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

7. INVESTMENTS IN SUBSIDIARY COMPANIES

(a) THE COMPANY

	Level 1 Rs'000	Level 3 Rs'000	Total Rs'000
At January 1, and December 31, 2009	30,882	580	31,462
Additions	23,757	1	23,758
At December 31, 2010	54,639	581	55,220

The market value of the subsidiary Company, The Anglo-Mauritius Assurance Society Limited based on the DEM bid price at December 31, 2010 amounted to **Rs.979.5m** (2009: Rs.550.1m).

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

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

	Class of shares held	Stated Capital		Nominal Value of Investment		Swan Insurance Company Limited		Other Group Company		Main Business
		Proportion of ownership interest and voting power held		Proportion of ownership interest and voting power held		Proportion of ownership interest and voting power held				
		2010	2009	2010	2009	2010	2009			
		Rs'000	Rs'000	Rs'000	Rs'000	%	%	%	%	
• The Anglo-Mauritius Assurance Society Limited	Ordinary	25,000	25,000	54,640	30,882	73.23	70.99	-	-	• Life assurance, pensions, actuarial and investment business
• Swan Group Corporate Services Limited	Ordinary	1,000	1,000	500	500	50	50	50	50	• Provide Secretarial services to Swan Group
• Manufacturers' Distributing Station Limited	Ordinary	961	961	-	-	-	-	99.80	99.80	• 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 consulting
• Société de La Croix	Parts	2,500	2,500	-	-	-	-	100	100	• Investment entity
• Société de La Montagne	Parts	45,654	45,654	-	-	-	-	100	100	• Investment entity
• Société de La Rivière	Parts	2,500	2,500	-	-	-	-	100	100	• Investment entity
• Swan Group Foundation	Limited by guarantee	1	-	1	-	50	-	50	-	• Management of Swan Group CSR fund (not consolidated)
Swan International Co Ltd	Ordinary	USD 7,000	USD 7,000	79	79	51	51	49	49	• Reinsurance Brokers and Consultants

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

8. INVESTMENTS IN ASSOCIATED COMPANY AND JOINT VENTURE

(a) Group's share of net assets in associated company

		THE GROUP	
		2010	2009
		Rs'000	Rs'000
At January 1		63,748	35,323
Share of results of associated company		6,472	7,677
Dividends		-	(6,391)
Other equity movements		(953)	4,011
Exchange difference		(10,950)	23,128
At December 31,	Rs	58,317	63,748

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

Name	Year end	Assets Rs '000	Liabilities Rs '000	Revenues Rs '000	Profit Rs '000	Proportion of ownership interest and voting rights (Indirect) %
2010 State Assurance Co. Ltd (SACL)	31 December	354,353	227,335	259,560	35,697	18.13%
2009 State Assurance Co. Ltd (SACL)	31 December	614,712	268,585	183,788	42,345	18.13%

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

(b) Group's share of net assets in joint venture

		THE GROUP	
		2010	2009
		Rs'000	Rs'000
At January 1,		286	-
Acquisition of interests		-	500
Share of results		30	(214)
Dividends		-	-
At December 31,		316	286

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

Name	Year end	Current Assets Rs '000	Current Liabilities Rs '000	Revenues Rs '000	Expenses Rs '000	Proportion of ownership interest and voting rights (Direct) %
2010 Processure Compagnie Limitée	31 December	1,291	659	2,354	(2,294)	50.00%
2009 Processure Compagnie Limitée	31 December	994	423	1,297	(1,725)	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. FINANCIAL ASSETS

	2010							2009	
	Held-to-maturity			Available-for-sale				Total	Total
	T-Bills Rs'000	Government Securities Rs'000	Total Rs'000	Level 1 Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000		
(a) THE GROUP AND THE COMPANY									
At January 1,	-	98,903	98,903	326,020	2,220	28,987	357,227	456,130	394,254
Additions	63,626	41,092	104,718	132,942	-	-	132,942	237,660	56,718
Movement in fair value	-	-	-	39,753	120	2,643	42,516	42,516	43,923
Disposals	(24,422)	(18,570)	(42,992)	(29,652)	-	(1,478)	(31,130)	(74,122)	(38,765)
Accrued interest	-	15	15	-	-	-	-	15	-
At December 31,	39,204	121,440	160,644	469,063	2,340	30,152	501,555	662,199	456,130

Analysed as follows:

Non-current	601,149	437,561
Current	61,050	18,569
	662,199	456,130
Disposal proceeds	74,536	58,778

(b) Held-to-maturity investments comprise of Treasury Bills & Mauritius Government Securities, with interest rates varying from 2.195% to 12.25%.

