SWAN INSURANCE COMPANY LTD

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Swan Insurance

ANNUAL REPORT **2013**

Swan Group

Swan Insurance
ANNUAL REPORT

2013

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of **Swan Insurance Company Limited** for the year ended 31 December 2013.

This report was approved by the Board of Directors on 25 March 2014.

M. E. Cyril Mayer

Chairperson

J. M. Louis Rivalland

Director and Group Chief Executive

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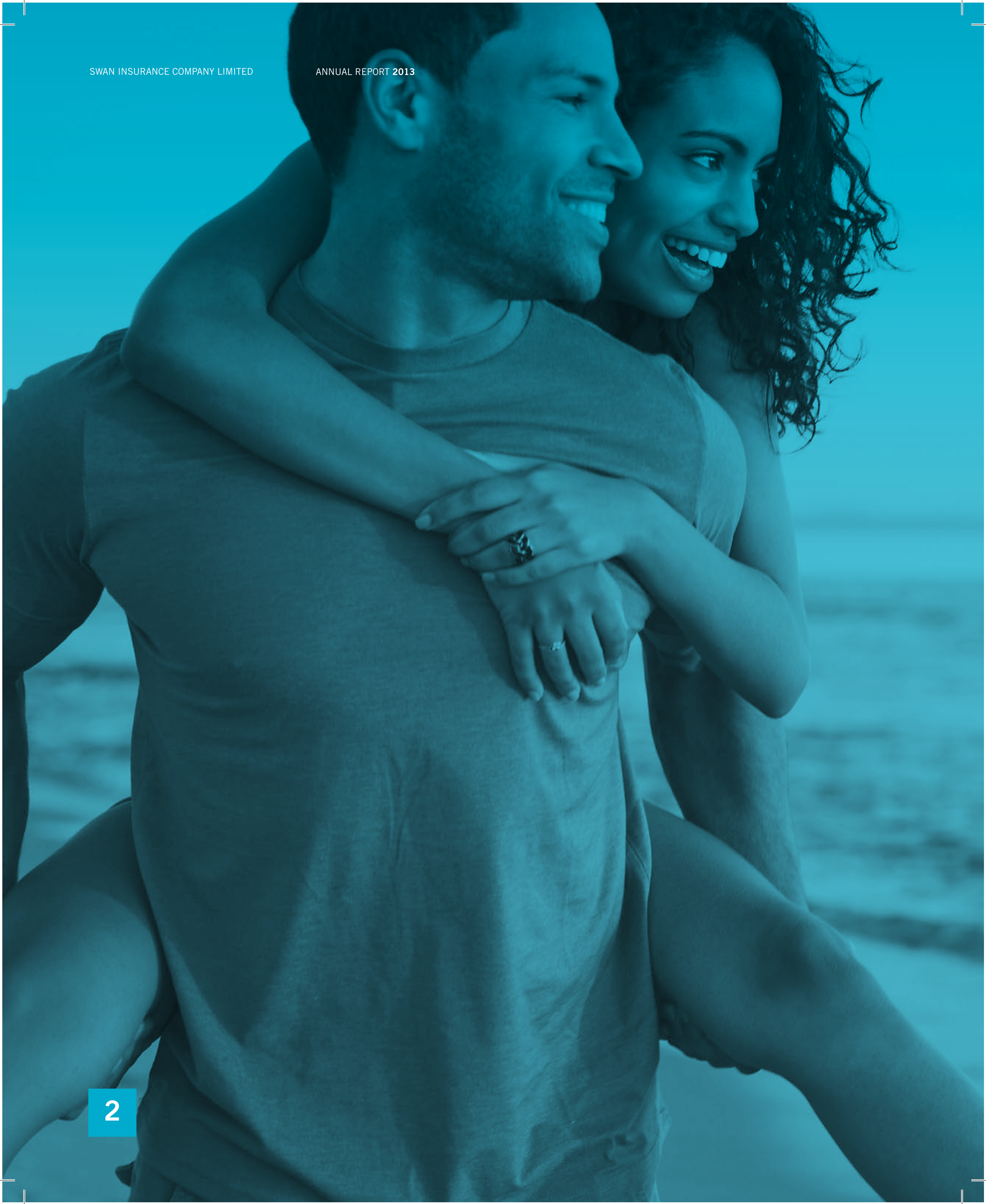


OUR VISION

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

OUR VALUES

Passion, People, Performance

OUR HISTORY

THE EARLY YEARS

1854
Creation of The Mauritius Fire Insurance Company Ltd.

1871
Creation of The Colonial Fire Insurance Company Limited.

EXPANSION OF THE GROUP

1951
Creation of The Anglo-Mauritius Assurance Society Limited. The company proposed life insurance policies for individuals and the management of pension funds for companies.

1955
Creation of Swan Insurance Company Limited, a fusion of The Mauritius Fire and The Colonial Fire.

1961
Swan Insurance becomes a public company with a capital of Rs 3.5 M

DEVELOPMENT

1966
#1 Inauguration of Anglo-Mauritius House, first multi-storey building in Mauritius

#2 Construction of Swan Building.

1972
Swan Insurance acquires a majority stake in the Anglo-Mauritius Assurance Society Limited.

A NEW ERA

1990
#1 Anglo-Mauritius is listed on the OTC (now DEM) of the Stock Exchange of Mauritius.

#2 Swan Insurance is the first Insurance company to be listed on the official SEM market.

1993
Construction of the Swan Group Centre.

1997
Creation of Swan International Company Ltd (SIL).

A NEW MILLENIUM

2004

#1 Creation of The Anglo-Mauritius Financial Services Ltd (now Anglo-Mauritius Investment Managers Ltd), a subsidiary of Anglo-Mauritius.

#2 Anglo-Mauritius acquires Pension Consultants and Administrators Ltd (PCA).

2006

Swan International Company Ltd (SIL), in partnership with Seychelles Pension Fund, acquires 30% of SACOS capital, a Seychelles-based insurance company.

2007

Opening of first regional branch in Flacq.

2008

Introduction of electronic archiving which contributes to preservation of the environment.

2009

#1 Creation of Processure Compagnie Limitée, specialising in outsourcing of insurance services, in partnership with the French group, Tessi.

#2 Launch of the online access facilities to policy holders.

RECENT DEVELOPMENTS

2010

#1 Acquisition of the life-insurance portfolio of Sun Insurance Co Ltd by Anglo-Mauritius.

#2 Launching of Swan Group Foundation.

2011

#1 Opening of Oxygen Insurance Shop in Port Louis and Black River.

#2 Creation of Swan Reinsurance PCC, a professional reinsurer structured as a protected cell company.

2012

#1 Amalgamation of the activities of Cim Insurance with and into Swan Insurance Co Ltd and those of Cim Life with and into The Anglo-Mauritius Assurance Society Limited.

#2 Acquisition by the Swan Group of the stockbroking and asset management businesses of the Rogers Group.

#3 Anglo-Mauritius Financial Services Ltd was renamed into Anglo-Mauritius Investment Managers Ltd.

#4 Cim Stockbrokers was renamed into Anglo-Mauritius Stockbrokers Ltd.

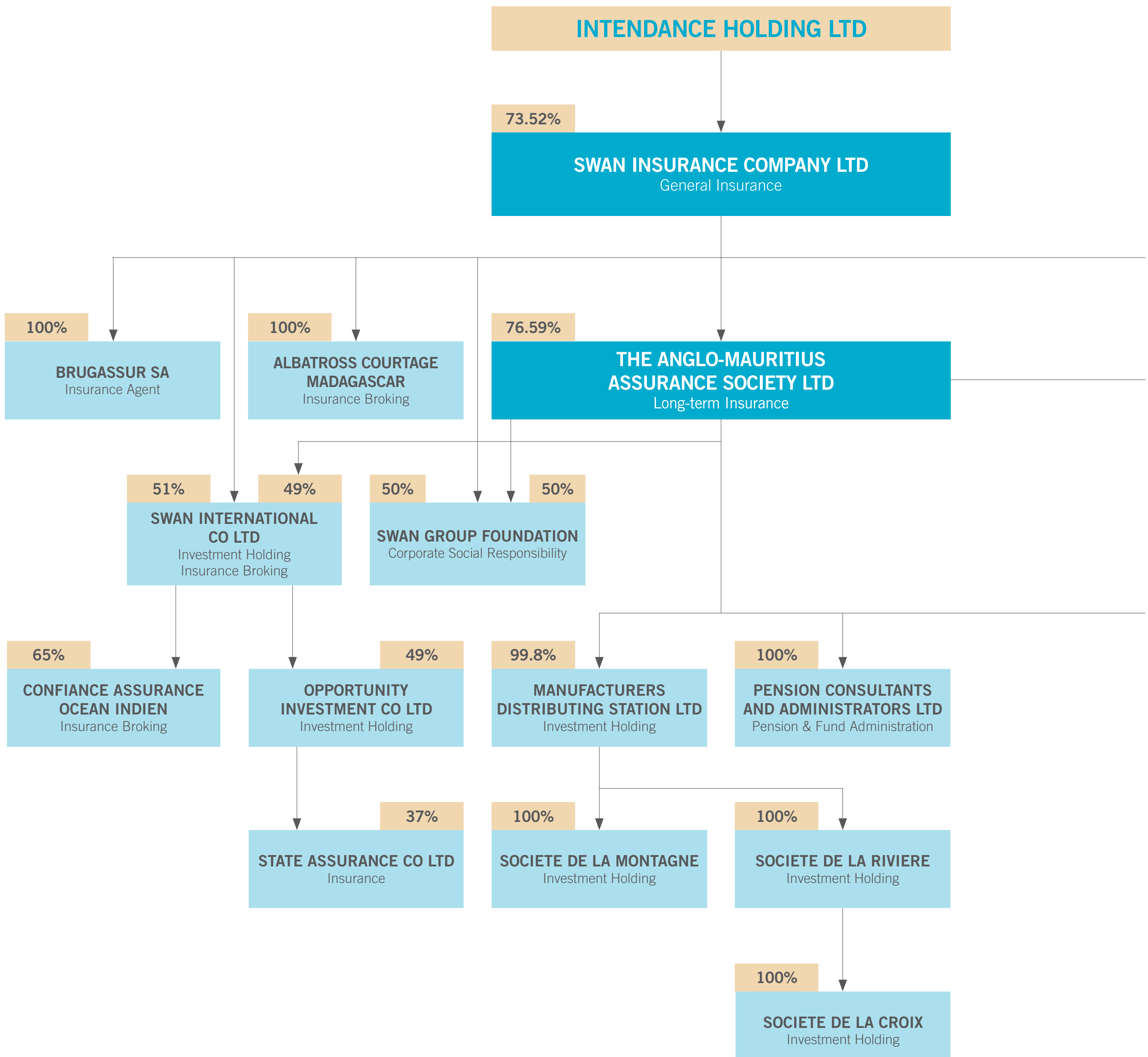
#5 Cim Asset Finance was renamed into Swan Risk Finance.

