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Swan Group 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***

Notice is hereby given that the **forty-ninth Annual Meeting** of the Company will be held on **Friday 25th June 2004 at 10.00 hours** at the Registered Office of the Company on the 6th floor of the Swan Group Centre, Intendance Street, Port Louis to transact the following business:

1. To adopt the minutes of proceedings of the last Annual Meeting held on 27th June 2003.
2. To receive the Chairman's Statement and Directors' Report.
3. To consider and approve the Annual Report including the Audited Financial Statements of the Company and the Group at 31st December 2003.
4. To appoint De Chazal du Mée & Co. as Auditors of the Company until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.
5. To re-elect Mr M. J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.

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

10th May 2004
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.

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of Swan Insurance Company Limited and of the Group for the year ended December 31, 2003, contents of which are listed below:

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This report was approved by the Board of Directors on 10th May 2004.



M.J. Cyril Lagesse
Chairman



Cyril Mayer
Director

Principal Activity

Year ended December 31, 2003

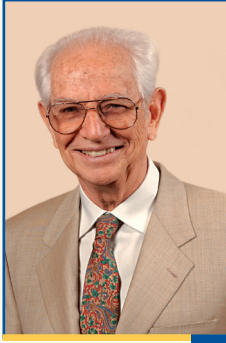
PRINCIPAL ACTIVITY

The principal activity of the Company is the transaction of short term insurance business and has remained unchanged during the year. The principal activity of each Subsidiary is shown hereunder and has remained unchanged during the year:

The Anglo-Mauritius Assurance Society Limited.	Life assurance, pension and fund administration
Swan International Co Limited.	Reinsurance Brokers and Consultants
Swan Properties Limited.	Purchase, development and sale of land
Verdun Industrial Building Co. Limited.	Rental of industrial building
Standard Property Limited.	Rental of property
Manufacturers' Distributing Station Limited.	Investment Company
Ilot Fortier Limited.	Purchase, development and sale of land
Investment and Administrative Co. (Mtius) Limited.	Investment Company
Themis Limited.	Purchase, development and sale of land

Directorate & Management

for the financial year 2003



M. J. Cyril LAGESSE



Cyril MAYER



P.Arnaud DALAIS



M. M. Hector ESPITALIER-NOËL



Me. Pierre DOGER DE SPÉVILLE

Directors

M. J. Cyril LAGESSE – Chairman
Cyril MAYER, B. Com., C.A. (S.A.)
P.Arnaud DALAIS
M. M. Hector ESPITALIER-NOËL, A.C.A.
Me. Pierre DOGER DE SPÉVILLE
J. L. Philippe DE CHASTEAUNEUF, F.A.I.A.
Thierry LAGESSE
Noël Adolphe VALLET
Sir René SEEYAVE, Kt., C.B.E. (resigned on 31/12/2003)
M. H. Patrick GUIMBEAU, C.S.K. (passed away on 20/03/04)

Group Chief Executive

Jean DE FONDAUMIÈRE, C.A.

Executive Manager

Paul ROUSSET, A.C.I.I.

Assistant Executive Manager (Administration) & Group Company Secretary

Jean Paul CHASTEAU DE BALYON

Registered Office

Swan Group Centre
Intendance Street
Port Louis

Consultants to the Group Chief Executive

Josie LAPIERRE, D.U.T., M.S.G., D.E.A.
Gérald LINCOLN



J. L. Philippe DE CHASTEAUNEUF



Thierry LAGESSE



Noël Adolphe VALLET



Sir René SEEYAVE



M. H. Patrick GUIMBEAU

Senior Managers

Jean Marc CHEVREAU - Technical
 Suzanne CHUNG TAK LUN – Information Technology
 Guy DE GAYE – Commercial
 Gilles HERBEREAU DE LACHAISE – Marine
 Philippe LO FAN HIN, F.C.I.I. – Reinsurance and Statistics
 Michel THOMAS, F.C.I.I., MCI Arb – Group Research & Development
 Pierre XAVIER – Accounts

Managers

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

Assistant Managers

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

On behalf of the Board of Directors, I am pleased to submit the forty-ninth Annual Report and Audited Financial Statements of Swan Insurance Company Limited and of the Group, for the year ended 31st December 2003.



M.J. Cyril Lagesse - Chairman

Corporate Profile

The Swan Group, one of the market leaders in the insurance sector in Mauritius, operates through Swan Insurance Company Limited for general insurance business and The Anglo-Mauritius Assurance Society Limited for life assurance, 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 either within its treaty capacities or through Swan International, a wholly owned offshore subsidiary of the Swan Group.

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

The Group's Gross Premium Income amounted to Rs. 1.4 billion at 31st December 2003. Assets under the management of the Swan Group amounted to Rs. 9.0 billion and the Life Assurance Fund reached Rs. 8.1 billion at 31st December 2003.

Reserves of the Swan Group stood at Rs. 505.8 million and that of the Company at Rs. 489.0 million in 2003.

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. 2.1 billion and loans on business properties totalled Rs. 274 million at 31st December 2003.

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 2003 was Rs. 437.5 million.

Legal and Regulatory Framework

After the introduction in June 2002 of the Financial Intelligence and Anti-Money Laundering (FIAML) Act, much attention was devoted this year to aligning the legislation with the latest Financial Action Task Force (FATF) recommendations and the issue of regulations and guidance codes to ensure effective compliance.

In April 2003, the Financial Services Commission (FSC) issued an Anti-Money Laundering Code to describe the anti-money laundering practice expected from insurance entities and to assist them in complying with the obligations contained in the FIAML Act. In June 2003, regulations were made by the Minister, known as the FIAML Regulations 2003, which provided for, inter alia, the appointment of a Money Laundering Reporting Officer (MLRO). The FIAML Act 2002 was further amended in September 2003 to strengthen the investigative powers of the Financial Intelligence Unit in relation to a reported suspicious transaction.

The Road Traffic Act was amended on 16th September 2003 by the Road Traffic (Amendment no. 3) Act 2003 to make provision for a fast-track process of ascertaining liability and paying compensation in case of road accidents not involving bodily injury. However, this amendment Act is not expected to come into force before August 2004. This change in the law aims to ensure that insured persons are speedily compensated and to alleviate the burden of the Police having to attend to every road accident which, in a large majority of cases, never result in court litigation.

Concerning the introduction of new legislation for the regulation of both short and long term insurance business, the FSC has submitted draft bills to the industry and consultations are under way. The Insurers Association has set up a special committee to thoroughly examine the proposed legislations and amendment proposals have been consolidated and submitted to the regulator.

Corporate Governance

Compliance with the Code of Corporate Governance issued in October 2003 will be a requirement as from the reporting year (financial period) ending 30th June 2005. Full conformance with the Code will be progressive, but it can already be reported that the values by which the Group is carrying its operations are inspired by the fundamental principles stated in the Code like good financial, social, ethical and environmental practice. Moreover, as a Corporate Citizen the Group appreciates that it cannot act independently from the community in which it operates.

Performance is also essential, and our operations are constantly focused on business success and the creation of a steady long-term growth in shareholder value.

Code of Ethics

The Group is participating in the initiative of the Joint Economic Council (JEC) in view of developing systems for the implementation and accreditation processes of the Code of Ethics. The Code was voted by the Board of Directors, based on the Model Code of Conduct proposed by the JEC and adapted to meet the specific needs of the Group.

Safety, Health and Environment

The Group is committed to the development and implementation of safety, health and environment 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.

New Constitution

The Shareholders of the Company were convened to a Special Meeting on 10th October 2003 and approved the adoption of a new Constitution in substitution for the Memorandum & Articles of Association.

Dividends

The Directors declared a dividend of Rs. 4.00 per share for the year to 31st December 2003 (Rs. 4.00 per share in 2002). On the basis of the Company's share price at 31st December 2003, the payment of this dividend represented a yield of 6.56%.

Directorate

After thirty-four years as a member of the Board of Directors, Sir René Seeyave has expressed the wish of retiring at the end of 2003.

The Directors would like to record the invaluable contribution of Sir René Seeyave to the Board and to wish him every success in the continuation of his activities.

The Directors were saddened to learn that M.H. Patrick Guimbeau, C.S.K. had passed away on 20th March 2004. His invaluable contribution to the Board will be missed and the Directors wish to offer their heartfelt condolences to his family.

Acknowledgements to our key partners and employees

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

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



M.J. Cyril Lagesse
Chairman



Jean De Fondaumière, C.A.

Short Term Insurance

The local insurance market has generally suffered in 2003 from further restrictions in terms of reinsurance capacity, increase costs of protection and reduction in reinsurance commissions.

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

The Company's Gross Premium Income increased by 5.5% to Rs. 577.3 million in 2003 (Rs. 546.9 million in 2002) while Net Earned Premiums rose to Rs. 214.6 million (Rs. 188.0 million in 2002) representing an increase of 14.1%.

Increased claims were incurred during the year in our Fire, Liability and Health branches. As expected, the hardening of the reinsurance markets noted in 2002, has continued in 2003 resulting in lower commission rates on business ceded by the Company, increased retentions, and higher costs in protecting the Company's retained business.

The Profit Before Tax for 2003 amounted to Rs. 49.9 million compared to Rs. 55.2 million in 2002. Dividends paid were maintained at Rs. 28.7 million and amounts of Rs. 2.3 million and Rs. 15.2 million transferred to statutory reserve fund and general reserves respectively.

The Company's reserves at 31st December 2003 stood at Rs. 489.0 million compared to Rs. 463.6 million in 2002.

Long Term Insurance Individual Business

During the year under review our attention was focused on changes in the financial services sector prompted by new legislation and economic factors. The resulting impact on our line business is not to be neglected. As a result of increased

competition in the congested residential loan market and falling interest rates, companies operating in this sector of the finance industry are more customer focused.