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

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

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

10. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2010 Rs'000	2009 Rs'000
At January 1,	76,953	80,972
Mortgage loans granted	16,710	4,427
Mortgage loans recovered	(5,121)	(7,129)
Accrued interest	-	(1,317)
At December 31,	88,542	76,953
Analysed as follows:		
Non-current	86,222	74,989
Current	2,320	1,964
	88,542	76,953

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

10. LOANS AND RECEIVABLES (CONT'D)

- (a) The rates of interest on the above loans vary between 6.05% and 11.75% for 2010 (2009: 7% to 12.75%).
- (b) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.
- (c) At December 31, 2010 and 2009, 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% (2009: 15%)
The movement on deferred tax account is as follows:

	THE GROUP AND THE COMPANY	
	2010	2009
	Rs'000	Rs'000
At January 1,	3,714	1,422
Income Statement charge (note 19)	291	2,292
At December 31,	4,005	3,714

- (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	
	2010	2009
	Rs'000	Rs'000
Deferred tax assets	5,859	5,863
Deferred tax liabilities	(1,854)	(2,149)
Net deferred tax assets	4,005	3,714

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

	THE GROUP AND THE COMPANY		
	At January 1, 2010	(Charged)/ Credited to Income Statement	At December 31, 2010
	Rs'000	Rs'000	Rs'000
Deferred tax assets			
Retirement benefit obligations	5,863	(220)	5,643
Accelerated tax depreciation	-	216	216
	5,863	(4)	5,859
Deferred tax liabilities			
Accelerated tax depreciation	(141)	141	-
Unrealised exchange gain	(2,008)	154	(1,854)
	(2,149)	295	(1,854)
Net deferred tax assets	3,714	291	4,005

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Due from contract holders	198,999	146,121	198,999	146,121
Due from brokers and agents	145,170	112,141	145,170	112,141
Less impairment provision	(18,600)	(15,800)	(18,600)	(15,800)
Due from reinsurers				
- share of claims (note 20)	119,376	91,035	119,376	91,035
- share of unearned premiums (note 20)	251,762	208,058	251,762	208,058
- commission and other receivables	17,514	31,634	17,514	31,634
Receivable from subsidiaries	-	-	1,918	1,038
Prepayments	-	1,077	-	1,077
Other receivables	25,009	35,921	21,563	30,859
	739,230	610,187	737,702	606,163
Share of Group's and non-controlling interests in Life Business Assets (note 13)	57,917	108,225	-	-
	797,147	718,412	737,702	606,163

(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	
	2010	2009
	Rs'000	Rs'000
At January 1,	15,800	8,800
Impairment provision	2,800	7,000
At December 31,	18,600	15,800

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

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

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

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

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

13. LIFE BUSINESS ASSETS

	THE GROUP	
	2010	2009
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	131,633	128,382
Investment properties	448,298	416,286
Intangible assets	66,127	43,865
Investment in associated company	58,317	63,748
Investment in financial assets	12,873,202	12,184,890
Loans and receivables	2,465,976	2,149,335
	16,043,553	14,986,506
Current assets		
Trade and other receivables	193,453	193,255
Financial assets	2,910,975	1,877,950
Loans and receivables	290,094	259,998
Short term deposits	1,656,293	1,444,910
Cash in hand and at bank	122,072	80,608
	5,172,887	3,856,721
Current liabilities		
Trade and other payables	158,491	128,891
Gross Outstanding claims	18,747	13,982
Current tax liabilities	5,022	8,564
	182,260	151,437
Non current liabilities		
Retirement benefit obligations	87,368	76,240
Deferred tax liabilities	137	189
	87,505	76,429
	20,946,675	18,615,361
Less share of Group's and minority interest's (note 12)	(57,917)	(108,225)
Policyholders' share - Life Assurance Fund	20,888,758	18,507,136