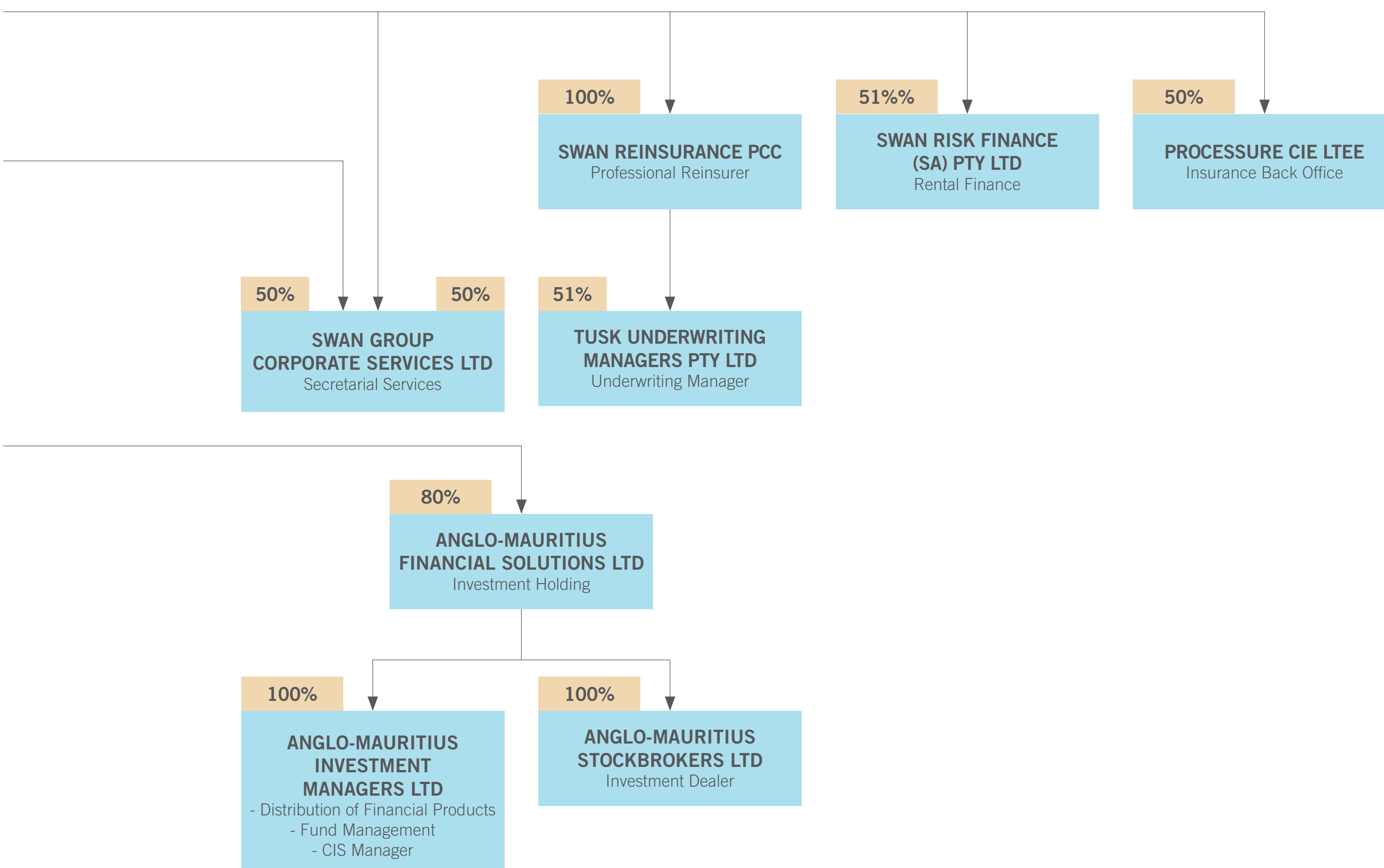
2013

#1 New Values: Passion, People, Performance

#2 Opening of Oxygen Insurance Shop in Grand Bay and Ebène.

GROUP STRUCTURE




100%
SWAN REINSURANCE PCC
Professional Reinsurer
51%%
SWAN RISK FINANCE (SA) PTY LTD
Rental Finance
50%
PROCESSURE CIE LTEE
Insurance Back Office
50%
50%
SWAN GROUP CORPORATE SERVICES LTD
Secretarial Services
51%
TUSK UNDERWRITING MANAGERS PTY LTD
Underwriting Manager
80%
ANGLO-MAURITIUS FINANCIAL SOLUTIONS LTD
Investment Holding
100%
ANGLO-MAURITIUS INVESTMENT MANAGERS LTD
- Distribution of Financial Products
- Fund Management
- CIS Manager
100%
ANGLO-MAURITIUS STOCKBROKERS LTD
Investment Dealer

DIRECTORATE

Cyril MAYER
Non-Executive Chairperson

Born in 1951, Cyril Mayer holds a Bachelor in Commerce (South Africa) and is a member of the Institute of South African Chartered Accountants.

He is presently the Managing Director of Terra Mauricia Ltd. He is the current Chairman of the Mauritius Sugar Syndicate and a member of the Mauritius Sugar Producers Association's Executive Committee. He 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 in other listed companies:

Terra Mauricia Ltd

United Docks Ltd

Louis RIVALLAND
Group Chief Executive

Louis Rivalland, born in 1971, 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 The Anglo-Mauritius Assurance. In January 2005 he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance and The Anglo-Mauritius Assurance, and member of the Executive Management Committee of the Swan Group. Since January 2007 he is the Group Chief Executive of the Swan Group.

He has been the President of the Joint Economic Council and of the Insurers' Association of Mauritius. He is currently a Board member of the Mauritius Revenue Authority and the Chairman of Standard Bank (Mauritius) Limited. 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.

Directorships in other listed companies:

Air Mauritius Ltd

Belle Mare Holding Ltd

ENL Commercial Ltd

ENL Land Ltd

Ireland Blyth Ltd

New Mauritius Hotels Ltd

The Mauritius Development Investment Trust Company Ltd

Michel THOMAS
Operations Executive

Michel Thomas, born in 1959, holds a Master of Laws (UK) and is a Fellow of the Chartered Insurance Institute (UK) as well as an Associate member of the Chartered Institute of Arbitrators. He is also a Chartered Insurer (UK) and a member of the British Insurance Law Association.

He joined the Company in 1980 and worked as underwriter in various technical departments until 1988. He headed the Claims department before he was promoted as Senior Manager of the Group Research and Development department in 2001. He was appointed Operations Executive in 2005 and is responsible for the Short-Term Operations of the Swan Group.

His principal areas of specialisation are insurance and reinsurance contract law including policy drafting. He has extensive experience and skill in the handling of complex liability claims and has worked with international law firms and barristers on a variety of high value casualty and engineering claims as well as on reinsurance conflict of laws and coverage issues. He has also been specialising in arbitration law and alternative dispute resolution (ADR) procedures.

As regards the modernisation of our insurance legislation, he has played an important role in the recognition of claims made clauses under Mauritian law and has collaborated closely with the State Law Office and the Regulator in bringing crucial amendments to the Road Traffic Act and other subsidiary legislation.

He is a board member of Swan Insurance Co. Ltd since January 2008 and also of the Medical and Surgical Centre limited since January 2009.

Directorships in other listed companies: None

Gopallen MOOROOGEN -
Independent Non-Executive

Born in 1959, Mr Mooroogen is a Fellow of the Association of Chartered Certified Accountants (UK) and also holds an MBA (Wales).

Senior Executive – Mass Market – Mauritius Telecom

Director of The Stock Exchange of Mauritius Ltd

Directorships in other listed companies: None

DIRECTORATE

Pierre DINAN
Independent Non-Executive

Born in 1937, he holds a BSc. (Econ.) and is a Fellow of the Institute of Chartered Accountants in England and Wales. He was a Senior Partner at De Chazal du Mée (DCDM) for 20 years until he retired in June 2004. He was also a Director of Multiconsult, a global business management services company for 12 years until 2004. He presently acts as a Company Director for a number of public companies in the manufacturing and financial services sectors respectively. He was the founder Chairman of the Mauritius Institute of Directors. He is an independent member of the Monetary Policy Committee set up under the Bank of Mauritius Act.

Directorships in other listed companies

Les Moulins de la Concorde Ltee

Livestock Feed Ltd

Hector ESPITALIER-NOËL
Non-Executive

Born in 1958, he is a member of the Institute of Chartered Accountants in England and Wales. He worked for Coopers and Lybrand in London and with De Chazal du Mée in Mauritius. He is presently the Chief Executive of ENL Limited. He is also Chairman of New Mauritius Hotels Ltd and Bel Ombre Sugar Estate Ltd. He is also a Past President of Rogers and Company Limited, The Mauritius Chamber of Agriculture, the Mauritius Sugar Producers Association and the Mauritius Sugar Syndicate.

Directorships in other listed companies:

ENL Commercial Limited

ENL Land Ltd

New Mauritius Hotels Ltd

Rogers and Company Ltd

Henri HAREL
Non-Executive

Born in 1960, Henri Harel is currently the Group Chief Finance Officer and a Management Committee member of Terra Mauricia Ltd.

Directorships in other listed companies:

Terra Mauricia Ltd

Victor C. SEEYAVE
Independent Non-Executive

Born in 1962, Victor Seeyave holds a B.A Economics (UK) and an MBA (USA).

He is currently the Managing Director of Altima Ltd and previously held several management positions in the food division of the Innodis Group.

Directorships in other listed companies: Innodis Limited

Philippe ESPITALIER-NOËL
Non-Executive

Born in 1965, he holds a BSc in Agricultural Economics from the University of Natal in South Africa and an MBA from the London Business School. He worked for CSC index in London as a management consultant from 1994 to 1997. He joined Rogers and Company Ltd in 1997 and was appointed Chief Executive Officer in 2007.

Directorships in other listed companies:

Air Mauritius Ltd

Rogers and Company Ltd

René LECLÉZIO
Non-Executive

Born in 1956, Mr Leclézio holds a BSc in Chemical Engineering and an MBA from the London Business School. Before being appointed CEO of Promotion and Development Ltd in 1987, he worked in London as consultant engineer in the oil and gas industry and with Lloyds Merchant Bank as Assistant Manager in Project Finance.