We recognise that the stakes are continuously on the rise. The implementation of our strategic rethinking processes initiated in 2001 has resulted in the strengthening of our positioning in this competitive and changing environment. Our commitment to focusing much of our resources and effort on the needs and expectations of our customers, in customer service and relationship, in streamlining work processes, in reviewing the marketing and distribution of our product and services, has proved rewarding in our pursuit of excellence in service standards and improved value to our policyholders.

The Company has a proud record as a leader in the all-important area of policy values. Payments made in respect of claims on maturity, retirement and death have always been amongst the highest in the Industry. Ensuring that policyholders receive the best possible return on their investment is one of the key elements in our ongoing search for excellence.

Corporate Business

During 2003 we looked to build on our position as one of key players in the Mauritian pensions market, drawing on our multi-disciplined team which includes actuaries, accountants, lawyers, and pension, investment and insurance professionals.

We offer a full range of pension scheme designs, including defined benefit, defined contribution and hybrid arrangements. We look to develop tailor-made benefit solutions that fit our clients' strategy, culture and budget. We can administer any type of scheme structure, including fully insured arrangements, Trust-based schemes or Superannuation Funds, depending on the level of day-to-day involvement our clients wish to have in the running of their schemes.

We offer an unbundled range of pension-related services to our clients. These include actuarial consulting, pensions administration, employee communications, investment consulting, advice on the employee benefits aspects of mergers and acquisitions, risk benefit consulting and advice on executive remuneration.

To enhance our portfolio of employee benefit products, we introduced a new group disability product during 2003. A group disability scheme provides an income to an employee who is unable to work because of a long-term illness or disability. The income continues to be paid until the employee recovers, dies or reaches retirement age.

A group disability scheme enables employers to offer their employees valuable protection should the unfortunate happen and they are no longer able to work. Recognising that different clients have different needs and objectives, we offer a flexible range of benefit options.

Economic Highlights*

The World Economy

In 2003 the world economy strengthened compared to the past three years. The global recovery was mainly driven by the United States and emerging Asia, particularly China, in spite of issues linked to the Severe Acute Respiratory Syndrome (SARS) and the geopolitical risks including terrorist attacks.

While the recovery was quite slow in the first semester 2003, in the second half of 2003 the global Gross Domestic Product (GDP) growth was the highest since 1999. In almost all regions of the world, global trade, investment, industrial production and business improved in 2003.

Global GDP growth was 3.9% in 2003 compared to 3.0% in 2002. The growth rate of the United States was 3.1% in 2003 compared to 2.2% in 2002 whilst the growth rate of the Euro area was 0.4% in 2003 compared to 0.9% in 2002. World trade volume growth was 4.5% in 2003 compared to 3.1% in 2002.

Global GDP growth and world trade volume growth are forecast at 4.6% and 6.8% respectively for 2004.

Positive growth rates are forecast for most advanced economies, emerging markets and developing countries for 2004. The United States and the Asian market, mainly driven by China and India will continue to sustain the world output. However, while even a slight growth is earmarked for Japan, the Euro zone is expected to remain quite stagnant.

The Mauritian Economy

The Mauritian economy grew by 4.4% in 2003 compared to 2.0% in 2002. Gross Domestic Product (GDP) at basic prices reached Rs. 137.2 billion in 2003.

This growth for 2003 is mainly attributable to a recovery in the sugar sector (3.1% compared to -19.3% in 2002), the financial sector (7.2% compared to 2.0% in 2002) and the construction sector (10.1% compared to 7.6% in 2002). The Export Processing Zone (EPZ) sector, which was previously expected to grow positively, declined by 4.0% (after a decline of 6.0% in 2002). The tourism sector grew by 3.0% (3.2% in 2002) in line with the increase in tourist arrivals (702,018 compared to 681,648 in 2002). The insurance sector grew by 7.3% compared to 8.0% in 2002 with a contribution of Rs. 3.8 billion to the GDP. Commercial banks grew by 5.9% compared to 5.0% in 2002, while the offshore banks recorded a growth of 12.3% after a decline of 14.0% in 2002.

The growth rate is forecast at 5.3% for 2004. GDP at basic prices is estimated at Rs. 150.6 billion for 2004.

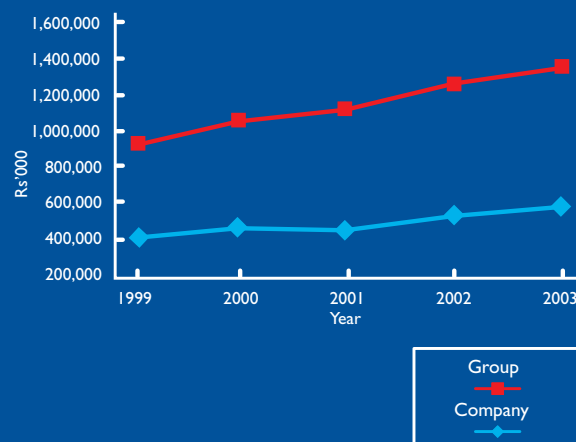
Positive growth rates are expected for the sugar sector (15.4% with a production of 620,000 tonnes), the tourism sector (5.4% with tourist arrivals at 740,000), the financial sector (7.4%) and the construction sector (4.7%).

However, the growth rate of the EPZ sector is still expected to be negative for the third consecutive year (-2.0%) taking into account the closures and downsizing processes in this sector, softened by the positive impact of the African Growth Opportunity Act (AGOA) II.

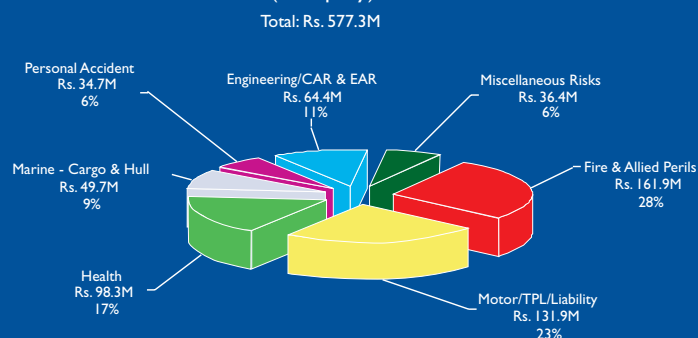
Total investment reached Rs. 35.6 billion in 2003, which represents an increase of 13.3% compared to 2002 (Rs. 31.4 billion), but in real terms it grew by 9.7%. An increase of 6.8% (3.2% in real terms) is forecast for total investment which is expected to reach Rs. 38.0 billion in 2004.

The investment rate has remained stagnant for the past three years from 22.6% in 2001 to 22.7% in 2003. It is expected to be 22.0% in 2004.

Gross Premiums (Group & Company)



Gross Premium Income by Class of Business (Company)



Net Earned Premiums (Company)



Gross National Saving (GNS) decreased in 2003 (26.0% compared to 27.3% in 2002) and is forecast to remain the same in 2004 (26.0%) at Rs. 45.4 billion.

GDP per capita is estimated at Rs. 139,760 for 2004 as compared to Rs. 128,288 in 2003, indicating an increase of 8.9%.

The inflation rate was 3.9% in 2003 as compared to 6.4% in 2002 and is forecast at 4.0% for financial year 2003-2004.

The population of the Republic of Mauritius was slightly more than 1.2 million in 2003, which indicates a 1.0% growth over 2002. Total labour force was 549,500 (358,900 males and 190,600 females) and total employment reached 495,100 in 2003.

Unemployment rate worked out at 10.2% (9.0% for males and 12.6% for females) in 2003 as compared to 9.7% in 2002. The number of unemployed in 2003 was 54,400 (31,700 males and 22,700 females).

Financial Highlights

The Group's Gross Premium Income at 31st December 2003 amounted to Rs. 1,373.5 million, representing an increase of 6.0% (Rs. 1,295.9 million in 2002). The Net Earned Premiums increased from Rs. 906.2 million in 2002 to Rs. 973.3 million this year.

The Profit Before Tax dropped to Rs. 59.9 million in 2003, representing a decrease of 6.1% (Rs. 63.8 million in 2002), resulting mainly from the increased claims experienced in the fire sector in the tourism industry in the year under review.

Total assets under the management of the Swan Group amounted to Rs. 9.0 billion at 31st December 2003 (Rs. 7.9 billion in 2002) and thus increased by 14.8%.

The Life Assurance Fund amounted to Rs. 8.1 billion at 31st December 2003 compared to Rs. 6.9 billion in 2002, representing an increase of 16.8%.

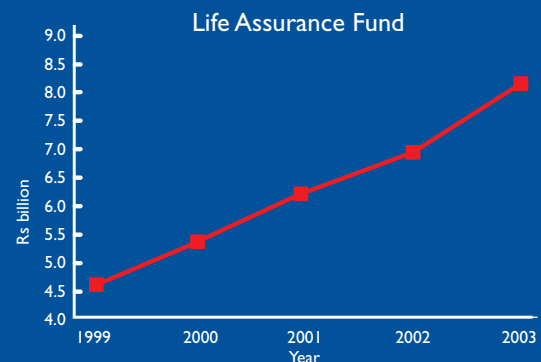
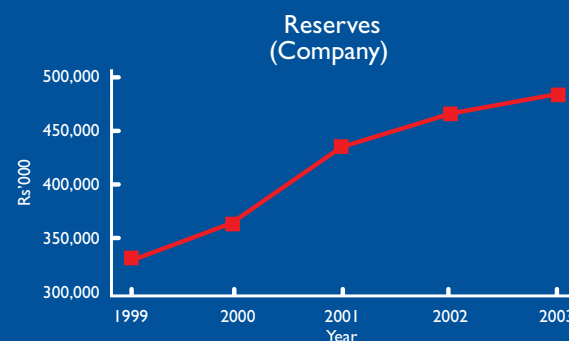
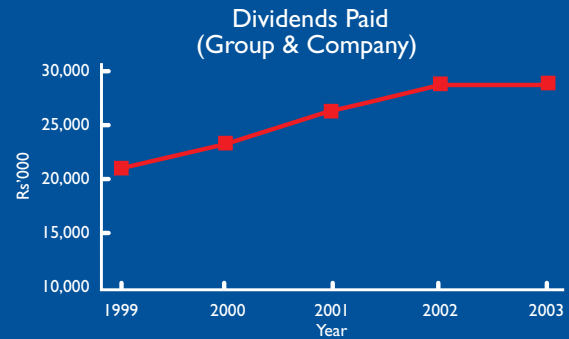
Thus, the Net Asset Value per Share amounted to Rs. 75.5 in 2003 (Rs. 74.9 in 2002) and the Earnings per Share decreased by 6.4% at Rs. 6.43 compared to Rs. 6.87 in 2002.