14. SHARE CAPITAL

	2010 & 2009
	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

(a) THE GROUP

	Fair Value Reserve Rs'000	Other Reserve Rs'000	Proprietors' Fund Rs'000
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)	(89,907)
	42,517	(11,858)	(89,907)
2009			
- Net movement in fair value of available-for-sale financial assets	62,493	-	-
- Release from fair value reserve	(18,570)	-	-
- Movement for the year	-	13,024	(51,530)
	43,923	13,024	(51,530)

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.

(b) THE COMPANY

	Fair Value Reserve Rs'000	Other Reserve Rs'000
2010		
- Net movement in fair value changes of available-for-sale financial assets	42,533	-
- Release from fair value reserve	(16)	-
	42,517	-
2009		
- Net movement in fair value changes of available-for-sale financial assets	62,493	-
- Release from fair value reserve	(18,570)	-
	43,923	-

16. NON-CONTROLLING INTERESTS

	THE GROUP	
	2010 Rs'000	2009 Rs'000
At January 1,	60,844	61,299
Share of profit (page 45)	19,677	20,903
Share of dividend received (note 21)	(15,259)	(15,088)
Transaction with owners (note 7)	(1,928)	-
Movement in proprietors' fund	(12,481)	(6,270)
	50,853	60,844

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

17. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Amounts recognised in the statement of financial position:				
Pension benefits (note (a)(ii))	37,726	39,165	37,612	39,093
Analysed as follows:				
Non-current liabilities	37,726	39,165	37,612	39,093
Income statement				
- Pension benefits (note (a)(v))	10,547	10,778	10,506	10,736

(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	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	107,861	97,570	107,447	97,216
Fair value of plan assets	(56,275)	(42,793)	(55,957)	(42,493)
	51,586	54,777	51,490	54,723
Unrecognised actuarial losses	(13,860)	(15,612)	(13,878)	(15,630)
Liability in the statement of financial position	37,726	39,165	37,612	39,093

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

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of defined obligation at January 1,	97,570	97,240	97,216	96,923
Current service cost	3,864	3,985	3,832	3,952
Interest cost	10,132	9,329	10,094	9,295
Actuarial gains	(2,942)	(3,241)	(2,932)	(3,211)
Benefits paid	(763)	(9,743)	(763)	(9,743)
Present value of defined obligation at December 31,	107,861	97,570	107,447	97,216

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

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value of plan assets at January 1,	42,793	47,546	42,493	47,291
Expected return on plan assets	5,490	4,436	5,458	4,406
Actuarial losses	(1,793)	(1,903)	(1,782)	(1,889)
Employer contributions	11,986	3,547	11,986	3,515
Scheme expenses	(452)	(152)	(452)	(151)
Cost of insuring risks benefits	(986)	(938)	(983)	(936)
Benefits paid	(763)	(9,743)	(763)	(9,743)
Fair value of plan assets at December 31,	56,275	42,793	55,957	42,493

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	3,864	3,985	3,832	3,952
Interest cost	10,132	9,329	10,094	9,295
Expected return on plan assets	(5,490)	(4,436)	(5,458)	(4,406)
Net actuarial losses recognised during the year	603	810	603	808
Scheme expenses	452	152	452	151
Cost of insuring risks benefits	986	938	983	936
Total, included in employee benefit expense (note 23)	10,547	10,778	10,506	10,736
Actual return on plan assets	3,698	2,533	3,676	2,517

(vi) The movement in the liability recognised in statement of final position are as follows:

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	39,165	31,934	39,093	31,872
Total expenses as above	10,547	10,778	10,505	10,736
Employer contributions	(11,986)	(3,547)	(11,986)	(3,515)
At December 31,	37,726	39,165	37,612	39,093