Directorships in other listed companies:

Caudan Development Ltd

Promotion and Development Ltd

Executive	Louis Rivalland – Group Chief Executive
	Michel Thomas – Operations Executive
Independent Non-Executive	Gopallen Mooroogen
	Pierre Dinan
	Victor C. Seeyave
Non-Executive	Cyril Mayer - Chairperson
	Hector Espitalier Noël
	Henri Harel
	Philippe Espitalier Noël
	René Leclézio

CHAIRPERSON'S & GROUP CHIEF EXECUTIVE'S REPORT

M. E. Cyril Mayer / Chairperson

2013 was a landmark year for Swan Insurance in terms of top line achievement and operational results.

On behalf of the Board, we are pleased to present the Annual Report and Audited Financial Statements of Swan Insurance Company Limited and the Group for the year ended 31 December 2013.

The year 2013 was the first full year as a single merged entity following the amalgamation with CIM Insurance, Asset Managers and Stockbrokers which became effective on 30 June 2012. The year has therefore been a transitional period to ensure that the merger is successful and delivers the expected benefits. As for any merger, the most challenging aspect was the people management which mobilised a lot of our resources. We firmly believe that we now have a unified team ready to take the Group to new heights.

To promote the unity of the Group, our core values have been revisited, with the participation of all the staff, so as to reflect what we truly believe we are. They are the 3 P's which are People, Passion and Performance. Key behaviours that uphold each of these values were also identified and they will form the standard which any employee of the Group will be expected to live by and celebrate.

At the same time, the Company and the Group continued to focus on its key priorities which are to enhance profitability, move away from a product-based to a needs-based approach, build on solid foundations, consolidate synergies, simplify processes and integrate technology throughout and provide sustainable development for our staff.

This year, the Group's turnover exceeded the Rs. 4.0bn mark to reach Rs. 4.62bn in 2013, experiencing an increase of 16% from 2012 (Rs. 3.97bn). Operating profit grew at a more or less similar pace of 15% from Rs. 534M in 2012 to Rs. 612M in 2013. Despite challenging market conditions, our investment income grew by 19% from Rs. 134M in 2012 to Rs. 160M in 2013. Profit of the Group increased by 36% from Rs. 186M in 2012 to Rs. 254M in 2013. Total assets of the Group have reached Rs. 32.4bn. This follows the trend of recent years during which the Swan Group has been able to increase its market share and also significantly improve its profitability.

In 2013 we sought to further consolidate the Group's interests in the Indian Ocean and southern Africa. New products and services were launched and recruitments made. An investment project setup for Sub Saharan Africa saw the light and will be operational next year.

SHORT TERM **OPERATIONS**

2013 was a landmark year for Swan Insurance in terms of top line achievement and operational results. Swan became the first local short term insurer to exceed the Rs. 2bn mark (gross premium of Rs. 2.07bn) as a result of a 23% growth in gross premium over 2012 (Rs. 1.68bn). The underwriting surplus also improved by 12%, from Rs. 398M to Rs. 446M despite the challenging market and economic conditions and some large property and casualty claims including the March floods. Operating profit grew from Rs. 511M in 2012 to Rs. 579M in 2013, up by 13%. These solid operational results demonstrate the robustness and resilience of our business model and underwriting approach. The optimisation of our reinsurance programme, the effective claims management and the increasing sophistication of our underwriting and pricing processes have also been important contributors to our net operational results.

GROUP TOTAL ASSETS

▲ RS 32.4 Bn

RS 27.9 BILLION IN 2012

The personal lines business has produced encouraging results despite the continued pressure on rates and the increasing demand for broader policy coverage and lower excesses. The loss ratios have remained within the expected and acceptable levels of tolerance. We are closely monitoring the performance of the respective portfolios and are ready to take the necessary corrective underwriting measures should the need arise. We continue to address our customers' demand for choice, simplicity and flexibility and are committed to maintain the high satisfaction score we currently enjoy from them. We believe that our innovative solutions and service differentiation will continue to provide us with a competitive advantage to gain further market penetration.

The commercial lines business has, against the backdrop of intense competition and some sizeable claims, produced satisfactory results in line with our expectations. This line of business still remains price sensitive. The benefit of having had a quiet cyclonic season was offset by the March floods. The overall good performance was attributable to our underwriting discipline and improved retention strategy in respect of some lines of commercial and liability insurance businesses. Although there are some signs of improvement of the macroeconomic picture, the highly competitive market conditions present strong headwinds to property business, particularly in view of the impact of climate change with its marked propensity for extreme weather conditions. We continue to work closely with intermediaries and are focused on improving our processes to ensure that we provide our commercial customers with the required insurance cover and the level of service they are entitled to expect from a market leader.

CHAIRPERSON'S & GROUP CHIEF EXECUTIVE'S REPORT

The health book continues to increase satisfactorily. This class of business generates high volumes of premium but produces low profit margins as a result of high claims experience. This already low profit margin is under constant pressure with the ever increasing cost of medical treatment and technology. The performance of the health book is being monitored very closely to ensure that the claims do not spiral out of control and are kept within acceptable parameters.

Overall, Swan achieved a profit after tax of Rs. 237M, an increase of 30% compared to Rs. 182M last year. This is particularly laudable in an increasingly competitive market.

The business environment will remain challenging in 2014. We will continue to focus on disciplined underwriting and on a prudent approach to reinsurance and reserving. We believe that our strong technical capabilities, the quality and commitment of our people, our service culture put us in an excellent position to produce sustainable operational results and to seize on new market opportunities.

LONG TERM **OPERATIONS**

Following the completion of the merger of Cim Life with and into Anglo-Mauritius, the team has worked tirelessly to integrate the processes and membership data on our infrastructure. Migration of the data has been done successfully and there is now a unique system for the management and processing of all of our policies.

Despite an economic environment characterized by low interest rates, sales of life insurance products grew satisfactorily in 2013. The financial crisis led to increased volatility of capital markets over the last few years so that sales of our with-profits endowment insurance products have been on the rise. Having said this, the local stock market has performed well over 2013 which has been beneficial to our Unit-Linked policyholders. For example, our Equity Fund - Life has done very well with a performance in excess of 20%. In a similar fashion, the overseas markets have also recorded positive performances with our Foreign Equity Fund – Life yielding returns in excess of 15%.

2013 also saw the phasing in of the integration strategy for enhancing revenue and customer service. Although the enlarged structure has contributed to more sales, our main focus remains on ensuring that our client needs are met and that they get the best professional advice. To achieve this objective, strong emphasis is being put on the upgrading of the consulting skills of our sales force by further expanding our training programs. Following the merger and the ongoing training programs of our sales force, we believe that we are now in an even stronger position to deliver higher levels of customer service and to offer a wide range of products to better meet the needs of our individual clients.

Our sales force plays a central role in maintaining our proximity with our clients and we are thankful for their dedication and support. We shall continue to expand our distribution channels to be even closer to our clients.

In terms of operating results, the long term business achieved an increase in gross premium of 11% from Rs. 2,286M in 2012 to Rs. 2,541M in 2013. Despite the challenging market, Investment Income grew from Rs. 1,070M in 2012 to Rs. 1,219 in 2013. The Life Fund reached Rs. 28.3bn in 2013, from Rs. 24.2bn in 2012, thus increasing by 17%.

Despite a challenging year, the Group's results are commendable. This has been possible with the support of all stakeholders - our customers, our business partners, the brokers, our agents and salespersons, and a dedicated management team and staff. Thank you to all. We also wish to extend our gratitude to all Board members.

M. E. Cyril Mayer
Chairperson

J. M. Louis Rivalland
Director and Group Chief Executive

GROSS PREMIUM-LIFE

▲ RS 2.5 Bn

RS 2.3 BILLION IN 2012

J. M. Louis Rivalland / Group Chief Executive and Director

We firmly believe that we now have a unified team ready to take the Group to new heights.

CAR INSURANCE

KEY NUMBERS

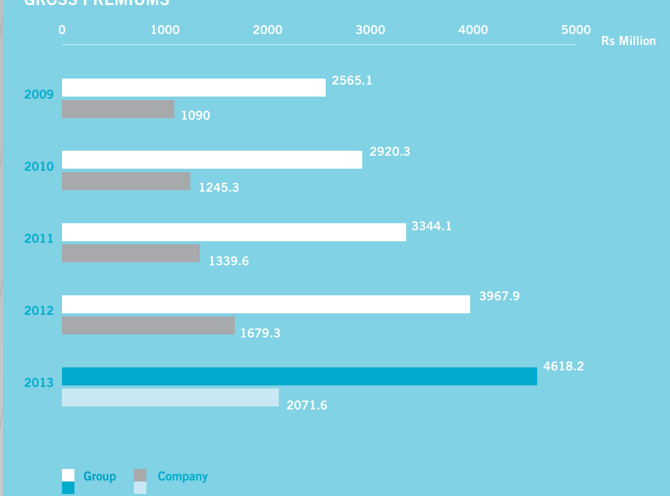
THE GROUP

FINANCIAL HIGHLIGHTS	2013	2012
	Rs'000	Rs'000
Gross Premiums	**4,618,248**	3,967,855
Net Earned Premiums	**3,314,677**	2,954,153
Profit Before Tax	**283,061**	202,913
Dividends Paid	**90,206**	70,344
Dividends per share	**10.90**	8.50
Earnings per share	**27.13**	22.26

THE COMPANY

FINANCIAL HIGHLIGHTS	2013	2012
	Rs'000	Rs'000
Gross Premiums	**2,071,551**	1,679,298
Net Earned Premiums	**946,018**	788,342
Profit Before Tax	**265,832**	198,486
Dividends Paid	**90,206**	70,344
Dividends per share	**10.90**	8.50
Earnings per share	**28.60**	23.61

GROSS PREMIUMS



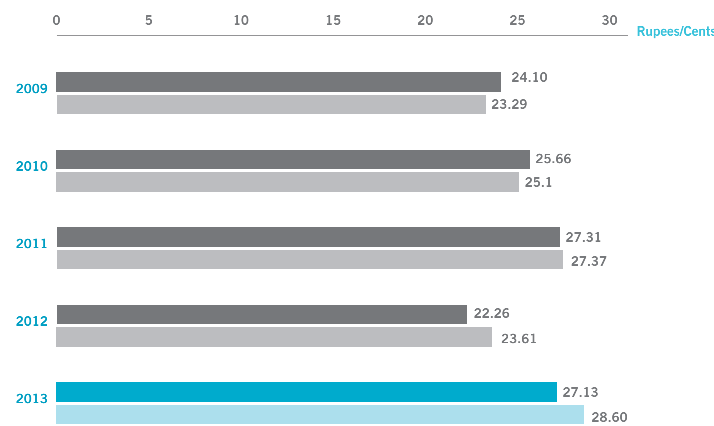
NET EARNED PREMIUMS

GROSS PREMIUM (GROUP)