Investments

2003 was a very good year for the SEMDEX, which increased by 37.6% in rupee terms. The performance was even better when translated into dollar terms with a return reaching 50.7%. In comparison, the Dow Jones, the main index of New York Stock Exchange increased by 25.3% and the Financial Times Index in London increased by 13.6%.

Also, during the year, interest rates in the United States were reduced to a historically low level of 1% while decreasing to 2% in Europe. In Mauritius the Lombard rate was cut four times in all by a total of 1.25%.

Our largest fund remains the With-Profit Fund, with assets of Rs. 7.7 billion at market value as at 31st December 2003 compared to Rs. 6.6 billion the previous year. This fund is the vehicle for all the products offering investment guarantees. As each product type has its own ideal long-term asset allocation strategy, the investment strategy for the whole fund is derived from the relative weighting within the fund of these different products. Despite the decrease in interest rates that weighted on the fixed income



investments, this fund has realised a very satisfactory return in 2003, mainly due to an excellent return on its equity portfolio.

The Equity Fund (Life) was our best performing fund over 2003 with a return of 39.1%. This fund invests at least 90% of its assets in quoted shares of well-established companies, on the local and foreign markets. On the other hand, our most popular unitised funds, the General Fund (Life) and the Secure Fund (Pension), have achieved returns slightly lower than last year, both around 10%. These funds are mainly invested in Loans and Treasury Bills, the yields of which were affected by the decrease in interest rates.

Anti-Money Laundering Compliance

The issue of AML compliance has been addressed by the Group with diligence and in the most comprehensive and rigorous manner. In accordance with the provisions of the FIAML Regulations 2003, internal policies, programmes and controls together with customer due diligence procedures were put in place to fight money laundering.

An MLRO and a Deputy MLRO were designated and clear internal reporting procedures were established to facilitate the efficient reporting by employees of all suspicious transactions. In addition, an anti-money laundering compliance manual of procedures providing clear and accurate practical guide lines was prepared and handed over to each employee.

Intensive AML training has been carried out over a period of nearly two months to all employees and agents of the Group. Much emphasis was laid on the detection and reporting of suspicious transactions as well as on the documentary information to be obtained from clients regarding 'Know Your Client' (KYC) verification procedures. Awareness has also been heightened as to the need to remain alert to Money Laundering methods and tactics in view of the significant reputational and financial damage which may ensue.

Finally, a special AML steering committee has been set up to monitor and review programmes and procedures implemented and to promptly address any compliance problem which may crop up.

Human Resources

Michel Thomas, Senior Manager of Swan Insurance Company Limited (Swan Insurance), and Maxime Rey, Financial Controller of The Anglo-Mauritius Assurance Society Limited (The Anglo-Mauritius) were respectively appointed MLRO and Deputy MLRO of Swan Insurance and The Anglo-Mauritius on 17th October 2003.

Philippe Lo Fan Hin, Head of the Reinsurance and Statistics Department of Swan Insurance, was promoted Senior Manager on 1st July 2003.

The Management Team and the staff of The Anglo-Mauritius participated in Performance Management System Sessions which enabled the organisation to establish solid foundations for managing performance.

The Performance Management System offers many challenges and opportunities to managers and employees who are increasingly being asked to step outside of traditional narrowly-defined job descriptions in support of team objectives and goals.

Our employees are our main assets in the organisation and we have integrated employee development with a results-based assessment to be able to direct and motivate them to be productive and achieve results. At the same time, our employees have been given the opportunity to discuss development goals and jointly create a plan for achieving the organisational goals.

During the year, the staff and the sales representatives of The Anglo-Mauritius followed refresher courses on the Unit-Linked and Conventional Personal Pension Plans. Furthermore, the sales representatives were invited to follow a Sales Techniques Course. These courses were conducted by Carlo Poliah, Agency Manager of the Individual Business Marketing Department of The Anglo-Mauritius.

Communication

Indian Ocean Islands Games

The Swan Group, namely Swan Insurance and The Anglo-Mauritius, was the official sponsor of the Tennis for the 2003 Indian Ocean Islands Games which were held in August-September 2003 in Mauritius. The Mauritian tennis team performed very well and won 4 medals. As a corporate citizen, we were proud to participate in this regional sports event with the full support of our staff.

The Group has always been closely associated with sports namely athletics, football, swimming and more specially tennis.

The Anglo-Mauritius Open

In November 2003, The Anglo-Mauritius Open – Championnat de Tennis sur Terre Battue was launched in partnership with the Rose Hill Club under the aegis of the Mauritius Tennis Federation (MTF) in view of promoting tennis among the Mauritian youth. This first edition was a success and The Anglo-Mauritius Open will be held every year.

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

Social Responsibility

We firmly believe that we need to participate actively in community projects in Mauritius. We have been involved for several years now in social responsibility based programmes whereby the goals are consistent with our core corporate values. We are currently working on initiatives whereby priority is given to the promotion of education, welfare, sports and arts in Mauritius. These initiatives are being conducted with the participation of the employees who are looking into the opportunity of giving their time and offering their skills to the community.

The processes of changing environment and of globalisation will continue to impact on our core businesses. We trust that by focusing on the needs and expectations of our key stakeholders namely our clients, our employees and our shareholders, we will successfully grasp the challenging opportunities that are offered in this competitive global environment.



Jean de Fondaumière, C.A.
Group Chief Executive

*Source: World Economic Outlook, April 2004 – International Monetary Fund (IMF)
Central Statistical Office, Republic of Mauritius

I have audited the financial statements of **Swan Insurance Company Limited (the Company) and its Subsidiaries** (the Group) set out on pages 16 to 41 which have been prepared on the basis of the accounting policies set out on pages 21 to 24.

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

Respective responsibilities of Directors and Auditor

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

Basis of opinion

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

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

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

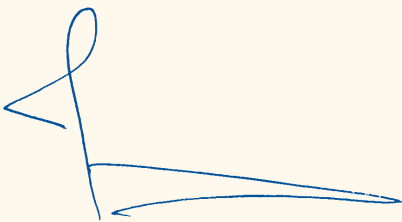
Opinion

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

In my opinion:

- a) proper accounting records have been kept by the Group and the Company as far as it appears from my examination of those records;

- b) the financial statements give a true and fair view of the state of affairs of the Group and the Company as at December 31, 2003 and of the profits and cash flows for the year then ended, comply with the Companies Act 2001 and the Insurance Act 1987 and have been prepared in accordance with International Financial Reporting Standards.



Jean Marc HAREL, G.O.S.K., F.C.A., FCI Arb
of DE CHAZAL DU MEE & CO
Chartered Accountants
Port-Louis,
Mauritius.
12th May 2004.

Balance Sheets

As at December 31, 2003

	Notes	THE GROUP		THE COMPANY	
		2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
ASSETS					
Non-current assets					
Property and equipment	3	100,850	108,081	100,850	108,081
Intangible asset	4	2,842	2,000	2,842	2,000
Statutory Deposit		8,000	8,000	8,000	8,000
Investments in Subsidiary Companies	5	-	-	31,055	31,082
Other financial investments	6	49,381	45,960	49,381	45,960
Investments in securities	7	226,177	203,861	226,177	203,861
Net deferred tax assets	8	4,836	2,449	4,836	2,449
		<u>392,086</u>	<u>370,351</u>	<u>423,141</u>	<u>401,433</u>
Current assets					
Trade and other receivables	9	316,373	368,145	256,612	279,850
Bank balances, deposits and cash	22(b)	<u>190,476</u>	<u>166,899</u>	<u>189,945</u>	<u>166,220</u>
		<u>506,849</u>	<u>535,044</u>	<u>446,557</u>	<u>446,070</u>
Life Business Assets	10	<u>8,117,046</u>	<u>6,949,516</u>	-	-
Total assets		<u>9,015,981</u>	<u>7,854,911</u>	<u>869,698</u>	<u>847,503</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	11	35,857	35,857	35,857	35,857
Reserves	12	<u>505,787</u>	<u>501,053</u>	<u>488,996</u>	<u>463,637</u>
Shareholders' Interests		<u>541,644</u>	<u>536,910</u>	<u>524,853</u>	<u>499,494</u>
Minority Interests	13	<u>18,819</u>	<u>27,099</u>	-	-
		<u>560,463</u>	<u>564,009</u>	<u>524,853</u>	<u>499,494</u>
Technical provisions					
Life Assurance Fund	1(g)	8,117,046	6,949,516	-	-
Insurance Fund	1(h)	<u>107,889</u>	<u>106,395</u>	<u>107,889</u>	<u>106,395</u>
		<u>8,224,935</u>	<u>7,055,911</u>	<u>107,889</u>	<u>106,395</u>
Non-current liabilities					
Employee Benefits Obligation	14	<u>30,575</u>	<u>28,314</u>	<u>30,575</u>	<u>28,314</u>
Current liabilities					
Trade and other payables	15	194,121	198,237	200,494	204,860
Current tax liabilities	16	<u>5,887</u>	<u>8,440</u>	<u>5,887</u>	<u>8,440</u>
		<u>200,008</u>	<u>206,677</u>	<u>206,381</u>	<u>213,300</u>
Total equity and liabilities		<u>9,015,981</u>	<u>7,854,911</u>	<u>869,698</u>	<u>847,503</u>

These financial statements have been approved for issue by the Board of Directors on 10th May 2004.