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

	THE GROUP			
	2010		2009	
	Rs'000	%	Rs'000	%
Local Equities	21,103	13%	16,047	13%
Overseas Equities	12,662	13%	9,628	13%
Fixed Interest	19,696	10%	14,978	10%
Properties	2,814	8%	2,140	8%
Total Market value of assets	56,275		42,793	

	THE COMPANY			
	2010		2009	
	Rs'000	%	Rs'000	%
Local Equities	20,984	13%	15,935	13%
Overseas Equities	12,590	13%	9,561	13%
Fixed Interest	19,585	10%	14,872	10%
Properties	2,798	7%	2,125	8%
Total Market value of assets	55,957		42,493	

(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.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

17. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(ix) Expected contributions to post-employment benefit plans for the year ending December 31, 2011 are Rs. 11.03m.

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

	2010	2009	2008	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	107,447	97,216	96,923	86,234	102,634
Fair value of plan assets	(55,957)	(42,493)	(47,291)	(49,488)	(55,756)
Deficit	51,490	54,723	49,632	36,746	46,878
Experience adjustments on plan liabilities	(2,932)	(3,211)	13,239	(8,197)	(4,949)
Experience adjustments on plan assets	(1,782)	(1,890)	(1,707)	686	(542)

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

	THE GROUP AND THE COMPANY	
	2010	2009
	%	%
Discount rate	9.50	10.00
Expected return on plan assets	10.00	10.50
Future salary increases	7.50	8.00
Future pension increases	-	-

18. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Reinsurance liabilities	31,602	29,603	31,602	29,603
Accrued expenses	3,441	2,999	3,441	2,999
Amount payable to subsidiary companies	-	-	19,350	16,782
Other payables	44,764	48,001	25,817	24,694
	79,807	80,603	80,210	74,078

(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	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
<u>Current tax liabilities</u>				
Balance at January 1,	10,041	16,164	10,033	16,098
Amount paid during the year	(10,829)	(15,249)	(10,820)	(15,235)
Current tax on the adjusted profit for the year at 15% (2009:15%)	24,971	22,053	24,956	21,258
Payment under Advance Payment System (APS)	(16,362)	(11,905)	(16,352)	(11,898)
Tax deducted at source	(65)	(847)	(65)	(67)
Under/(over) provision in prior year	788	(175)	787	(123)
Balance at December 31,	8,544	10,041	8,539	10,033
<u>Income Statement Charge</u>				
Current tax on the adjusted profit for the year at 15% (2009:15%)	24,971	22,053	24,956	21,258
Deferred tax (note 11)	(291)	(2,292)	(291)	(2,292)
Under/(over) provision in prior year	788	(123)	787	(123)
	25,468	19,638	25,452	18,843

19. INCOME TAX (CONT'D)

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

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	229,191	213,361	205,475	185,828
Tax calculated at rate of 15% (2009:15%)	34,379	32,005	30,821	27,874
Income not subject to tax	(10,242)	(13,438)	(7,670)	(10,247)
Expenses not deductible for tax purposes	1,514	2,345	1,514	1,339
Share of results of associate	(971)	(1,151)	-	-
Under/(over) provision in prior year	788	(123)	787	(123)
Tax charge for the year	25,468	19,638	25,452	18,843

20. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2010	2009
	Rs'000	Rs'000
Gross		
- Claims reported and loss adjustment expenses	266,318	228,612
- Unearned premiums (page 44/note 27(b))	499,019	424,147
Total gross insurance liabilities	765,337	652,759
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses (note 12)	119,376	91,035
- Unearned premiums (notes 12,27(b))	251,762	208,058
Total reinsurers' share of insurance liabilities	371,138	299,093
Net		
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 27(a))	146,943	137,576
- Unearned premiums (note 27(b))	247,257	216,089
	394,200	353,665
IBNR		
Claims incurred but not reported (IBNR) (note 27(a))	21,500	21,500
Total net insurance liabilities	415,700	375,165

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

21. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	35,015	31,200	35,015	31,200
Dividend income	65,437	63,514	50,781	48,426
	100,452	94,714	85,796	79,626
Total Investment income:				
Non-controlling interests - dividend income	15,259	15,088	-	-
Interest and investment income	85,193	79,626	85,796	79,626
	100,452	94,714	85,796	79,626