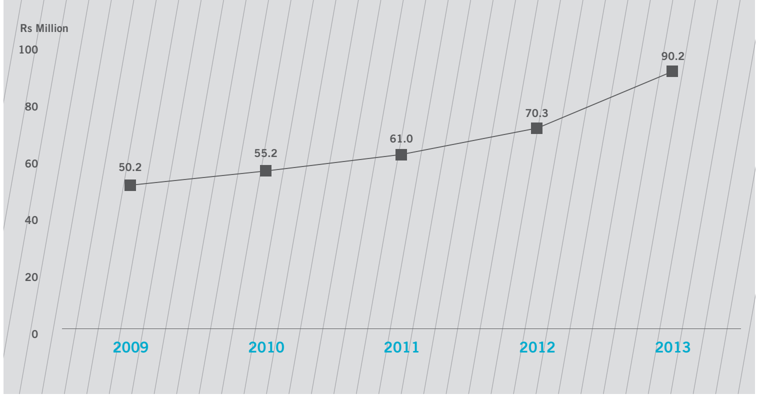
4.6BN

INCREASE BY RS 0.6 BILLION
DURING THE YEAR

EARNINGS PER SHARE



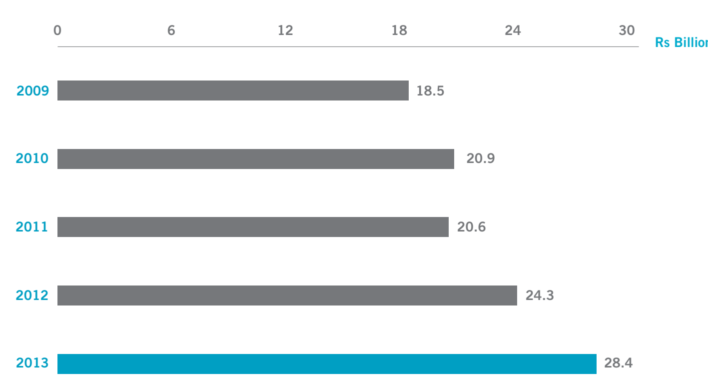
DIVIDENDS DECLARED (GROUP & COMPANY)



RESERVE (COMPANY)

PROFIT BEFORE TAX

LIFE ASSURANCE FUND (GROUP)



SENIOR MANAGERS

Alan GODER
Group Systems & Processes

Alan Goder, born in 1967, worked in the Actuarial Department of The Anglo-Mauritius as Actuarial Clerk from February 1988 to April 1989. From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of The Albatross Insurance Company Ltd.

From August 1996 to June 2001, he was Executive Director of Actuarial & Capital Management Services Ltd., now the AXYS GROUP.

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

He joined The Anglo-Mauritius as Senior Manager in November 2004 where he oversees the Claims and Fund Administration departments. He is also responsible for managing Pension Consultants & Administrators Ltd. Since August 2009, Alan has been appointed to oversee the pension department of Anglo-Mauritius.

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

His key areas of specialization are pensions administration and consulting.

Jean Marc CHEVREAU
Affinity Business, Customer Care and Complaints Coordination

Jean Marc Chevreau, born in 1953, joined the Albatross Insurance Company Ltd. as Underwriter in 1976 and was later promoted to Senior Supervisor. In 1986 he joined the Mauritian Eagle Insurance Co. Ltd. as Marketing Manager. In 1989, he participated in the setting up of La Prudence Mauricienne Assurances Ltée where he acted as Manager – Short-Term Business.

He joined Swan Insurance as Senior Manager – Technical in April 2000. He has been responsible for the Motor and Fire & Accident Departments, Individual Business Development, Agents' Monitoring & Product Review. He is now involved in the company's Affinity Business Development, Customer Service, international development projects and marketing & communication support function.

He is currently a member of The Motor Vehicle Insurance Arbitration Committee and is the Chairperson of the Swan Group Foundation committee set up to manage the Swan Group's social investments.

Maxime REY
Group Finance, Loans and Legal

Maxime Rey, born in 1952, started an accounting career in 1973 in Mauritius, first in Auditing (Kemp Chatteris/Touche Ross & DCDM/ Coopers & Lybrand), and then in the Sugar Industry (Deep River Beau Champs S.E.).

Immigrating to South Africa in 1981, he worked for Kuehne and Nagel (Pty) Ltd, the South African arm of a leading global provider of innovative and fully integrated supply chain solutions. He was appointed Group Financial Controller in 1989 and Director in 1992.

Back in Mauritius in 1993, he joined the Swan Group, one of the market leaders in the Insurance sector in Mauritius, where he is presently holding the position of Senior Manager - Group Finance, also heading the Loans and Legal Departments of the Group.

He serves as Director of a number of companies in the commercial, financial and tourism sectors, and is a member of several Board Committees.

Directorship of listed Company: Lux Island Resorts Ltd

Patrice BASTIDE
B.Sc. and M.Sc. – International Development

Patrice Bastide, born in 1963, heads the Group's development into markets outside of Mauritius. Between 2006 and 2010, during his previous tenures as Marketing Manager of Albatross Insurance and later General Manager, CIM Life, Patrice developed a thorough knowledge of the various sub-regional African insurance markets and setup an extensive network of relationships with insurance operators and regulatory bodies. He has actively contributed in elaborating and implementing the Swan Group's expansion strategy since 2011 and is a Board Director of insurance companies in Seychelles and Kenya. Patrice holds a M.Sc. in Applied Mathematics, USA and is a former post-graduate Italian Government scholarship winner.

SENIOR MANAGERS

Rémi DESVAUX DE MARIGNY
Diploma in Insurance – Corporate Business and Individual Business Unit

TSE KWONG PHILIPPE LO FAN HIN
F.C.I.I. - Reinsurance and Statistics

Rémi Desvaux de Marigny (45) 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 currently heading the Corporate and Individual Business Units.

Tse Kwong Philippe Lo Fan Hi, born in 1958, joined the Company in 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.) in 1991. He is a Chartered Insurer and a member of the Insurance Institute of Mauritius (IIM). He was promoted to Senior Manager in 2003.

He has been working in the Insurance Industry for 36 years. During the past 18 years he has been heading the Reinsurance and Statistics department of the Company. His main responsibility at Swan Insurance is to ensure that the Company is adequately reinsured with first class security Reinsurers for all the risks emanating from our underwriting activities.

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

Vishnoo LUXIMAN
M.Sc. - Group Human Resources

Vishnoo Luximan, born in 1962, 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.

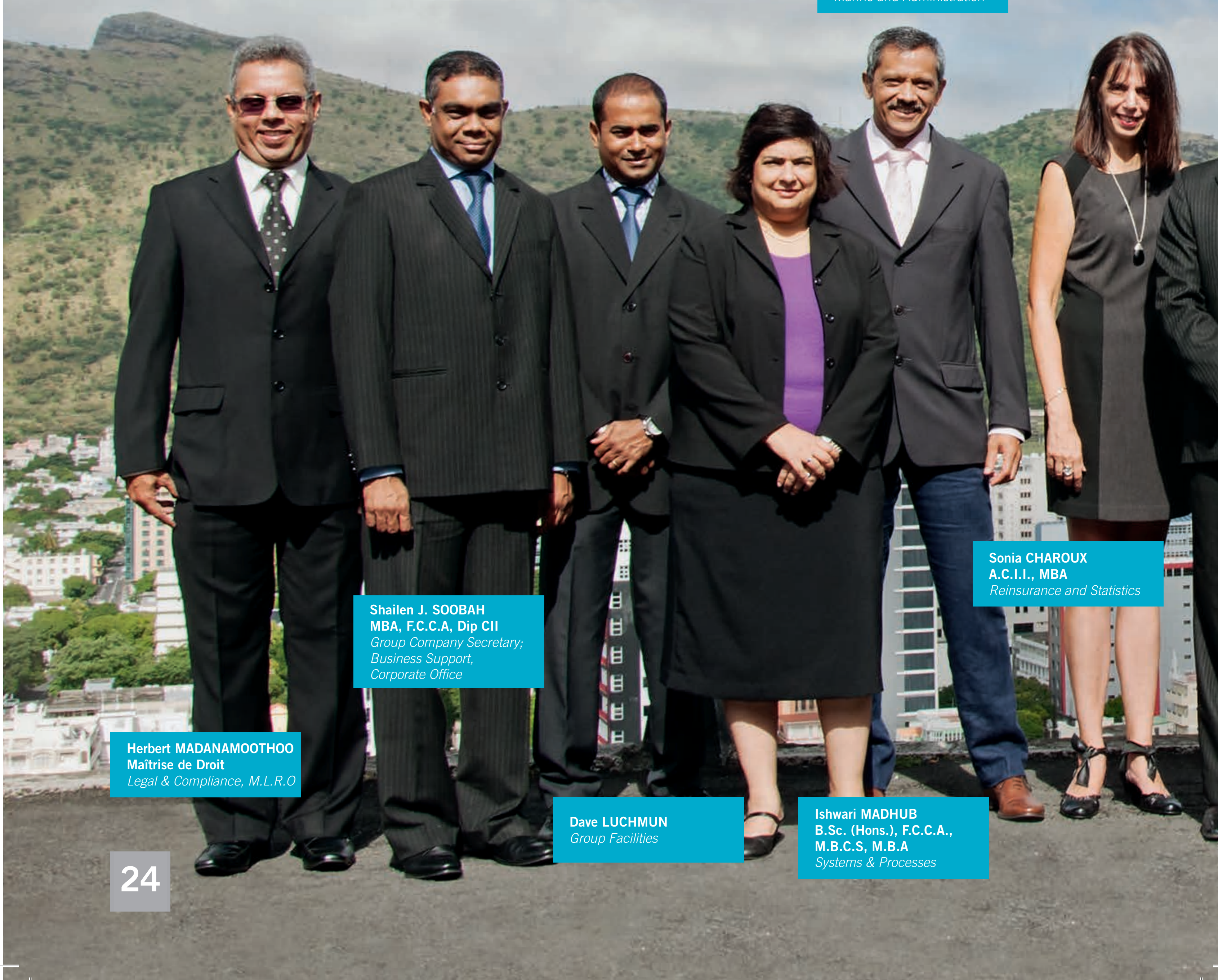
MANAGEMENT TEAM

Clency APPADOO (Absent)
Documentation and Policy Processing

Nasser PANCHAMEAH (Absent)
Non Motor Claims

Nitish BENI MADHU, B.Sc. (Hons), M.Sc. (Absent)
Investments

Veenaye BUSGEETH, F.C.C.A. (Absent)
Corporate Finance



Bruno NALLETAMBY
A.C.I.I., A.C.I.S., ACI Arb
Marine and Administration

Sonia CHAROUX
A.C.I.I., MBA
Reinsurance and Statistics

Shailen J. SOOBAH
MBA, F.C.C.A, Dip CII
Group Company Secretary; Business Support, Corporate Office

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

Dave LUCHMUN
Group Facilities

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

Gaël ALIPHON
A.C.I.I.
Individual Business

Ashley NUCKCHADY
Motor

Jean Yves VIOLETTE
ANZIIF (Assoc), C.I.P.
Claims

Patrick ANDRÉ
Health and Travel

Sonia KALACHAND-CANABADY
B.A, M.A -
Group Human Resources

Twayyab TAUJOO
M.Sc., F.C.C.A, Dip CII
Finance

MAIN SUBSIDIARIES

NITISH BENI MADHU
BSc (HONS), M.Sc.
Anglo-Mauritius Investment Managers Ltd

Anglo-Mauritius Investment Managers (AMIM) is a leading provider of Asset Management services in Mauritius, and currently manages investments worth more than MUR 26 billion across different asset classes, regions and sectors. AMIM's customer base includes Pension Funds, Insurance Companies, Investment Funds, High Net Worth Individuals and the general investing public.