M.J. Cyril Lagesse
Chairman



Cyril Mayer
Director

The notes on pages 21 to 41 form an integral part of these financial statements.
Auditor's report on pages 14 and 15.

Profit and Loss Accounts

Year ended December 31, 2003

	Notes	THE GROUP		THE COMPANY	
		2003	2002	2003	2002
		Rs'000	Rs'000	Rs'000	Rs'000
GROSS PREMIUMS		<u>1,373,498</u>	<u>1,295,884</u>	<u>577,273</u>	<u>546,930</u>
NET EARNED PREMIUMS	1(o)/17	<u>973,311</u>	<u>906,203</u>	<u>214,565</u>	<u>188,047</u>
UNDERWRITING (LOSS)/PROFIT	18	(5,732)	3,405	(5,532)	3,500
Other income	19	<u>65,669</u>	<u>60,441</u>	<u>55,421</u>	<u>51,653</u>
PROFIT BEFORE TAXATION		59,937	63,846	49,889	55,153
Taxation	16	<u>(3,657)</u>	<u>(5,901)</u>	<u>(3,657)</u>	<u>(7,295)</u>
PROFIT AFTER TAXATION		56,280	57,945	46,232	47,858
Minority interests	13	<u>(10,143)</u>	<u>(8,676)</u>	-	-
NET PROFIT		46,137	49,269	46,232	47,858
DIVIDENDS	20	<u>(28,685)</u>	<u>(28,685)</u>	<u>(28,685)</u>	<u>(28,685)</u>
		17,452	20,584	17,547	19,173
Transfer to Statutory Reserve Fund		<u>(2,312)</u>	<u>(2,393)</u>	<u>(2,312)</u>	<u>(2,393)</u>
RETAINED PROFIT FOR THE YEAR		<u>15,140</u>	<u>18,191</u>	<u>15,235</u>	<u>16,780</u>
Retained by:					
Holding Company		15,235	16,780		
Subsidiary Companies		<u>(95)</u>	<u>1,411</u>		
		<u>15,140</u>	<u>18,191</u>		
EARNINGS PER SHARE (Rupees and cents)	21	<u>6.43</u>	<u>6.87</u>	<u>6.45</u>	<u>6.67</u>

The notes on pages 21 to 41 form an integral part of these financial statements.
Auditor's report on pages 14 and 15.

Statements of Changes in Equity

Year ended December 31, 2003

(a) THE GROUP

	Notes	Share Capital Rs'000	Fair Value Reserve Rs'000	Revaluation & Other Reserves Rs'000	Proprietors' Fund Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000
Balance at January 1, 2002		35,857	(4,512)	39,356	12,423	343,184	59,363	485,671
Transfer		-	43,457	-	-	(43,457)	-	-
Increase in fair value of available-for-sale securities	7	-	7,639	-	-	-	-	7,639
Exchange differences on translation of the financial statements of Global Business Category I subsidiary		-	-	22	-	-	-	22
Movement for the year		-	-	-	22,994	-	-	22,994
Net profit		-	-	-	-	49,269	-	49,269
Dividends	20	-	-	-	-	(28,685)	-	(28,685)
Transfer to Statutory Reserve Fund		-	-	-	-	(2,393)	2,393	-
Balance at December 31, 2002		35,857	46,584	39,378	35,417	317,918	61,756	536,910
Balance at January 1, 2003		35,857	46,584	39,378	35,417	317,918	61,756	536,910
Increase in fair value of available-for-sale securities	7	-	11,969	-	-	-	-	11,969
Release from fair value reserve		-	(4,157)	-	-	-	-	(4,157)
Exchange differences on translation of the financial statements of Global Business Category I subsidiary		-	-	(63)	-	-	-	(63)
Movement for the year		-	-	-	(20,467)	-	-	(20,467)
Net profit		-	-	-	-	46,137	-	46,137
Dividends	20	-	-	-	-	(28,685)	-	(28,685)
Transfer to Statutory Reserve Fund		-	-	-	-	(2,312)	2,312	-
Balance at December 31, 2003		35,857	54,396	39,315	14,950	333,058	64,068	541,644

The notes on pages 21 to 41 form an integral part of these financial statements.
Auditor's report on pages 14 and 15.

Statements of Changes in Equity

Year ended December 31, 2003

(b) THE COMPANY

	Notes	Share Capital Rs'000	Fair Value Reserves Rs'000	Other Reserves Rs'000	Retained Earnings Rs'000	Statutory Reserve Fund Rs'000	Total Rs'000
Balance at January 1, 2002		35,857	(4,512)	39,288	342,686	59,363	472,682
Transfer		-	43,457	-	(43,457)	-	-
Increase in fair value of available-for-sale securities	7	-	7,639	-	-	-	7,639
Net profit		-	-	-	47,858	-	47,858
Dividends	20	-	-	-	(28,685)	-	(28,685)
Transfer to Statutory Reserve Fund		-	-	-	(2,393)	2,393	-
Balance at December 31, 2002		<u>35,857</u>	<u>46,584</u>	<u>39,288</u>	<u>316,009</u>	<u>61,756</u>	<u>499,494</u>
Balance at January 1, 2003		35,857	46,584	39,288	316,009	61,756	499,494
Increase in fair value of available-for-sale securities	7	-	11,969	-	-	-	11,969
Release from fair value reserve		-	(4,157)	-	-	-	(4,157)
Net profit		-	-	-	46,232	-	46,232
Dividends	20	-	-	-	(28,685)	-	(28,685)
Transfer to Statutory Reserve Fund		-	-	-	(2,312)	2,312	-
Balance at December 31, 2003		<u>35,857</u>	<u>54,396</u>	<u>39,288</u>	<u>331,244</u>	<u>64,068</u>	<u>524,853</u>

The notes on pages 21 to 41 form an integral part of these financial statements.
Auditor's report on pages 14 and 15.

Cash Flow Statements

Year ended December 31, 2003

	Notes	THE GROUP		THE COMPANY	
		2003	2002	2003	2002
		Rs'000	Rs'000	Rs'000	Rs'000
Operating activities					
Cash generated from/(used in) operations	22(a)	40,040	(11,138)	29,986	(19,722)
Tax paid		(8,597)	(9,384)	(8,597)	(9,384)
Net cash generated from/(used in) operating activities		<u>31,443</u>	<u>(20,522)</u>	<u>21,389</u>	<u>(29,106)</u>
Investing activities					
Purchase of property and equipment	3	(5,143)	(8,880)	(5,143)	(8,880)
Purchase of intangible asset	4	(1,553)	(2,000)	(1,553)	(2,000)
Disposal proceeds of property and equipment		940	2,459	940	2,459
Purchase of investment in Subsidiary Company	5	-	(24,789)	-	(24,789)
Disposal of investment in Subsidiary Company		195	-	195	-
Purchase of securities	7	(105,313)	(61,916)	(105,313)	(61,916)
Disposal of securities		100,231	84,246	100,231	84,246
Loans granted	6	(7,878)	(2,520)	(7,878)	(2,520)
Loans recovered	6	3,985	1,706	3,985	1,706
Investment income received		48,085	48,468	48,083	48,356
Net cash generated from investing activities		<u>33,549</u>	<u>36,774</u>	<u>33,547</u>	<u>36,662</u>
Financing activities					
Dividends paid to Group shareholders	20	(28,685)	(28,685)	(28,685)	(28,685)
Dividends paid to minority shareholders	13	(10,143)	(8,676)	-	-
Net cash used in financing activities		<u>(38,828)</u>	<u>(37,361)</u>	<u>(28,685)</u>	<u>(28,685)</u>
Increase/(decrease) in cash and cash equivalents		<u>26,164</u>	<u>(21,109)</u>	<u>26,251</u>	<u>(21,129)</u>
Movements in cash and cash equivalents					
At January 1,		166,899	187,123	166,220	186,464
Increase/(decrease) in cash equivalents		26,164	(21,109)	26,251	(21,129)
Effect of exchange rate changes		(2,587)	885	(2,526)	885
At December 31,	22(b)	<u>190,476</u>	<u>166,899</u>	<u>189,945</u>	<u>166,220</u>

The notes on pages 21 to 41 form an integral part of these financial statements.
Auditor's report on pages 14 and 15.

I. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements comply with International Financial Reporting Standards (IFRS) and are prepared under the historical cost convention, except that:

- (i) land and buildings of certain Subsidiary Companies are at revalued amounts.
- (ii) available-for-sale securities are stated at their fair value and;
- (iii) held-to-maturity securities are carried at amortised cost.

Where necessary, comparative figures have been amended to conform with change in presentation in the current year.

(b) Principles of consolidation

Consolidated financial statements

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

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

A Subsidiary, The Anglo-Mauritius Assurance Society Limited carries out 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.

(c) Foreign currencies

Transactions in currencies other than Mauritian rupees are initially recorded at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Profit and Loss Account/Life Assurance Fund Account. Such balances are translated at year-end exchange rates.

Profit and Loss Account of the Global Business Category 1 Subsidiary is translated into the Group's reporting currency at average exchange rates for the year and the Balance Sheet is translated at the year end exchange rates ruling on December 31, 2003. Exchange differences arising from the retranslation of the net investment in the Global Business Category 1 Subsidiary are taken to "Translation Reserve" in shareholders' equity. In the event of disposal of the Global Business Category 1 Subsidiary, such translation differences are recognised in the Profit and Loss Account as part of the gain or loss on sale.

(d) Intangible asset

Intangible asset consists of purchased goodwill.

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

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

(e) Property and equipment

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

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

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

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

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining profit before tax.