22. OTHER INCOME

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of available-for-sale financial assets	398	1,442	398	1,442
Release from fair value reserve	16	18,570	16	18,570
(Loss)/profit on disposal of property and equipment	(200)	768	(200)	768
Others	3,308	7,832	-	849
	3,522	28,612	214	21,629
Rent	1,289	687	1,289	687
Net foreign exchange gains/(losses)	761	(5,537)	761	(5,537)
	2,050	(4,850)	2,050	(4,850)
Total	5,572	23,762	2,264	16,779

23. MARKETING AND ADMINISTRATIVE EXPENSES

(a) Marketing and administrative expenses include:

	THE COMPANY	
	2010	2009
	Rs'000	Rs'000
- Expenses in respect of Corporate Social Responsibility	2,914	1,242
- Internal auditors' fees	155	523
- Staff costs (see note (b) below)	110,187	98,373

(b) Analysis of staff costs

- Salaries and wages	85,258	74,453
- Retirement benefit obligation costs (note 17(v))	10,506	10,736
- Other costs	14,423	13,184
	110,187	98,373

24. DIVIDENDS PAID

	THE COMPANY	
	2010	2009
	Rs'000	Rs'000
Final dividend for the year ended December 31, 2010 at Rs.7.70 per ordinary share (2009: Rs.7.00 per ordinary share)	55,219	50,199

25. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
<u>Earnings per share</u>				
Profit attributable to equity holders of the Company (Rs'000)	184,046	172,820	180,023	166,985
Number of ordinary shares in issue	7,171,346	7,171,346	7,171,346	7,171,346
Basic earnings per share (Rs/cs)	25.66	24.10	25.10	23.29

26. NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Cash generated from operations

	Notes	THE GROUP		THE COMPANY	
		2010 Rs'000	2009 Rs'000	2010 Rs'000	2009 Rs'000
Profit before taxation and non-controlling interests		209,514	192,458	205,475	185,828
Adjustments for:					
Depreciation	5	6,355	7,056	6,325	7,039
Amortisation	6	4,263	4,532	4,263	4,532
Foreign exchange (gains)/losses	22	(761)	5,537	(761)	5,537
Loss/(profit) on sale of property and equipment	22	200	(768)	200	(768)
Release from fair value reserve on disposal of financial assets	22	(16)	(18,570)	(16)	(18,570)
Profit on disposal of financial assets	22	(398)	(1,442)	(398)	(1,442)
Investment income	21	(85,193)	(79,626)	(85,796)	(79,626)
Retirement benefit obligations	17(vi)	(1,439)	7,231	(1,481)	7,221
Non-controlling interests (Dividend)	16	19,677	20,903	-	-
Change in Gross Unearned Premiums	20/27(b)	74,872	47,607	74,872	47,607
Share of results of associate	8	(6,502)	(7,463)	-	-
Changes in working capital:					
- Trade and other receivables		(130,389)	37,589	(131,539)	35,034
- Trade and other payables		(796)	(64,488)	6,132	(57,056)
- Outstanding claims		37,706	(52,375)	37,706	(52,375)
Cash generated from operating activities		127,093	98,181	114,982	82,961

(b) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2010 Rs'000	2009 Rs'000	2010 Rs'000	2009 Rs'000
Short term deposits	235,195	310,524	235,195	310,524
Bank balances and cash	36,924	48,603	34,378	42,966
Cash and cash equivalents	272,119	359,127	269,573	353,490

The interest rates on short-term foreign deposits ranged from 0.31% to 0.63% (2009: 0.79% to 4.65%) and on local deposits from 3.75% to 9% (2009: average of 5.5% to 10%).