AMIM pursued its growth strategy in 2013 and successfully won major mandates, particularly pension plans. AMIM continued to focus on business drivers to optimize top and bottom line. Also, product offerings were fleshed up, with specific emphasis on structured products and the CIS business. Additionally, the team set up was morphed to accommodate three distinct working units for each asset class, namely Local Equities, Foreign Equities and Fixed Income. This nomenclature is believed to allow specialist skills and knowledge to develop.

New avenues are now being explored for growth. Geographical diversification, in particular, has the potential to significantly enhance business flows in the coming year. Efforts are thus underway to explore potential niches in the region. Another major area to scout is financial engineering, in order to create non-conventional risk/reward ratio for clients, thereby filling a gap in the investment space.

AMIM has had a good year in 2013, with an on target growth rate. Profits are expected to continue on an increasing trend in 2014, thereby contributing to the shareholders' value.

NEERAJ UMANEE
B.A. (HONS) ECONOMICS
Anglo-Mauritius Stockbrokers Ltd

Anglo-Mauritius Stockbrokers Ltd (AMSL) is one of the leading stockbroking companies, offering a wide range of services to both institutional and retail clients. The company started its operations in 1989 when the Stock Exchange of Mauritius (SEM) was launched and was the first stockbroking company to establish a formal link with a major foreign house, namely Flemings. In addition to Trading, its core activity, AMSL also provides Research & Advisory services and acts as sponsoring broker for the listing of companies on the Stock Exchange of Mauritius. As recognition for its value-added services as a research provider, AMSL received an award from one of its major international clients in 2013.

The company is constantly reviewing its processes to maintain a quality focused approach towards servicing its clientele. A core part of this model is the continuous professional development of its key resource, which is its People.

2013 witnessed a rebound of the official market of the SEM, in line with the recovery of the U.S and European equity markets: the SEMDEX gained 21% over the year, with transacted value increasing by 12% to reach Rs. 10.6 Bn. Foreign activity represented 42% of total transacted value, with a higher net foreign inflow of Rs. 368 M in 2013, compared to a net injection of Rs. 100 M in 2012. Amidst this heightened activity, AMSL consolidated its market share and boosted its bottom line performance over the period, despite stiff competition across the board.

NAVINDRANATH BHUGALOO
A.C.I.I.
Pension Consultants & Administrators Ltd (PCA)

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

In 2013, PCA has consolidated its position as the market leader in the field of administration of pension schemes. This has impacted positively on our turnover, with a growth of 13% from last year, and our profitability has been very healthy for yet another year.

At the end of 2013, the company provided administrative services to more than 250 companies grouped under 23 schemes, with total active membership reaching nearly 21,000 lives.

We continue to consolidate the working relationship with the pensions department of Anglo-Mauritius Assurance, for the benefit of our respective clients and the Group.

The integration of the one big pension scheme we inherited following the merger of the activities of Cim Life has now been completed.

Almost all schemes under our administration have received their license from the Financial Services Commission, as required under the 'Private Pension Schemes Act'.

In view of the various challenges ahead, we have consolidated further our team with the recruitment of two additional staff.

We are sparing no effort to further strengthen our position on the market by being more attentive to our clients' needs in the rapidly changing and more sophisticated pension environment.

JÉRÔME BOYER
Processure Company Limited

Processure Company Limited, a joint venture between Swan Insurance Company Ltd and Tessi SA from France, was incorporated as a private limited company in Mauritius in March 2009.

Tessi S.A. provides document automation solutions to banking, private and public services sectors, primarily in France. Its services include business process outsourcing solutions, software development and integration services, as well as management of inbound, internal, and outbound information.

Processure Company Limited was created with the objective of providing insurance companies with cost-effective solutions to the increasing burden of time consuming back office operations. This is achieved through secure remote access to existing systems, allowing insurance companies to focus on high value added services for better customer retention and growth, while retaining control on outsourced back office operations.

Services offered by Processure Company Limited include dematerialisation of documents (indexing, categorisation, archiving), EDM (Electronic Document Management), desktop publishing and targeted telephone exchanges campaigns.

MAIN SUBSIDIARIES

DAVID MURRAY
B. COMPT, MBA
Swan Risk Finance (PTY) Ltd

Swan Risk Finance (Pty) Ltd is based in South Africa and specializes in the financing of office and related equipment by means of leases and rentals. Its niche is in the medium risk segment within this industry, where the business is able to achieve higher than average market returns.

2013 was a year where Swan Risk Finance established itself as a competitive brand in this industry space, achieving the targeted levels of production by the end of the year, as well as cementing its operational infrastructure.

2013 was also a year where management changes and the Rand's devaluation affected the business, but measures have been put into place to address these issues.

We are confident that 2014 will be a positive year for the business during which we will grow on the foundations that were laid in 2013.

HOME INSURANCE

OXYGEN PRODUCTS

Since its launch in 2007, the Oxygen brand has met a considerable success in Mauritius given its innovative and affordable insurance solutions for individuals. In order to distinguish itself from the market, the Swan Group came out with a bold concept by using cartoon illustrations to create an awareness of the importance of insurance protections for the Mauritian public. Indeed, the Oxygen insurance products benefits and features are illustrated in the family cartoon characters experimenting the good and tough times of everyday life.

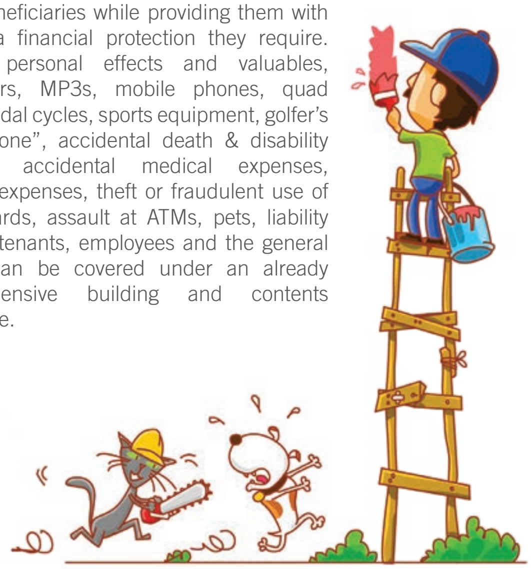
In 2010, the Swan Group extended the range of Oxygen insurance products to fulfil the needs of general insurance customers. Swan Insurance clients henceforth benefit from the flexible features of Oxygen which were solely provided by Anglo-Mauritius since 2007. Oxygen now caters for car, home, health, travel and pleasure craft insurances. They are written in an easy-to-understand plain English language as opposed to the traditional technical and legal wordings of insurance contracts.

OXYGEN CAR INSURANCE

This insurance provides simple yet unique covers to meet the needs of drivers. Contrary to commonly sold basic car insurance covers, Oxygen Car Insurance contains a number of extra features, some unique to the local motor insurance market, such as the “driver at fault compensation cover” or the driver’s liability towards his family members. The Oxgen Novus Plan is ideal for brand new cars and the Oxygen Essential Plan for second hand ones.

OXYGEN HOME INSURANCE

Much more than a home insurance that protects the building and its contents, Oxygen Home Insurance encompasses a wide range of covers which meets the needs and lifestyle of its beneficiaries while providing them with the extra financial protection they require. Hence, personal effects and valuables, computers, MP3s, mobile phones, quad bikes, pedal cycles, sports equipment, golfer's "hole-in-one", accidental death & disability benefits, accidental medical expenses, surgical expenses, theft or fraudulent use of credit cards, assault at ATMs, pets, liability towards tenants, employees and the general public can be covered under an already comprehensive building and contents insurance.

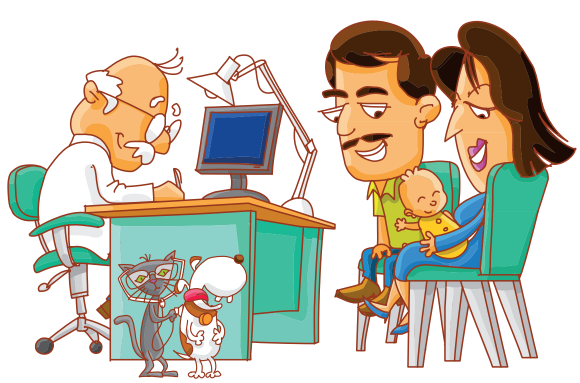


OXYGEN TRAVEL INSURANCE

Since 1993, Swan Insurance partners with Europ Assistance, one of the world leaders in international travel and health insurance and assistance service. Present in 5 continents and operating in 208 countries and territories worldwide, Europ Assistance provides an exceptional international network at the service of its clients. The Oxygen Travel plan of Swan Insurance allows travelling over the world with absolute freedom of mind and comfort.

OXYGEN HEALTH INSURANCE

Swan Insurance Oxygen Medicare Insurance offers a wide range of benefits and extra cover options to access quality health services when needed. Oxygen Medicare Insurance contains three different types of covers with different optional limits depending on the level of cover required and family budget. Combining the in-patient cover with the out-patient and medical surgical catastrophe covers provides complete protection to the family.



OXYGEN PLEASURE CRAFT INSURANCE

Oxygen Pleasure Craft Insurance has been conceived to provide absolute peace of mind to those sailing in and off the Mauritian lagoon. The comprehensive features of this insurance allow for the protection of the pleasure craft, its engines, equipment and passengers as well as the legal liability of its owner towards third parties.

CORPORATE PRODUCTS

Swan Insurance is the undisputed leader as provider of insurance services and solutions to the Corporate and SME Business Sectors in Mauritius. Our underwriting team has developed and acquired the necessary technical expertise to underwrite a complete range of products and provide Risk Management Services to businesses of all size.