(f) Impairment

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

(g) Life Assurance Fund

Non-Linked Account

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

Linked Account

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

(h) Insurance Fund

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

(i) Provision for claims outstanding

Outstanding claims provisions are made up of :

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

(j) Financial instruments

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

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

(i) Trade receivables

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

(ii) Trade payables

Trade payables are stated at their nominal value.

(iii) Equity instruments

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

(k) Other financial investments

These comprise of loans secured by mortgages. Loans are measured at amortised cost.

(l) Investments in securities

Initial recognition

Investments are recognised on trade-date basis and are initially measured at cost.

Subsequent recognition

Held-to-maturity securities

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

Available-for-sale securities

Available-for-sale investments are measured at subsequent reporting dates at fair value. Unrealised gains and losses on such securities are recognised directly in equity and to Life Assurance Fund for the 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 and in the Life Assurance Fund is included in the Profit and Loss Account and Linked and Non-Linked Accounts of the respective Life Assurance Fund for the year. On disposal, the profit or loss recognised in the Profit and Loss Account and Linked and Non-Linked Accounts of the respective Life Assurance Fund, is the difference between the proceeds and the carrying amount of the asset.

Investments in Subsidiary Companies

Investments in Subsidiary Companies are stated at cost net of any impairment in value. Impairment in value of the investments and any surpluses or losses arising on disposal are accounted in the Profit and Loss Account.

(m) Deferred income taxes

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

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

The principal temporary differences arise from depreciation on property and equipment, translation gains and losses and Employee benefits obligation.

(n) Employee benefits obligation

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

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

(o) Revenue recognition

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

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

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

(p) Provisions

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

2. FINANCIAL RISK FACTORS

The Board has overall responsibility for the Group's systems of risk management and internal control and for reviewing their effectiveness. Executive management has the responsibility for establishing and implementing appropriate systems and controls. During the year, management has focussed considerable attention on enhancing its risk management processes and structures.

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

- Interest rate risk
- Credit risk
- Foreign exchange risk
- Equity price risk and
- Reinsurers' default

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

Interest rate risk

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

Credit risk

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

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

Foreign exchange risk

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

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

Equity price risk

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

Reinsurers' default

The Group and the Company are exposed to the possibility of default by its Reinsurers. Management closely monitors the financial strength of its Reinsurers and have policies in place to ensure that risks are ceded to top-rated and credit-worthy Reinsurers only.

3. PROPERTY AND EQUIPMENT

THE GROUP AND THE COMPANY

	Buildings Rs'000	Motor Vehicles Rs'000	Furniture & Fittings Rs'000	Office Equipment Rs'000	Total Rs'000
COST					
At January 1, 2003	86,391	28,392	18,953	44,352	178,088
Additions	-	3,723	497	923	5,143
Disposals	-	(2,669)	-	-	(2,669)
At December 31, 2003	<u>86,391</u>	<u>29,446</u>	<u>19,450</u>	<u>45,275</u>	<u>180,562</u>
DEPRECIATION					
At January 1, 2003	1,728	16,549	15,503	36,227	70,007
Charge for the year	1,728	4,929	1,943	3,774	12,374
Disposal adjustments	-	(2,669)	-	-	(2,669)
At December 31, 2003	<u>3,456</u>	<u>18,809</u>	<u>17,446</u>	<u>40,001</u>	<u>79,712</u>
NET BOOK VALUES					
At December 31, 2003	<u>82,935</u>	<u>10,637</u>	<u>2,004</u>	<u>5,274</u>	<u>100,850</u>
At December 31, 2002	<u>84,663</u>	<u>11,843</u>	<u>3,450</u>	<u>8,125</u>	<u>108,081</u>

4. INTANGIBLE ASSET

THE GROUP AND THE COMPANY

	Purchased Goodwill Rs'000
COST	
At January 1, 2003	2,000
Additions	1,553
At December 31, 2003	<u>3,553</u>
AMORTISATION	
At January 1, 2003	-
Charge for the year	711
At December 31, 2003	<u>711</u>
NET BOOK VALUE	
At December 31, 2003	<u>2,842</u>
At December 31, 2002	<u>2,000</u>

5. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST**(a) THE COMPANY**

	2003			2002
	OTC Quoted Rs'000	Unquoted Rs'000	Total Rs'000	Total Rs'000
At January 1,	30,925	157	31,082	6,293
Additions	-	-	-	24,789
Disposals	(27)	-	(27)	-
At December 31,	30,898	157	31,055	31,082
Disposal proceeds	195	-	195	-

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

Name of Companies	Class of shares held	Nominal Value of Investment		Swan Insurance Company Limited %		Other Group Company %	
		2003	2002	Holding		Holding	
		Rs'000	Rs'000	2003	2002	2003	2002
The Anglo-Mauritius Assurance Society Limited.	Ordinary	17,755	17,770	71.02	71.08	-	-
Swan International Co Limited.	Ordinary	156	156	100	100	-	-
Swan Properties Limited.	Ordinary	-	-	-	-	100	100
Verdun Industrial Building Co. Ltd	Ordinary	1	1	0.01	0.01	99.99	99.99
Standard Property Limited.	Ordinary	-	-	-	-	100	100
Manufacturers' Distributing Station Limited.	Ordinary	-	-	-	-	99.99	99.99
Ilot Fortier Limited.	Ordinary	-	-	-	-	100	100
Investment and Administrative Co. (Mtius) Limited.	Ordinary	-	-	-	-	100	100
Themis Limited.	Ordinary	-	-	-	-	100	100

6. OTHER FINANCIAL INVESTMENTS

	THE GROUP AND THE COMPANY	
	2003 Rs'000	2002 Rs'000
At January 1,	45,960	40,784
Mortgage loans granted	7,878	2,520
Mortgage loans recovered	(3,985)	(1,706)
Charge in accrued interest	(472)	4,362
At December 31,	<u>49,381</u>	<u>45,960</u>

The rate of interests on the above loans vary between 7% and 11%.

7. INVESTMENTS IN SECURITIES

THE GROUP AND THE COMPANY

	2003			2002
	Held-to-maturity Rs'000	Available-for-sale Rs'000	Total Rs'000	Total Rs'000
At January 1,	93,659	110,202	203,861	302,577
Additions	104,890	423	105,313	61,916
Increase in fair value	-	11,969	11,969	7,639
Disposals	(91,862)	(4,914)	(96,776)	(84,246)
Transfer to property (see note (c) below)	-	-	-	(86,391)
Charge in accrued interest	1,810	-	1,810	2,366
At December 31,	<u>108,497</u>	<u>117,680</u>	<u>226,177</u>	<u>203,861</u>
Disposal proceeds			<u>100,231</u>	<u>84,246</u>

(a) Held-to-maturity investments comprise of Debentures, Treasury Bills and Mauritius Development Loan Stocks with variable interest rates and maturity dates varying between 2004 and 2010. The Company intends and is able to hold the investments until maturity date. Held-to-Maturity investments are stated at amortised cost.

(b) Available-for-sale investments comprise of listed, quoted equity and unquoted securities. The fair value of listed or quoted available-for-sale securities is based on the Stock Exchange or OTC quoted prices at the close of business on balance sheet date. In assessing the fair value of unquoted available-for-sale securities, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

(c) The investment held in "Société Civile d'Attribution Swan Group Centre" has been reclassified as property in 2002.

8. DEFERRED INCOME TAXES

(a) Deferred income taxes are calculated on all temporary differences under the liability method at 25%.
The movement on deferred income tax account is as follows:

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
At January 1,	2,449	(311)	2,449	1,083
Consolidation adjustment (note 16)	-	1,394	-	-
Profit and loss account (note 16)	2,387	1,366	2,387	1,366
At December 31,	4,836	2,449	4,836	2,449

(b) Deferred income tax assets and liabilities are offset when the income taxes relate to the same fiscal authority.
The following amounts are shown in the balance sheets:

	THE GROUP AND THE COMPANY	
	2003 Rs'000	2002 Rs'000
Deferred tax assets	7,644	7,078
Deferred tax liabilities	(2,808)	(4,629)
Net deferred tax assets	4,836	2,449

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

THE GROUP AND THE COMPANY	At January 1, 2003 Rs'000	Credited to Profit and Loss Rs'000	At December 31, 2003 Rs'000
Deferred income tax liabilities			
Accelerated tax depreciation	(1,853)	588	(1,265)
Unrealised exchange gain	(2,776)	1,233	(1,543)
	<u>(4,629)</u>	<u>1,821</u>	<u>(2,808)</u>
Deferred income tax assets			
Employee benefits obligation	7,078	566	7,644
Net deferred income tax assets	2,449	2,387	4,836

9. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2003 Rs'000	Restated 2002 Rs'000	2003 Rs'000	Restated 2002 Rs'000
Trade receivables:				
- Premiums and agents balances	141,840	140,982	141,840	140,982
- Amounts due by Reinsurers	105,760	129,186	105,760	129,186
Prepayments	3,762	3,048	3,762	3,048
Receivable from Group Companies:				
- Subsidiary Company	-	-	-	536
Other receivables	343	1,488	5,250	6,098
	<u>251,705</u>	<u>274,704</u>	<u>256,612</u>	<u>279,850</u>
Group's and minority interests in Life Business Assets (note 10(b))	64,668	93,441	-	-
	<u>316,373</u>	<u>368,145</u>	<u>256,612</u>	<u>279,850</u>

10. LIFE BUSINESS ASSETS

	THE GROUP	
	2003 Rs'000	Restated 2002 Rs'000
(a) Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	151,414	161,579
Investment property	310,969	302,841
Other investments	5,730,037	5,177,933
Non-current receivables	49,040	48,990
Statutory Deposit	8,000	10,000
	<u>6,249,460</u>	<u>5,701,343</u>
Current assets		
Trade and other receivables	118,322	71,920
Short term investments	1,992,089	1,392,743
Bank and cash balances	70,714	41,329
	<u>2,181,125</u>	<u>1,505,992</u>
Current liabilities		
Borrowings	(3,175)	-
Trade and other payables	(155,849)	(86,583)
Current tax liabilities	(13,269)	(12,706)
	<u>(172,293)</u>	<u>(99,289)</u>
Non-current liabilities		
Employee Benefits Obligation	(75,092)	(63,637)
Deferred tax liabilities	(1,486)	(1,452)
	<u>(76,578)</u>	<u>(65,089)</u>
TOTAL	<u>8,181,714</u>	<u>7,042,957</u>
(b) Total Life Business Assets of Subsidiary as shown above	8,181,714	7,042,957
Less Group's and minority interests (note 9)	(64,668)	(93,441)
Policyholders' share	<u>8,117,046</u>	<u>6,949,516</u>