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

27. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

THE COMPANY

(a) Outstanding claims

	2010			2009		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	228,612	(91,036)	137,576	280,987	(155,324)	125,663
Increase in liabilities	534,707	(290,473)	244,234	381,137	(167,961)	213,176
Cash paid for claims settled in the year (Page 45)	(497,001)	262,133	(234,868)	(433,512)	232,249	(201,263)
	266,318	(119,376)	146,942	228,612	(91,036)	137,576
Incurred but not reported (IBNR) (note 20)	21,500	-	21,500	21,500	-	21,500
At December 31,	287,818	(119,376)	168,442	250,112	(91,036)	159,076

(b) Provision for unearned premiums

	2010			2009		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	424,147	(208,058)	216,089	376,540	(184,269)	192,271
Increase during the year	74,872	(43,704)	31,168	47,607	(23,789)	23,818
At December 31, (note 20)	499,019	(251,762)	247,257	424,147	(208,058)	216,089

28. COMMITMENTS

	THE GROUP	
	2010	2009
	Rs'000	Rs'000
Outstanding commitments for loans, freehold properties and investments approved by the Board of Directors	301,800	254,200

29. SEGMENT INFORMATION - THE GROUP

(a) Operating Segment

	Life	General		2010
	Rs'000	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 Associate				6,502
Depreciation				(6,355)
Amortisation				(4,263)
Profit before taxation				229,191
Taxation				(25,468)
Profit for the year				203,723

	Life	Casualty	General		2010
	Rs'000	Rs'000	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

(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, 2010

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

(a) Operating Segment

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

	Life	Casualty	General		2009
	Rs'000	Rs'000	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	18,507,136	449,436	139,554	1,189,926	20,286,052
Segment liabilities	(18,507,136)	(26,131)	(3,472)	(774,465)	(19,311,204)
Equity holders' interest					974,848
Capital expenditure	-	368	118	988	1,474
Depreciation	-	1,764	565	4,727	7,056
Amortisation	-	1,134	362	3,036	4,532

30. HOLDING COMPANY

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

31. RELATED PARTY TRANSACTIONS

(a) THE GROUP	Sales of services Rs'000	Investment income Rs'000	Claims paid Rs'000	Financial assets Rs'000	Loans Rs'000	Debtors Outstanding Rs'000	Claims Rs'000	Amount owed (to)/ by related parties Rs'000
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	-
2009								
Shareholders with significant influence	121,373	918	6,548	122,230	4,800	2,097	16,278	-
Enterprises that have a number of directors in common	3,476	6,036	-	26,778	-	737	367	-
Enterprises on which the Company and Subsidiaries exert significant influence	40,535	127	-	553,930	500	-	-	-
Key Management Personnel	1,338	-	9	-	-	139	45	-
	166,722	7,081	6,557	702,938	5,300	2,973	16,690	-

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

31. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY	Sales of services	Investment income	Management fees paid	Claims paid	Financial assets	Debtors	Claims Outstanding	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2010								
Subsidiary companies	9,392	47,237	8,719	1,056	55,719	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	55,955	29,063	40,944	19,350
2009								
Subsidiary companies	8,307	36,910	6,399	615	31,962	5,695	423	16,782
Shareholders with significant influence	118,970	91	-	6,548	2,472	2,097	16,278	-
Enterprises that have a number of Directors in common	3,476	6,036	-	-	26,777	737	367	-
Enterprises on which the Company exerts significant influence	-	-	-	-	-	-	-	-
Key Management Personnel	1,338	-	-	9	-	139	45	-
	132,091	43,037	6,399	7,172	61,211	8,668	17,113	16,782

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	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Salaries and short-term employee benefits	52,742	50,265	25,852	24,548
Post-employment benefits - current service cost	2,979	2,724	1,842	1,630
- others	110	100	54	47
Termination benefits	-	-	-	-
	55,831	53,089	27,748	26,225