We provide all classes of insurance available in the market, including:

- Property Insurances - Fire and Allied Perils, Combined Asset All Risks, Electronic Equipment, Machinery Breakdown, All Risks Plant and Machinery and Sugar Cane Crop Insurances.
- Pecuniary Insurances - Business Interruption (following Fire and Allied Perils and Machinery Breakdown), Deterioration of Stock, Money and Fidelity Guarantee Insurances.
- Liability Insurances - Public and Products, Employer's, Warehouseman and Motor-Traders Liability Insurance.
- Miscellaneous Insurances - Group Personal Accident, Contractors All Risks/Erection All Risk Insurances.
- Financial Lines - Directors and Officers Liability (Management Liability), Professional Indemnity, Crime and Bankers' Blanket Bond Insurances.
- Marine, Motor and Health Insurances.

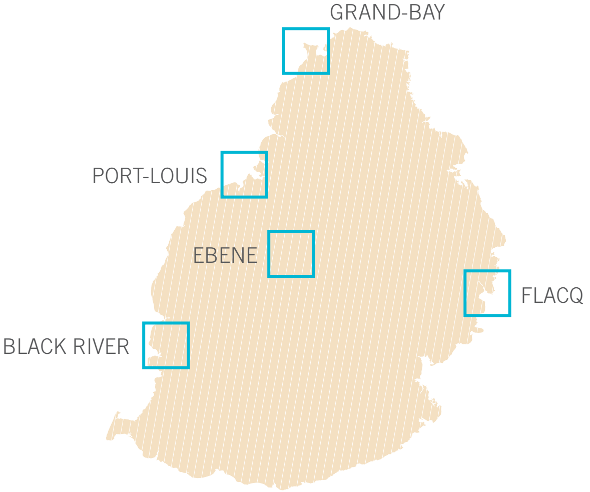
We partner with reputable international reinsurers and benefit from A-rated Reinsurance Security for all the above classes of Insurances.

NEW INSURANCE OUTLET

In 2013, the Swan Group opened another outlet at the heart of the Cyber City, in Ebène, at the Ebène Way Commercial Centre. With the recent positioning of Ebène as a strategic business hub, and as part of its strategy to move closer to its client, the Group decided to extend its presence in this region to better reach and serve its clientele.

Customers can enjoy the same quality of service that they have always experienced at the Anglo-Mauritius and Swan Insurance head office. These modern shops aim at improving the customer's experience whilst conveying a modern and avant-garde image of the Swan Group.

The Oxygen Shops throughout the island are similar to concept stores for they offer, under a single roof, the whole range of the Group's products and services to its clients. Visitors are immediately seduced by the futuristic design of these shops, which showcase the wide range of the Oxygen products.



FLACQ	**GRAND BAIE**	**PORT LOUIS**	**ÉBÈNE**	**RIVIÈRE NOIRE**
Centre Commercial VIP	La Croisette	Rue Intendance	Centre Commercial d'Ébène	Centre Commercial Nautica
tel : 413 8500	tel : 269 4130 / 32	tel : 202 8600	tel : 207 9090	tel : 483 4260

Weaving partnerships with NGOs to build a better future

Jean-Marc Chevreau /
Chairman CSR Committee

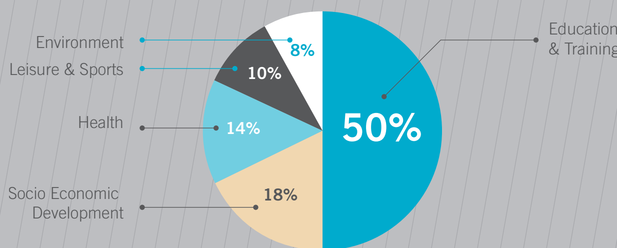
CSR

DONATED TO 33 NGOS IN 2013

▲ RS 6.1 M

CSR DISBURSEMENTS 2013

For the year 2013, the Swan Group Foundation renewed its commitment to the local NGOs, supporting their initiatives and donating more than Rs 6 million. In total, 33 NGOs received financial contributions for projects related to financial literacy and training (50%), socio-economic development (18%) health (14%), leisure and sports (10%) and the environment (8%).



This year, the Group contributed nearly Rs 3 M to the Training and Education sector, showing its commitment in empowering beneficiaries to climb up the socio-economic ladder through education. The recipients, amongst others, were *Junior Achievement Mascareignes (JAM), Terrain for Interactive Pedagogy through Arts (T.I.P.A), Association Quartier de Lumière, Association Femmes Dynamiques*, and *Communauté du Chemin Neuf.*

The Group also renewed its partnership with *Mauritian Wildlife, Faucon Flacq, Muscular Dystrophy Association* and supported *Mouvement Forces Vives EDC in Rose-Belle* for the renovation of the homes of those living below poverty line.

SWAN GROUP SPEARHEADS YOUTH TRAINING INITIATIVES

The Swan Group Foundation partnered with Junior Achievement Mascareignes (JAM) to launch JA Economics for Success. This project targets young people aged between 16 and 18 years old. The objectives of the program are to disseminate information on personal finance, inform the youth about the risks associated to life, and teach them how insurance helps reduce the financial consequences of risk.

In its drive to educate the Mauritian youth and increase its engagement in the local communities, the Swan Group Foundation has decided to tap into the vast pool of knowledge of its employee, partners, managers and collaborators. Our colleagues gave their time and shared their skills to ensure the success of our partnership with Junior Achievement Mascareignes (JAM).

"Our programme aims at educating the 16 to 18 years old on subjects such as personal finance, financial risks and the importance of insurances. We worked with the renowned illustrator POV and also the dedicated team of the Swan Group who helped in adapting the educational materials to suit the needs of the Mauritians," explained Michele Lionnet, Executive Director, Junior Achievement Mascareignes. *"This program, from which should benefit about 2,000 young Mauritians, has been extremely successful so far and has attracted a great deal of interest. We are currently in the process of finalizing the signature of a MOU with the Ministry of Education in order to facilitate the introduction of our projects in the secondary schools of the country."*

"This extremely interesting initiative has given us the opportunity to show our engagement to the local communities and to the sector of Education. The economic strength of Mauritius lies in its brain-power: be it in research and innovation or cutting-edge technology and our ability to produce a well-trained, highly productive workforce. This objective can only be met by delivering proper education to youngsters, for they represent our future. Through this financial literacy project, we wanted to support JAM which plays an important role in the education of the youth worldwide and on the African continent," said Jean Marc Chevreau, Chairman of the CSR Committee.

Globally, JA Worldwide reaches millions of students around the globe through its wide range of programs which teach financial literacy, entrepreneurship and workforce readiness.

HEALTH INSURANCE

CORPORATE GOVERNANCE REPORT

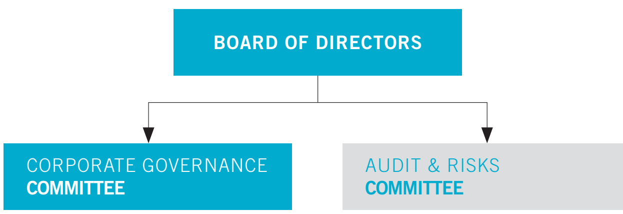
1. COMPLIANCE STATEMENT

The Group is committed to attaining and sustaining the highest standards of corporate governance with the objective of enhancing shareholders' value and having regard to stakeholders at large.

The Boards of directors ensure that the principles of good governance are followed and applied throughout the Group. The Group has complied in all material respects with the Code of Corporate Governance.

2. GOVERNANCE STRUCTURE

The Board has adopted the following structure to help it discharge its obligations:



Each subsidiary has its own Board which is different from the Board of Swan Insurance Company Limited.

However, the Corporate Governance Committee and the Audit & Risks Committee oversee the governance, audit and risk issues of all the subsidiaries.

3. BOARD

3.1 Composition of the Board

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 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.

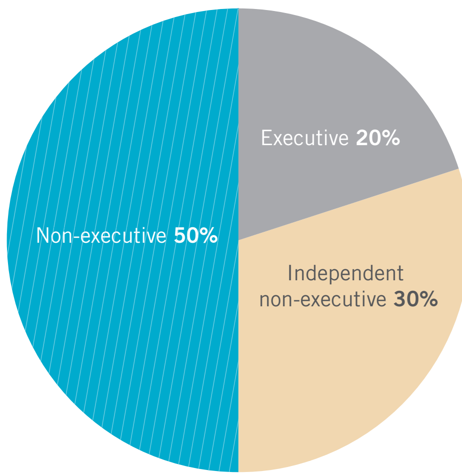
All directors have access to the advice and services of the Company Secretary. Where necessary in the discharge of their duties, directors may seek independent professional advice at the Company's expense.

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.

The composition of the Board fully complies with the requirements of the Insurance Act 2005 which requires that all board shall be composed of not less than seven natural persons, of which 30% shall be independent directors. All new Board appointments are subject to the approval of the Financial Services Commission.

During the year, the Board was composed of the following directors:

Executive	Louis Rivalland (Group Chief Executive)
	Michel Thomas (Operations Executive)
Independent Non-Executive	Pierre Dinan
	Victor Seeyave
	Gopallen Mooroogen
Non-Executive	Cyril Mayer (Chairperson)
	Henri Harel
	Hector Espitalier-Noël
	Philippe Espitalier-Noël
	René Leclézio



3.2 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.

3.3 Election of Directors

The Code of Corporate Governance provides for directors to be elected (or re-elected as the case may be) every year at the annual meeting of shareholders. However, the Board does not consider this recommendation to be appropriate within the context of the Group. In addition, the constitution of the Company does not make any provision for such a procedure.

The Board believes that the complexity of the Group's operations is such that sufficient time should be allowed for an independent director to be reasonably conversant with its technicalities. This applies particularly to those Directors who are members of the Audit and Risks Committee. Re-election of directors over the age of 70 years is made in compliance with section 138(6) of the Companies Act 2001.

3.4 Board appraisal

The Board is composed of directors coming from different sectors of the economy. Each director has drawn from his professional background and competence in positively contributing to the Board's activities. No formal evaluation of the Board was undertaken.

4. BOARD COMMITTEES

4.1 The Audit and Risks Committee

The Committee consists of four non-executive directors three of whom are independent including the Chairperson. The current members are:

Mr. Peroomal Gopallen Mooroogen (Chairperson) (independent)

Mr. Pierre Dinan (independent)

Mr. Victor Seeyave (independent).

Mr. Henri Harel (non-executive)

The Committee meets at least four times a year. The Group Chief Executive attends unless a conflict of interest is likely to arise. Members of the Committee have adequate financial awareness.

Members of the Senior Management, the External Auditors and the Internal Auditors regularly attend meetings of the Audit and Risks Committee.