11. SHARE CAPITAL

	2003 & 2002 Rs'000
Authorised	
Ordinary shares of Rs.5 each	48,000
Issued and fully paid	
Ordinary shares of Rs.5 each	35,857

12. RESERVES

Reserves are analysed as follows:

(a) THE GROUP	Proprietors'	Fair Value	Capital	Investment	Translation	Retained	Statutory	Total
	Fund	Reserve	Reserve	Reserve	Reserve	Earnings	Reserve	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2003	35,417	46,584	28,906	10,322	150	317,918	61,756	501,053
Increase in fair value of available-for-sale securities	-	11,969	-	-	-	-	-	11,969
Release from fair value reserve	-	(4,157)	-	-	-	-	-	(4,157)
Exchange differences on translation of the financial statements of Global Business License Category I Subsidiary	-	-	-	-	(63)	-	-	(63)
Movement during the year	(20,467)	-	-	-	-	-	-	(20,467)
Net profit	-	-	-	-	-	46,137	-	46,137
Dividends	-	-	-	-	-	(28,685)	-	(28,685)
Transfer to Statutory Reserve Fund	-	-	-	-	-	(2,312)	2,312	-
Balance at December 31, 2003	14,950	54,396	28,906	10,322	87	333,058	64,068	505,787

(b) THE COMPANY	Fair Value	Capital	Investment	Retained	Statutory	Total
	Reserve	Reserve	Reserve	Earnings	Reserve	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2003	46,584	28,906	10,382	316,009	61,756	463,637
Increase in fair value of available-for-sale securities	11,969	-	-	-	-	11,969
Release from fair value reserve	(4,157)	-	-	-	-	(4,157)
Net profit	-	-	-	46,232	-	46,232
Dividends	-	-	-	(28,685)	-	(28,685)
Transfer to Statutory Reserve Fund	-	-	-	(2,312)	2,312	-
Balance at December 31, 2003	54,396	28,906	10,382	331,244	64,068	488,996

Notes to the Financial Statements

Year ended December 31, 2003

13. MINORITY INTERESTS

	THE GROUP	
	2003 Rs'000	2002 Rs'000
At January 1,	27,099	11,725
Share of dividend receivable (page 20)	10,143	8,676
Share of dividend received (note 22(a))	(10,143)	(8,676)
Movement in Proprietors' Fund	(8,280)	15,374
At December 31,	18,819	27,099

14. EMPLOYEE BENEFITS OBLIGATION

	THE GROUP AND THE COMPANY	
	2003 Rs'000	2002 Rs'000
(a) The amounts recognised in the Balance Sheets are as follows:		
Present value of funded obligations	88,624	77,953
Fair value of Plan Assets	(47,223)	(39,025)
	41,401	38,928
Unrecognised actuarial losses	(10,826)	(10,614)
Liability in the Balance Sheets	30,575	28,314

The Pension Scheme is a Defined Benefit Plan and is partly funded. The assets of the funded plan are held independently and administered by The Anglo-Mauritius Assurance Society Limited. The market value of the pension scheme was **Rs 41** millions (2002: Rs 39 millions).

	THE GROUP AND THE COMPANY	
	2003 Rs'000	2002 Rs'000
(b) The amounts recognised in the Profit and Loss Account are as follows:		
Current service cost	4,462	4,079
Interest cost	7,795	6,468
Expected return on Plan Assets	(4,312)	(3,470)
Actuarial gain	209	97
Total included in staff cost	8,154	7,174

	THE GROUP AND THE COMPANY	
	2003 Rs'000	2002 Rs'000
(c) Movement in the liability recognised in the Balance Sheets:		
At January 1,	28,314	25,640
Total expenses as above (note 14 (b))	8,154	7,174
Contributions paid	(5,893)	(4,500)
At December 31,	30,575	28,314

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

	2003	2002
(d) The principal actuarial assumptions used for accounting purposes were:		
Discount rate	10.0%	10.0%
Expected return on plan assets	10.5%	10.5%
Future long-term salary increase	8.0%	8.0%
Future expected pension increase	3.0%	3.0%

15. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
Trade payables:				
- Due on Portfolio transfers	88,501	96,188	88,501	96,188
- Outstanding claims provision	88,277	81,331	88,277	81,331
Amount due to Subsidiary Company	-	-	6,398	6,640
Accrued expenses	994	6,308	994	6,308
Other payables	16,349	14,410	16,324	14,393
	194,121	198,237	200,494	204,860

16. INCOME TAX

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
Current tax on the adjusted profit for the year at 25%	5,887	8,440	5,887	8,440
Under provision	157	221	157	221
Consolidation adjustment (note 8)	-	(1,394)	-	-
Deferred tax (note 8)	(2,387)	(1,366)	(2,387)	(1,366)
Tax charge for the year	3,657	5,901	3,657	7,295

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

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
Profit before taxation	59,937	63,846	49,889	55,153
Tax calculated at rate of 25%	14,984	15,962	12,472	13,788
Income not subject to tax	(13,025)	(10,057)	(10,513)	(7,888)
Expenses not deductible for tax purposes	1,262	435	1,262	435
Investment tax credit	(105)	(94)	(105)	(94)
Investment allowance	(71)	(58)	(71)	(58)
Adjusting items	612	(287)	612	1,112
Tax charge for the year	3,657	5,901	3,657	7,295

17. NET EARNED PREMIUMS

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

18. UNDERWRITING (LOSS)/PROFIT

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
The underwriting (loss)/profit is arrived at after crediting/(charging):				
Claims incurred	(136,388)	(110,501)	(136,388)	(110,501)
Administrative expenses	(91,887)	(84,246)	(91,687)	(84,246)
Depreciation on property and equipment	(12,374)	(12,075)	(12,374)	(12,075)
Amortisation of intangible asset	(711)	-	(711)	-
Net commissions	<u>21,063</u>	<u>22,275</u>	<u>21,063</u>	<u>22,275</u>
Staff costs (see (a) below)			<u>70,290</u>	<u>65,464</u>

	THE COMPANY	
	2003 Rs'000	2002 Rs'000
(a) Analysis of staff costs		
Salaries	50,892	44,854
Pension and other costs	<u>19,398</u>	<u>20,610</u>
	<u>70,290</u>	<u>65,464</u>

	THE COMPANY	
	2003 Rs'000	2002 Rs'000
The number of employees at the end of the year was:		
- Administration, technical, commercial and other employees	<u>131</u>	<u>132</u>

19. OTHER INCOME

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
Interest income				
- Quoted	6,324	7,393	6,324	7,281
- Unquoted	<u>13,036</u>	<u>18,223</u>	<u>13,034</u>	<u>18,223</u>
	<u>19,360</u>	<u>25,616</u>	<u>19,358</u>	<u>25,504</u>
Investment income:				
- Dividend income				
Listed	3,918	4,097	3,918	4,097
OTC quoted	35,651	27,430	25,508	18,754
Unquoted	<u>442</u>	<u>459</u>	<u>442</u>	<u>459</u>
	<u>40,011</u>	<u>31,986</u>	<u>29,868</u>	<u>23,310</u>
	<u>59,371</u>	<u>57,602</u>	<u>49,226</u>	<u>48,814</u>
Total Investment income:				
Minority interests - dividend income	10,143	8,676	-	-
Interest and investment income	<u>49,228</u>	<u>48,926</u>	<u>49,226</u>	<u>48,814</u>
Profit on disposal of available-for-sale securities	7,612	-	7,612	-
Profit on disposal of investment in Subsidiary Company	169	-	169	-
Profit on disposal of property and equipment	<u>940</u>	<u>1,954</u>	<u>940</u>	<u>1,954</u>
	<u>8,721</u>	<u>1,954</u>	<u>8,721</u>	<u>1,954</u>
Net foreign exchange (losses)/gains	<u>(2,423)</u>	<u>885</u>	<u>(2,526)</u>	<u>885</u>
Total	<u>65,669</u>	<u>60,441</u>	<u>55,421</u>	<u>51,653</u>

20. DIVIDENDS PAID

	2003 Rs'000	2002 Rs'000
On ordinary shares @ 80% paid on December 31,	<u>28,685</u>	<u>28,685</u>

21. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2003	2002	2003	2002
Earnings per share				
Net profit attributable to shareholders (Rs'000)	<u>46,137</u>	<u>49,269</u>	<u>46,232</u>	<u>47,858</u>
Number of ordinary shares in issue	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>
Basic earnings per share (Rs/cs)	<u>6.43</u>	<u>6.87</u>	<u>6.45</u>	<u>6.67</u>

22. NOTES TO THE CASH FLOW STATEMENTS

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
(a) Operating activities				
Profit before taxation and minority interests	49,794	55,170	49,889	55,153
Adjustments for:				
Depreciation (note 3)	12,374	12,075	12,374	12,075
Amortisation (note 4)	711	-	711	-
Foreign exchange losses/(gains)	2,526	(885)	2,526	(885)
Profit on sale of equipment	(940)	(1,954)	(940)	(1,954)
Release from fair value reserve upon disposal of securities (pages 18 & 19)	(4,157)	-	(4,157)	-
Profit on disposal of securities (note 7)	(3,455)	-	(3,455)	-
Profit on disposal of investment in Subsidiary (note 5)	(168)	-	(168)	-
Investment income (note 19)	(49,228)	(48,926)	(49,226)	(48,814)
Employee benefits obligation	2,261	2,674	2,261	2,674
Minority interests (Dividend) (note 13)	10,143	8,676	-	-
Transfer to Insurance Fund	1,494	16,816	1,494	16,816
Changes in working capital:				
- trade and other receivables	23,043	(156,226)	23,043	(156,268)
- trade and other payables	(4,358)	101,442	(4,366)	101,481
Cash generated from/(used in) operating activities	40,040	(11,138)	29,986	(19,722)