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

32. FIVE-YEAR SUMMARY

(a) THE GROUP

	2010 Rs'000	2009 Rs'000	2008 Rs'000	2007 Rs'000 Restated	2006 Rs'000 Restated
INCOME STATEMENTS					
Gross premiums	2,920,258	2,565,091	2,500,254	2,357,440	2,094,712
Net earned premiums	2,078,735	1,834,173	1,871,766	1,760,614	1,593,031
Underwriting surplus	293,369	249,395	203,212	133,040	90,172
Operating profit	393,821	344,109	287,469	208,741	160,712
Profit before taxation	229,191	213,361	159,775	84,497	58,909
Taxation	25,468	19,638	16,643	4,848	2,189
Profit for the year	203,723	193,723	143,132	79,649	56,720
STATEMENTS OF COMPREHENSIVE INCOME					
Profit for the year	203,723	193,723	143,132	79,649	56,720
Other comprehensive income for the year	(59,248)	5,417	(40,938)	(9,441)	88,940
Total comprehensive income	144,475	199,140	102,194	70,208	145,660
Attributable to:					
Owners of the parent	152,538	199,595	63,785	71,915	147,335
Non-controlling interest	(8,063)	(455)	38,409	(1,707)	(1,675)
	144,475	199,140	102,194	70,208	145,660
STATEMENTS OF FINANCIAL POSITION					
Non-current assets	844,382	680,844	591,796	615,415	557,808
Current assets	1,132,636	1,098,072	1,095,381	1,141,468	863,553
Life Business Assets	20,888,758	18,507,136	15,701,377	17,607,922	14,384,606
	22,865,776	20,286,052	17,388,554	19,364,805	15,805,967
Owners' interest	1,013,251	914,004	764,608	743,851	728,217
Non-controlling interest	50,853	60,844	61,299	22,890	24,597
Life Assurance Fund	20,888,758	18,507,136	15,701,377	17,607,922	14,384,606
Gross unearned premiums	499,019	424,147	376,540	354,213	314,210
Outstanding claims & IBNR	287,818	250,112	302,487	412,799	179,256
Non-current liabilities	37,726	39,165	31,934	33,965	35,032
Current liabilities	88,351	90,644	150,309	189,165	140,049
	22,865,776	20,286,052	17,388,554	19,364,805	15,805,967
Dividends per share (rupees and cents)	7.70	7.00	6.00	5.50	5.00
Earnings per share (rupees and cents)	25.66	24.10	17.71	9.00	5.42
Net assets value per share (rupees and cents)	141.29	127.45	106.62	103.73	101.55
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, 2010

32. FIVE-YEAR SUMMARY (CONT'D)

(b) THE COMPANY

	2010 Rs'000	2009 Rs'000	2008 Rs'000	2007 Rs'000 Restated	2006 Rs'000 Restated
INCOME STATEMENTS					
Gross premiums	1,245,321	1,090,038	954,607	886,819	757,164
Net earned premiums	487,575	433,130	400,981	367,887	306,630
Underwriting surplus	293,369	249,395	203,212	133,040	90,172
Operating profit	379,165	329,021	274,412	197,572	149,542
Profit before taxation	205,475	185,828	140,334	65,228	34,113
Taxation	25,452	18,843	16,577	4,831	2,156
Profit for the year	180,023	166,985	123,757	60,397	31,957
STATEMENTS OF COMPREHENSIVE INCOME					
Profit for the year	180,023	166,985	123,757	60,397	31,957
Other comprehensive income for the year	42,517	43,923	(116,537)	40,914	63,417
Total comprehensive income	222,540	210,908	7,220	101,311	95,374
STATEMENTS OF FINANCIAL POSITION					
Non-current assets	841,253	648,656	587,802	592,621	508,844
Current assets	1,070,645	980,186	940,999	1,102,174	803,039
	1,911,898	1,628,842	1,528,801	1,694,795	1,311,883
Owners' interest	998,700	831,379	670,670	706,478	644,609
Gross unearned premiums	499,019	424,147	376,540	354,213	314,210
Outstanding claims and IBNR	287,818	250,112	302,487	412,799	179,256
Non-current liabilities	37,612	39,093	31,872	33,933	35,005
Current liabilities	88,749	84,111	147,232	187,372	138,803
	1,911,898	1,628,842	1,528,801	1,694,795	1,311,883
Dividends per share (rupees and cents)	7.70	7.00	6.00	5.50	5.00
Earnings per share (rupees and cents)	25.10	23.29	17.26	8.42	4.46
Net assets value per share (rupees and cents)	139.26	115.93	93.52	98.51	89.89
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, 2010 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. M. J. Cyril LAGESSE [Up to 8 October 2010]
Mr. L. J. Jérôme DE CHASTEANEUF / B.Sc. Economics (LSE), A.C.A. (UK) [Up to 8 October 2010]
Mr. J. Jean-Pierre P. DALAIS / M.B.A. (USA) [As from 19 November 2010]
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
Mr. George J. DUMBELL / A.C.I.B. (UK)
Mr. M.A. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK)
Mr. M. D. Henri HAREL / A.C.I.S.
Mr. Thierry P.J.M. LAGESSE / M.B.A. (France) [Up to 8 October 2010]
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Mr. J.M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Victor C. SEEYAVE / M.B.A. (USA), B.A. Economics (UK)
Mr. A. Michel Thomas / LL.M., F.C.I.I., MCI Arb