The 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:

i. the reliability and accuracy of the financial information provided by management to the Board and other users of financial information;

ii. the functioning of the internal control and the risk management systems;

iii. the functioning of the internal auditors;

iv. the risk areas of the operations to be covered in the scope of the internal and external audits;

v. recommending the appointment/re-appointment of internal and external auditors to the Board;

vi. any accounting or auditing concerns identified as a result of the internal or external audits;

vii. compliance with legal and regulatory requirements with regard to financial matters;

viii. the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;

ix. the nature and extent of non-audit services provided by the external auditors; and

x. the financial information to be published by the Board.

During the year, the Committee met four times and the main issues discussed and deliberated on were:

i. Yearly audited accounts – consideration and recommendation to the Board for approval;

ii. Abridged quarterly accounts - consideration and recommendation to the Board for approval and publication;

iii. Internal audit – consideration and approval of internal audit reports;

iv. Enterprise Risk Management – consideration and approval of a new engagement for the internal auditors;

v. Regulatory – taking cognizance of the reports of the Financial Services Commission following routine inspections;

vi. Audit fees - consideration and recommendation to the Board for approval.

4.2 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) (non executive)

Mr. Pierre Dinan (independent)

Mr. Peroomal Gopallen Mooroogen (independent)

Mr. Victor Seeyave (independent)

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:

i. determining agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;

ii. assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;

iii. putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;

iv. making recommendations to the Board on all new Board appointments; and

v. determining the level of emoluments of executive, non-executive, independent non-executive directors and Board Committee members.

The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties and shall set the appropriate procedures accordingly. The Committee is also authorised to obtain, at the Group's expense, such outside legal or other independent professional advice as it considers necessary to perform its duties.

5. BOARD AND COMMITTEE ATTENDANCE

		Board	Audit & Risks Committee	Corporate Governance Committee
	Number of meetings held	**4**	**4**	**1**
Executive	Louis Rivalland	4	4*	1*
	Michel Thomas	4	n/a	n/a
Independent Non-Executive	Pierre Dinan	3	3	1
	Victor Seeyave	4	3	1
	Gopallen Mooroogen	4	④	1
Non-Executive	Cyril Mayer	④	n/a	①
	Henri Harel	4	4	n/a
	Hector Espitalier-Noël	3	n/a	n/a
	Philippe Espitalier-Noël	2	n/a	n/a
	René Leclézio	4	n/a	n/a

○ Chairperson
* in attendance (not a member)

6. DIRECTORS' INTERESTS AND DEALING IN SHARES

The Company Secretary maintains a Register of Directors' Interests, in accordance with the Companies Act 2001. Consequently, as soon as a Director becomes aware that he is interested in a transaction, or that his holdings or his associates' holdings have changed, the interest should be reported to the Company Secretary in writing.

The Register of Directors' Interests is updated with every transaction entered into by the Directors and persons closely associated with them. All new Directors are required to notify in writing to the Company Secretary their holdings in the Company's shares. According to the Company's Constitution, a Director is not required to hold shares in 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.

Directors' interests in shares were as follows:

Directors	In the Company			In the Subsidiary (The Anglo-Mauritius Assurance Society Limited)		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%	%	No. of Shares	%	%
M.E. Cyril Mayer	-	-	-	-	-	0.008
J.M. Louis Rivalland	18,100	0.219	-	11,729	0.446	-
Philippe Espitalier-Noël	-	-	1.089	-	-	0.853
Hector Espitalier-Noël	-	-	1.138	-	-	0.872

Directors' dealings in shares of the Company and the subsidiary, The Anglo-Mauritius Assurance Company Limited, during the year were as follows:

Directors	In the Company	In the Subsidiary
	Purchased/Sold	Purchased
J.M. Louis Rivalland	-	329

7. DIRECTORS' REMUNERATION

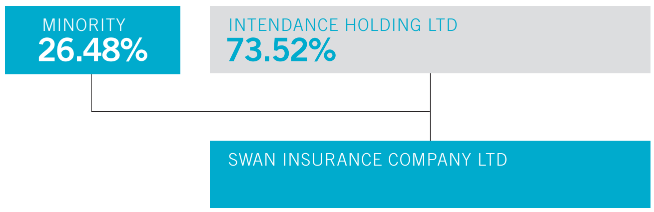
Remuneration and benefits received by the directors during the year were as follows:

	From the Company	From Subsidiary companies
	Rs.	Rs.
Non- Executives	783,000	819,000
Executives	12,508,453	10,095,981

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.

8. SHAREHOLDERS

8.1 Holding structure



As at 31 December 2013, the following shareholders held more than 5% of the share capital of the Company:

	Direct		Indirect
	No. of shares	% holding	% holding
Intendance Holding Limited	6,084,050	73.52	-
Terra Mauricia Ltd	-	-	33.05
Rogers and Company Limited	-	-	27.78
Excelsior United Development Companies Limited	-	-	12.70

8.2 Common Directors

The directors regard Intendance Holding Limited (IHL) as the ultimate holding company. The following directors were common to both the Company and IHL:

M.E. Cyril Mayer

Hector Espitalier-Noël

Philippe Espitalier-Noël

Henri Harel

J.M. René Leclézio

8.3 Shareholding profile

Shareholding profile as at 31 December 2013 was as follows:

Size of shareholding	Number of shareholders	Number of shares	% of total issued shares
1 – 500	661	85,547	1.034
501 – 1,000	109	87,370	1.056
1,001 – 5,000	154	341,353	4.125
5,001 – 10,000	38	264,391	3.195
10,001 – 50,000	31	616,534	7.450
50,001 – 100,000	2	154,260	1.864
100,001 – 250,000	1	100,500	1.214
250,001 – 500,000	2	541,764	6.546
Over 500,000	1	6,084,050	73.516
TOTAL	**999**	**8,275,769**	**100**

8.4 Shareholder category

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Individuals	877	1,002,525	12.114
Insurance companies	4	145,304	1.756
Pensions and provident funds	12	405,456	4.899
Investment and trust companies	10	20,803	0.251
Other corporate bodies	96	6,701,681	80.980
TOTAL	**999**	**8,275,769**	**100**

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Local	972	7, 964, 544	96.239
Foreign	27	311, 225	3.761
TOTAL	**999**	**8,275,769**	**100**

8.5 Shareholder communication and events

The Company ensures that shareholders are kept informed on matters affecting the Company. The Company communicates with its shareholders through press communiqués, publication of quarterly results, its annual report and at the meeting of shareholders. In addition, the Company's website is regularly updated with share price and financial results. Board members are encouraged to attend the annual meeting of shareholders. Key events are set out below:

December	Declaration of dividend
January	Payment of dividend
March	Publication of end of year results
May	Publication of first quarter results
June	Annual meeting of shareholders
August	Publication of half year results
November	Publication of nine months results

8.6 Dividend policy

The Company does not follow a formal dividend policy. Dividends are declared after taking into account the Company's profitability and the solvency requirements of the Companies Act and the Insurance Act. The Company declares dividend in December based on best estimates of yearly results to 31 December.

For the year under review, the Company declared and paid a dividend of Rs. 10.90 per share.

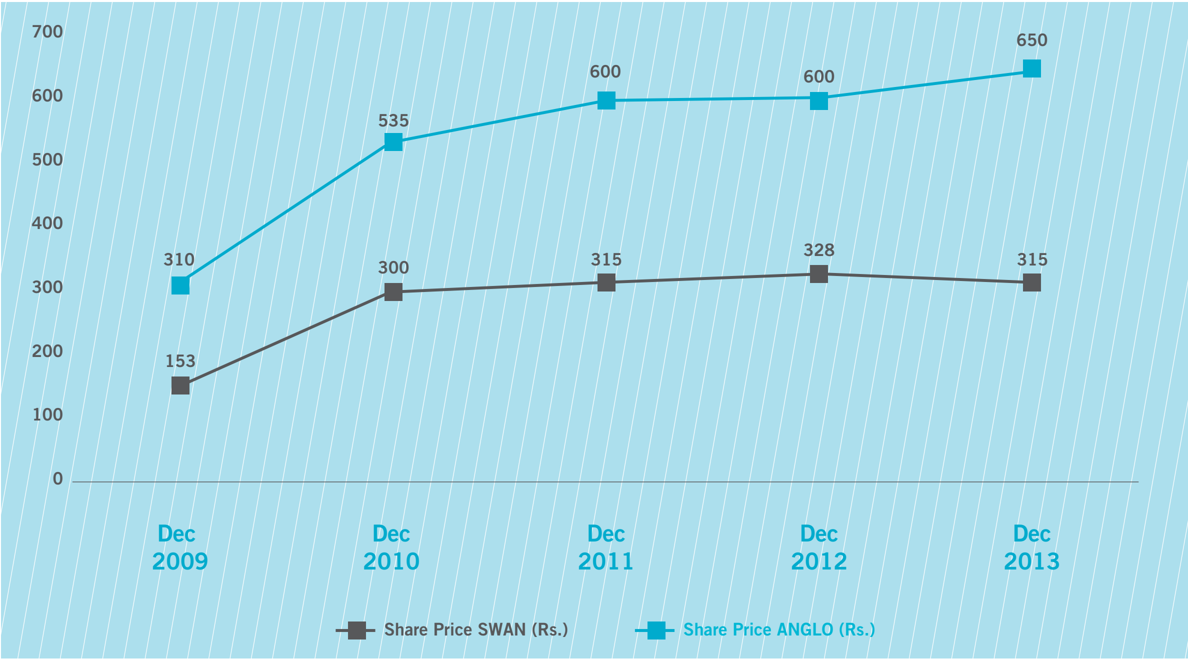
Key dividend figures for the last 5 years are shown below:

Year	Dividend per Share (Rs.)	Dividend Cover* (Times)	Dividend Yield** %
2013	10.90	2.63	3.46
2012	8.50	2.78	2.60
2011	8.50	3.22	2.70
2010	7.70	3.26	2.57
2009	7.00	3.33	4.57

*Dividend Cover is the number of times profit for the year covers the dividends declared.
**Dividend Yield is equal to the annual dividend per share divided by the market price.

8.7 Share price information

The share prices of the Company and its subsidiary, The Anglo-Mauritius Assurance Society Limited (ANGLO) for the past five years are shown below:



9 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.

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 34 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.

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 for the Group.

- **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 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.

- **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 advice on the proper and effective use of resources.

- **Areas covered**

  The internal audit plan is devised based on a risk assessment exercise. During the year, the internal audit covered the following areas:

  Health and travel processes

  Motor underwriting

  Cash handling

  Accounting and Finance – close the books processes

  IT general controls

  Brokers' business

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.