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
(b) Cash and cash equivalents				
Short term deposits	176,313	149,560	176,313	149,560
Bank balances and cash	14,163	17,339	13,632	16,660
Cash and cash equivalents	190,476	166,899	189,945	166,220

23. COMMITMENTS

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
Other commitments:				
Outstanding commitments for loans and investments approved by the Board of Directors	193,300	217,300	-	20,000

24. SEGMENT INFORMATION - (GROUP)**(a) Primary reporting format - business segments - year ended December 31, 2003**

	Life		General				2003 Total Rs'000
	Rs'000	Fire & Allied Perils Rs'000	Motor Rs'000	Health Rs'000	Others Rs'000		
Gross premiums	<u>796,225</u>	<u>161,911</u>	<u>104,972</u>	<u>98,223</u>	<u>212,167</u>	<u>1,373,498</u>	
Net earned premiums	<u>758,746</u>	<u>28,713</u>	<u>87,280</u>	<u>42,643</u>	<u>55,929</u>	<u>973,311</u>	
Segment results	<u>-</u>	<u>32,862</u>	<u>11,153</u>	<u>7,620</u>	<u>47,605</u>	99,240	
Administrative expenses						(91,887)	
Depreciation						(12,374)	
Amortisation						(711)	
Underwriting loss						(5,732)	
Other income						65,669	
Profit before taxation						59,937	
Taxation						(3,657)	
Profit after taxation						56,280	
Minority interests						(10,143)	
Net profit						<u>46,137</u>	

	Life		General				2003 Total Rs'000
	Rs'000	Fire & Allied Perils Rs'000	Motor Rs'000	Health Rs'000	Others Rs'000	Unallocated Rs'000	
Segment assets	<u>8,110,648</u>	<u>33,134</u>	<u>100,718</u>	<u>49,208</u>	<u>64,540</u>	<u>657,733</u>	<u>9,015,981</u>
Segment liabilities	<u>(8,110,648)</u>	<u>(13,271)</u>	<u>(87,445)</u>	<u>(52,414)</u>	<u>(23,648)</u>	<u>(186,911)</u>	<u>(8,474,337)</u>
Shareholders' interests and funds and other reserves							<u>541,644</u>
Capital expenditure	-	688	2,092	1,341	1,022	-	5,143
Depreciation	-	1,656	5,035	1,767	3,916	-	12,374
Other non-cash (income)/expenses	<u>-</u>	<u>3,338</u>	<u>10,148</u>	<u>4,958</u>	<u>6,502</u>	<u>-</u>	<u>24,946</u>

24. SEGMENT INFORMATION - (GROUP) (continued)**(b) Primary reporting format - business segments - year ended December 31, 2002**

	Life		General				2002 Total Rs'000
	Rs'000	Fire & Allied Perils Rs'000	Motor Rs'000	Health Rs'000	Others Rs'000		
Gross premiums	<u>748,954</u>	<u>164,434</u>	<u>108,139</u>	<u>88,312</u>	<u>186,045</u>		<u>1,295,884</u>
Net earned premiums	<u>718,156</u>	<u>24,793</u>	<u>88,534</u>	<u>21,878</u>	<u>52,842</u>		<u>906,203</u>
Segment results	<u>-</u>	<u>27,394</u>	<u>16,142</u>	<u>2,453</u>	<u>53,876</u>		<u>99,865</u>
Administrative expenses							(84,385)
Depreciation							(12,075)
Underwriting profit							<u>3,405</u>
Other income							<u>60,441</u>
Profit before tax							<u>63,846</u>
Tax							<u>(5,901)</u>
Profit after tax							<u>57,945</u>
Minority interests							<u>(8,676)</u>
Net profit							<u>49,269</u>

	Life		General				2002 Total Rs'000
	Rs'000	Fire & Allied Perils Rs'000	Motor Rs'000	Health Rs'000	Others Rs'000	Unallocated Rs'000	
Segment assets	<u>6,949,516</u>	<u>35,620</u>	<u>127,197</u>	<u>34,555</u>	<u>72,796</u>	<u>635,227</u>	<u>7,854,911</u>
Segment liabilities	<u>(6,949,516)</u>	<u>(21,978)</u>	<u>(101,240)</u>	<u>(17,479)</u>	<u>(36,822)</u>	<u>(190,966)</u>	<u>(7,318,001)</u>
Shareholders' interests and funds and other reserves							<u>536,910</u>
Capital expenditure	-	1,171	4,181	1,136	2,392	-	8,880
Depreciation	-	1,592	5,685	1,544	3,254	-	12,075
Other non-cash (income)/expenses	<u>-</u>	<u>(258)</u>	<u>(920)</u>	<u>(249)</u>	<u>(527)</u>	<u>18,605</u>	<u>16,651</u>

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

25. POST BALANCE SHEET EVENTS

No material events occurred after the year ended December 31, 2003 within the Group and the Company, which need to be disclosed in these financial statements.

26. HOLDING COMPANY

The Directors regard Intendance Holding Limited, incorporated in Mauritius, as the Holding Company. Both the Company's and the Holding Company's registered offices are situated at Swan Group Centre, Intendance Street, Port-Louis.

27. RELATED PARTY TRANSACTIONS - GROUP

	Sales of services Rs'000	Claims paid Rs'000	Equities Rs'000	Loans/ Debentures Rs'000	Debtors Rs'000	Claims Outstanding Rs'000
2003						
Individual shareholders with significant influence	60,274	17,675	719	94,000	1,153	21,959
Enterprises that have a number of Directors in common	50,283	23,046	112	538	5,589	6,175
Enterprises on which the Company and Subsidiaries exert significant influence	3,618	1,027	86,688	49,040	725	402
	<u>114,175</u>	<u>41,748</u>	<u>87,519</u>	<u>143,578</u>	<u>7,467</u>	<u>28,536</u>
2002						
Individual shareholders with significant influence	50,751	33,219	719	68,150	872	17,232
Enterprises that have a number of Directors in common	43,064	30,394	31,452	12,000	5,150	3,163
Enterprises on which the Company and Subsidiaries exert significant influence	2,795	1,486	59,312	50,090	946	409
	<u>96,610</u>	<u>65,099</u>	<u>91,483</u>	<u>130,240</u>	<u>6,968</u>	<u>20,804</u>

The above transactions have been made at arm's length, on normal commercial terms and in the normal course of business.

28. FIVE YEAR SUMMARY

(a) THE GROUP	2003	2002	Restated	2000	1999
	Rs'000	Rs'000	2001	Rs'000	Rs'000
			Rs'000		
PROFIT AND LOSS ACCOUNTS					
Gross premiums	1,373,498	1,295,884	1,160,638	1,073,778	928,038
Net earned premiums	973,311	906,203	847,733	680,867	665,136
Underwriting (loss)/profit	(5,732)	3,405	10,795	9,951	4,334
Other income	65,669	60,441	69,018	62,935	53,931
Profit before taxation	59,937	63,846	79,813	72,886	58,265
Taxation	3,657	5,901	9,605	9,736	7,172
Profit after taxation	56,280	57,945	70,208	63,150	51,093
Minority interests	10,143	8,676	10,642	9,725	8,922
Profit for the year	<u>46,137</u>	<u>49,269</u>	<u>59,566</u>	<u>53,425</u>	<u>42,171</u>
BALANCE SHEETS					
Non-current assets	392,086	370,351	376,751	343,050	389,929
Current assets	506,849	535,044	346,961	411,954	332,544
Life Business Assets	8,117,046	6,949,516	6,272,755	5,398,265	4,657,777
	<u>9,015,981</u>	<u>7,854,911</u>	<u>6,996,467</u>	<u>6,153,269</u>	<u>5,380,250</u>
Capital and reserves	541,644	536,910	485,671	428,559	419,180
Minority interests	18,819	27,099	11,725	20,861	34,609
Life Assurance Fund	8,117,046	6,949,516	6,272,755	5,398,265	4,641,195
Insurance Fund	107,889	106,395	89,579	86,763	85,195
Non-current liabilities	30,575	28,314	25,951	23,557	22,297
Current liabilities	200,008	206,677	110,786	195,264	177,774
	<u>9,015,981</u>	<u>7,854,911</u>	<u>6,996,467</u>	<u>6,153,269</u>	<u>5,380,250</u>
Dividends per share (rupees and cents)	4.00	4.00	3.75	3.25	3.00
Earnings per share (rupees and cents)	6.43	6.87	8.30	7.45	5.88
Net assets value per share (rupees and cents)	75.53	74.87	67.72	59.76	58.46
Number of shares used in calculation	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>

For reasons of practicability, comparative figures for 1999 and 2000 have not been restated to reflect changes in 2001.