DIRECTORS OF SUBSIDIARY COMPANIES

The Anglo-Mauritius Assurance Society Limited

Mr. M.E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. M.J. Cyril LAGESSE [Up to 8 October 2010]
Mr. L.J. Jérôme DE CHASTEANEUF / B.Sc. Economics (LSE), A.C.A. (UK) [Up to 8 October 2010]
Mr. J. Jean-Pierre P. DALAIS / M.B.A. (USA) [As from 19 November 2010]
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
Mr. George J. DUMBELL / A.C.I.B. (UK)
Mr. M.A. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK)
Mr. M.D. Henri HAREL / A.C.I.S.
Mr. Thierry P.J.M. LAGESSE / M.B.A. (France) [Up to 8 October 2010]
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, 2010 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE SUBSIDIARY COMPANIES (CONT'D)

Swan Group Corporate Services Limited

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

The Anglo-Mauritius Financial Services Limited

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

Swan Group Foundation - Incorporated on 11/01/2010

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

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION AND BENEFITS

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

– Directors of Swan Insurance Company Limited

	From the Company		From the Subsidiaries	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Executive Directors				
- Full-time	9,126	8,780	6,767	5,935
Non-executive Directors	908	952	1,024	1,068
	10,034	9,732	7,791	7,003

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

	From the Subsidiaries	
	2010	2009
	Rs'000	Rs'000
Executive Directors		
– Full-time	-	-
Non-executive Director	85	85
	85	85

DONATIONS

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Political contributions	1,625	-	875	-
Charitable donations	305	514	194	216
Corporate social responsibility	4,210	1,934	2,914	1,242

AUDITORS' FEES

	THE GROUP		THE COMPANY	
	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees paid to				
- BDO & Co	863	825	1,107	977
- Other firms	-	-	72	64
	863	825	1,179	1,041
Fees paid for other services:				
- Review of consolidated financial statements	220	248	230	317
- Review of statutory return	98	89	86	80
- Tax services	124	128	-	-
	442	465	316	397

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, 2010

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 BALLYON
For Swan Group Corporate Services Limited
Secretary

30 March 2011

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. State Bank of Mauritius Ltd Standard Bank (Mauritius) Limited The Hongkong and Shanghai Banking Corporation Ltd. The Mauritius Commercial Bank Ltd. Union de Banques Suisses (Luxembourg) S.A.
Reinsurance Broker:	AON Limited
Legal Advisers:	De Comarmond-Koenig

SWAN INSURANCE COMPANY LIMITED

proxy form

I/We
of
being a member/s of SWAN INSURANCE COMPANY LIMITED
hereby appoint
of
or failing him
of as my/our proxy to vote for me/us on my/our behalf at the
Annual Meeting of the Company to be held on Wednesday 22nd June 2011 at 09.30 hours and at any adjournment thereof.
I/We desire my/our vote to be cast on the ordinary resolutions as follows:

	FOR	AGAINST	ABSTAIN
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2010.			
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 elect Mr. J. Jean-Pierre P. Dalais as Director of the Company.			
6. To re-elect Mr. F.M.J. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
7. To re-elect Mr. 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.			

Dated this day of 2011.

(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.