28. FIVE YEAR SUMMARY (continued)

(b) THE COMPANY	2003	2002	Restated 2001	2000	1999
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
PROFIT AND LOSS ACCOUNTS					
Gross premiums	577,273	546,930	461,610	481,666	412,783
Net earned premiums	214,565	188,047	178,578	172,166	172,464
Underwriting (loss)/profit	(5,532)	3,500	10,804	9,789	5,317
Other income	55,421	51,653	58,361	53,198	43,237
Profit before tax	49,889	55,153	69,165	62,987	48,554
Taxation	3,657	7,295	9,508	9,052	7,051
Profit for the year	<u>46,232</u>	<u>47,858</u>	<u>59,657</u>	<u>53,935</u>	<u>41,503</u>
BALANCE SHEETS					
Non-current assets	423,141	401,433	384,127	350,164	330,181
Current assets	446,557	446,070	316,316	358,801	326,403
	<u>869,698</u>	<u>847,503</u>	<u>700,443</u>	<u>708,965</u>	<u>656,584</u>
Capital and reserves	524,853	499,494	472,682	400,973	370,345
Insurance Fund	107,889	106,395	89,579	86,763	85,195
Non-current liabilities	30,575	28,314	25,640	23,557	22,297
Current liabilities	206,381	213,300	112,542	197,672	178,747
	<u>869,698</u>	<u>847,503</u>	<u>700,443</u>	<u>708,965</u>	<u>656,584</u>
Dividends per share (rupees and cents)	4.00	4.00	3.75	3.25	3.00
Earnings per share (rupees and cents)	6.45	6.67	8.32	7.52	5.78
Net assets value per share (rupees and cents)	73.19	69.65	65.91	55.92	51.65
Number of shares used in calculation	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>	<u>7,171,346</u>

For reasons of practicability, comparative figures for 1999 and 2000 have not been restated to reflect changes in 2001.

Other Statutory Disclosures

Year ended December 31, 2003

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE SUBSIDIARY COMPANIES

(i) The Anglo-Mauritius Assurance Society Limited.

Mr. M. J. Cyril LAGESSE - Chairman
Mr. Cyril MAYER, B. Com., C.A. (S.A.)
Mr. P. Arnaud DALAIS
Me. M.F.I. Jean Hugues MAIGROT
Me. Pierre DOGER DE SPÉVILLE
Mr. M.M. Hector ESPITALIER-NOËL, A.C.A.
Mr. J.L. Philippe DE CHASTEAUNEUF, F.A.I.A.
Mr. Thierry LAGESSE

(ii) Swan International Co. Limited.

Mr. M. J. Cyril LAGESSE - Chairman
Mr. Cyril MAYER, B.Com., C.A. (S.A.)
Mr. Jean de FONDAUMIÈRE, C.A.

(iii) Swan Properties Limited.

Mr. M. J. Cyril LAGESSE - Chairman
Mr. Cyril MAYER, B. Com., C.A. (S.A.)
Mr. Jean de FONDAUMIÈRE, C.A.
Mr. Gérald LINCOLN

(iv) Verdun Industrial Building Co. Limited.

Mr. M. J. Cyril LAGESSE - Chairman
Mr. Cyril MAYER, B. Com., C.A. (S.A.)
Mr. Jean de FONDAUMIÈRE, C.A.
Mr. Gérald LINCOLN

(v) Standard Property Co. Limited.

Mr. M. J. Cyril LAGESSE - Chairman
Mr. Cyril MAYER, B. Com., C.A. (S.A.)
Mr. Jean de FONDAUMIÈRE, C.A.
Mr. Gérald LINCOLN

Other Statutory Disclosures

Year ended December 31, 2003

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE SUBSIDIARY COMPANIES (Continued)

(vi) Manufacturers' Distributing Station Limited.

Mr. M. J. Cyril LAGESSE - Chairman

Mr. Cyril MAYER, B. Com., C.A. (S.A.)

Mr. Jean de FONDAUMIÈRE, C.A.

Mr. Gérald LINCOLN

(vii) Ilot Fortier Limited.

Mr. M. J. Cyril LAGESSE - Chairman

Mr. Cyril MAYER, B. Com., C.A. (S.A.)

Mr. Jean de FONDAUMIÈRE, C.A.

(viii) Investment & Administrative Co. (Mtius) Limited.

Mr. M. J. Cyril LAGESSE - Chairman

Mr. Cyril MAYER, B. Com., C.A. (S.A.)

Mr. Jean de FONDAUMIÈRE, C.A.

(ix) Themis Limited.

Mr. M. J. Cyril LAGESSE - Chairman

Mr. Cyril MAYER, B. Com., C.A. (S.A.)

Mr. Jean de FONDAUMIÈRE, C.A.

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company and of the Subsidiary Companies have service contracts.

Other Statutory Disclosures

Year ended December 31, 2003

(pursuant to Section 221 of the Companies Act 2001)

	2003 Rs'000	2002 Rs'000
DIRECTORS' REMUNERATION AND BENEFITS		
Emoluments paid by the Company and Related Corporations to:		
Directors of Swan Insurance Company Limited		
- Executive	-	-
- Non-Executive	<u>1,189</u>	<u>726</u>
Directors of Subsidiary Companies		
- Executive	-	-
- 3 Non-Executive (3 in 2002)	<u>72</u>	<u>57</u>

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
DONATIONS				
Donations made during the year	<u>496</u>	<u>493</u>	<u>313</u>	<u>282</u>

	THE GROUP		THE COMPANY	
	2003 Rs'000	2002 Rs'000	2003 Rs'000	2002 Rs'000
AUDITORS' FEES				
Audit fees paid to				
- De Chazal du Mée & Co	1,244	1,262	661	674
- Other firms	75	24	-	-
Fees paid for other services provided by				
- De Chazal du Mée & Co	696	394	325	315
- Other firms	7	5	-	-
	<u>2,022</u>	<u>1,685</u>	<u>986</u>	<u>989</u>

UNEXPIRED SERVICE CONTRACTS

The Directors have no service contracts with the Company nor with the Subsidiary Companies.

CONTRACT OF SIGNIFICANCE

The Group and the Company have no contract of significance.

Other Statutory Disclosures

Year ended December 31, 2003

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' SHARE INTEREST

Directors:

- Mr. M. J. Cyril Lagesse (Chairman)
- Mr. M. H. Patrick Guimbeau
- Mr. Pierre Bernard Arnaud Dalais
- Mr. Thierry Pierre Joseph M. Lagesse
- Me. Pierre Doger de Spéville

In the Company		In the Subsidiary (The Anglo-Mauritius Assurance Society Limited)	
Direct		Direct	
No. of ordinary shares	%	No. of ordinary shares	%
1,249	0.02	1,250	0.050
32	-	-	-
179	-	-	-
67	-	-	-
-	-	70	0.003
1,527	0.02	1,320	0.053

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

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

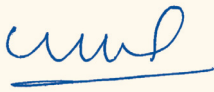
SUBSTANTIAL SHAREHOLDERS

At December 31, 2003, the following shareholders held more than 5% of the ordinary share capital of the Company:

	Direct			Indirect		
	Number of shares	% of voting rights	Amount Rs'000	Number of shares	% of voting rights	Amount Rs'000
- Intendance Holding Limited	4,824,198	67.27	24,121	-	-	-
- Harel Freres Ltd.	-	-	-	869,723	12.1	4,349
- Forward Investment & Development Enterprises Ltd.	-	-	-	511,450	7.1	2,557
- Excelsior United Development Companies Ltd.	-	-	-	378,395	5.3	1,892
- Compagnie D'investissement et de Développement Ltée.	-	-	-	377,421	5.3	1,887
- Deep River-Beau Champ Ltd.	-	-	-	327,769	4.6	1,639
- Espitalier-Noël Investment Trust Ltd.	-	-	-	256,266	3.6	1,281
	<u>4,824,198</u>	<u>67.27</u>	<u>24,121</u>	<u>2,721,024</u>	<u>38.0</u>	<u>13,605</u>

Year ended December 31, 2003

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



Jean Paul CHASTEAU DE BALYON
Group Company Secretary

10th May 2004.

Year ended December 31, 2003

APPENDIX I

	THE COMPANY	
	2003 Rs'000	2002 Rs'000
Fund at January 1,	<u>106,395</u>	<u>89,579</u>
Gross premiums	577,273	546,930
Reinsurances	<u>(361,214)</u>	<u>(342,067)</u>
Net retained premiums	216,059	204,863
Fund at December 31,	<u>(107,889)</u>	<u>(106,395)</u>
	<u>108,170</u>	<u>98,468</u>
Net Earned Premiums	<u>214,565</u>	<u>188,047</u>
Claims incurred	(136,388)	(110,501)
Administrative expenses	(91,687)	(84,246)
Depreciation	(12,374)	(12,075)
Amortisation	(711)	-
Commission (net)	<u>21,063</u>	<u>22,275</u>
	<u>(220,097)</u>	<u>(184,547)</u>
Underwriting (loss)/profit	(5,532)	3,500
Other income	<u>55,421</u>	<u>51,653</u>
PROFIT BEFORE TAX	49,889	55,153
Taxation	<u>(3,657)</u>	<u>(7,295)</u>
PROFIT AFTER TAX	46,232	47,858
Appropriations:		
Dividend paid	<u>(28,685)</u>	<u>(28,685)</u>
Profit for the year	17,547	19,173
Transfer to Statutory Reserve Fund	<u>(2,312)</u>	<u>(2,393)</u>
RETAINED PROFIT FOR THE YEAR	<u>15,235</u>	<u>16,780</u>

Auditor:

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

Bankers:

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

Reinsurance Broker:

AON Limited, London, U.K.

Legal Advisers:

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

SWAN INSURANCE CO. LTD

PROXY FORM

I/We
of
being a member/s of **SWAN INSURANCE COMPANY LIMITED**
hereby appoint
of
or failing him
of as my/our proxy to vote for
me/us on my/our behalf at the Annual Meeting of the Company to be held on Friday 25th June 2004 at 10.00 hours and at any
adjournment thereof.

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

	FOR	AGAINST	ABSTAIN
1. To adopt the minutes of proceedings of the last Annual Meeting held on 27th June 2003.			
2. To receive the Chairman's Statement and Directors' Report.			
3. To consider and approve the Annual Report including the Audited Financial Statements of the Company and the Group at 31st December 2003.			
4. To appoint De Chazal du Mée & Co. as Auditors of the Company until the conclusion of the next Annual Meeting and to fix their remuneration.			
5. To re-elect Mr M.J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			

Dated this day of 2004.

(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.