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

- **Financial Risks**

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

  The management of these financial risks is further discussed in note 3 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 designed to provide assurance against material misstatement or loss, and to 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. CHARITABLE DONATIONS, CORPORATE SOCIAL RESPONSIBILITY AND POLITICAL CONTRIBUTION.

Please refer to 'Other Statutory Disclosures' in the financial statements.

19. STAKEHOLDERS' RELATIONS AND COMMUNICATION

The Group's objective is to properly understand the information needs of stakeholders and to have an open and meaningful dialogue with all its stakeholders. Open lines of communication are maintained to ensure transparency and optimal disclosure. The Company communicates through press communiqués, publication of quarterly results and its annual report. In addition, the Company's website is regularly updated with share price and financial results.

20. 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.

21. ENVIRONMENT, HEALTH & SAFETY AND SOCIAL ISSUES

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.

Jaiyansing Soobah

for Swan Group Corporate Services Limited

Company Secretary

25 March 2014

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 Company and its Subsidiaries as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);

(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgments.

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

The Directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(ii) appropriate accounting policies supported by reasonable and prudent judgments and estimates have been used consistently;

(iii) international financial reporting standards have been adhered to. Any departure in the 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 on March 25, 2014

M. E. Cyril Mayer
Chairperson

J. M. Louis Rivalland
Director and Group Chief Executive

COMPANY SECRETARY'S CERTIFICATE

YEAR ENDED DECEMBER 31, 2013

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.

Jaiyansing Soobah

for Swan Group Corporate Services Limited

Company Secretary

March 25, 2014

STATEMENT OF COMPLIANCE

(SECTION 75(3) OF THE FINANCIAL REPORTING ACT)

NAME OF ENTITY: SWAN INSURANCE COMPANY LIMITED

REPORTING PERIOD: YEAR ENDED DECEMBER 31, 2013

We the Directors of Swan Insurance Company Limited confirm to the best of our knowledge that the Company has complied with all its obligations and requirements under the Code of Corporate Governance.

M. E. Cyril Mayer
Chairperson

J. M. Louis Rivalland
Director and Group Chief Executive

March 25, 2014

TRAVEL INSURANCE

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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 60 to 133 which comprise the statements of financial position at December 31, 2013, and the statements of profit or loss, statements of profit or loss and other 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 other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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.

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

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 60 to 133 give a true and fair view of the financial position of the Group and of the Company at December 31, 2013, 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, 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. Our responsibility is to report the extent of compliance with the Code of Corporate Governance as disclosed in the annual report and on whether the disclosure is consistent with requirements of the Code.

In our opinion, the disclosures in the annual report are consistent with the requirements of the Code.

BDO & Co

BDO & CO
Chartered Accountants

ARamdin

Ameenah Ramdin, FCCA, ACA
Licensed by FRC
Port-Louis,
Mauritius.

March 25, 2014

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013

	Notes	THE GROUP			THE COMPANY		
		2013	2012	As at January 1, 2012	2013	2012	As at January 1, 2012
		Rs'000	Rs'000 Restated	Rs'000 Restated	Rs'000	Rs'000 Restated	Rs'000 Restated
ASSETS							
Non-current assets							
Property and equipment	5	**105,014**	105,051	86,703	**97,565**	100,124	86,517
Intangible assets	6	**43,315**	72,009	6,109	**699**	4,137	6,109
Investments in subsidiary companies	7	**-**	-	-	**352,014**	352,014	80,220
Investment in associated company	8	**67,112**	60,381	44,409	**-**	-	-
Investment in joint venture	9	**821**	548	415	**500**	500	500
Investments in financial assets	10	**949,828**	797,849	545,452	**918,773**	829,582	559,441
Loans and receivables	11	**169,643**	124,678	105,572	**143,156**	136,310	105,572
Deferred tax assets	12	**16,965**	13,576	7,510	**17,277**	13,266	7,511
		1,352,698	1,174,092	796,170	**1,529,984**	1,435,933	845,870
Current assets							
Investments in financial assets	10	**152,068**	176,917	78,967	**142,102**	176,917	78,967
Loans and receivables	11	**10,416**	6,857	3,800	**6,366**	6,857	3,800
Trade and other receivables	13	**2,136,030**	1,851,201	991,723	**1,864,392**	1,523,904	844,062
Cash and cash equivalents	29(b)	**287,755**	383,014	381,247	**132,499**	124,627	353,072
		2,586,269	2,417,989	1,455,737	**2,145,359**	1,832,305	1,279,901
Life Business Assets	14	**28,425,609**	24,264,878	20,556,819	**-**	-	-
Total assets		**32,364,576**	27,856,959	22,808,726	**3,675,343**	3,268,238	2,125,771
EQUITY AND LIABILITIES							
Capital and reserves (attributable to owners of the parent)							
Share capital	15	**41,379**	41,379	35,857	**41,379**	41,379	35,857
Reserves		**1,608,787**	1,463,178	1,087,045	**1,625,158**	1,411,651	1,028,907
Owners' interest		**1,650,166**	1,504,557	1,122,902	**1,666,537**	1,453,030	1,064,764
Non-controlling interests	17	**193,582**	202,983	64,924	**-**	-	-
Total equity		**1,843,748**	1,707,540	1,187,826	**1,666,537**	1,453,030	1,064,764
Technical provisions							
Life Assurance Fund	14	**28,425,609**	24,264,878	20,556,819	**-**	-	-
Outstanding claims and IBNR	22/30(a)	**843,458**	715,665	323,279	**843,458**	715,665	323,279
Gross unearned premiums	22/30(b)/2.18	**794,478**	771,871	523,488	**794,478**	771,871	523,488
		30,063,545	25,752,414	21,403,586	**1,637,936**	1,487,536	846,767
Non-current liabilities							
Borrowings	18	**12,733**	15,072	-	**985**	2,199	-
Retirement benefit obligations	19	**112,406**	87,360	60,779	**112,406**	87,370	60,627
		125,139	102,432	60,779	**113,391**	89,569	60,627
Current liabilities							
Trade and other payables	20	**194,951**	198,534	89,460	**153,765**	162,816	86,542
Borrowings	18	**33,865**	21,114	-	**423**	1,104	-
Current tax liabilities	21	**13,122**	4,581	6,119	**13,085**	3,839	6,115
Dividend payable	26	**90,206**	70,344	60,956	**90,206**	70,344	60,956
		332,144	294,573	156,535	**257,479**	238,103	153,613
Total equity and liabilities		**32,364,576**	27,856,959	22,808,726	**3,675,343**	3,268,238	2,125,771

These financial statements have been approved for issue by the Board of Directors on : March 25, 2014

J. M. Louis Rivalland
Director

Michel Thomas
Director

The notes on pages 66 to 133 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

STATEMENTS OF PROFIT OR LOSS

YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP		THE COMPANY	
		2013	2012	**2013**	2012
		Rs'000	Rs'000	**Rs'000**	Rs'000
			Restated		Restated
Gross premiums		**4,618,248**	3,967,855	**2,071,551**	1,679,298
Premiums ceded to reinsurers		**(1,303,459)**	(1,000,860)	**(1,125,421)**	(878,114)
Change in gross unearned premiums	22/30(b)	**(22,607)**	48,852	**(22,607)**	48,852
Recoverable from reinsurers	22/30(b)	**22,495**	(61,694)	**22,495**	(61,694)
Net earned premiums	2.16	**3,314,677**	2,954,153	**946,018**	788,342
Net earned premiums relating to Life Assurance Fund		**(2,363,115)**	(2,163,414)	**-**	-
		951,562	790,739	**946,018**	788,342
Gross claims paid	30(a)	**(1,233,412)**	(728,850)	**(1,233,412)**	(728,850)
Claims recovered from reinsurers	30(a)	**716,392**	330,839	**716,392**	330,839
Movement in claims outstanding and IBNR:					
Gross claims outstanding and IBNR	30(a)	**(127,793)**	199,366	**(127,793)**	199,366
Recoverable from reinsurers	30(a)	**84,643**	(236,547)	**84,643**	(236,547)
Net claims incurred		**(560,170)**	(435,192)	**(560,170)**	(435,192)
Commissions receivable from reinsurers		**239,078**	206,705	**239,078**	206,157
Commissions paid to agents and brokers		**(179,263)**	(161,771)	**(179,240)**	(161,771)
Net commissions		**59,815**	44,934	**59,838**	44,386
Underwriting surplus		**451,207**	400,481	**445,686**	397,536
Investment income	23	**160,499**	133,613	**133,137**	113,438
Operating profit		**611,706**	534,094	**578,823**	510,974
Other income	24	**57,043**	16,051	**35,135**	12,752
		668,749	550,145	**613,958**	523,726
Marketing and administrative expenses	25	**(385,296)**	(301,523)	**(334,953)**	(270,283)
Termination benefits	28	**-**	(41,393)	**-**	(41,393)
Depreciation	5	**(10,824)**	(10,390)	**(9,436)**	(9,979)
Amortisation	6	**(3,742)**	(3,588)	**(3,737)**	(3,585)
Share of profit of associated company and joint venture	8/9	**14,174**	9,662	**-**	-
Profit before taxation		**283,061**	202,913	**265,832**	198,486
Income tax expense	21	**(29,176)**	(16,657)	**(29,133)**	(16,023)
Profit for the year		**253,885**	186,256	**236,699**	182,463
Attributable to:					
Owners of the parent		**224,561**	171,981	**236,699**	182,463
Non-controlling interests	17	**29,324**	14,275	**-**	-
		253,885	186,256	**236,699**	182,463
Earnings per share (Rupees and cents)	27	**27.13**	22.26	**28.60**	23.61

The notes on pages 66 to 133 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP		THE COMPANY	
		2013	2012	2013	2012
		Rs'000	Rs'000 Restated	Rs'000	Rs'000 Restated
Profit for the year		253,885	186,256	236,699	182,463
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements of defined benefit obligations	16	(28,899)	225	(28,899)	225
Items that may be reclassified subsequently to profit or loss:					
Change in value of available-for-sale financial assets	16	111,501	52,574	115,992	52,574
Release on disposal of available-for-sale financial assets	16	(20,079)	(2,767)	(20,079)	(2,767)
Net movement in other reserves	16	(67,601)	(21,550)	-	-
Other comprehensive income for the year		(5,078)	28,482	67,014	50,032
Total comprehensive income for the year		248,807	214,738	303,713	232,495
Attributable to:					
Owners of the parent		235,815	203,151	303,713	232,495
Non-controlling interests	17	12,992	11,587	-	-
		248,807	214,738	303,713	232,495

The notes on pages 66 to 133 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2013

(a) THE GROUP

		(Attributable to owners of the parent)									
	Notes	Share Capital	Fair Value Reserve	Other Reserves	Proprietors' Fund	Retained Earnings	Amalgamation Reserve	Actuarial gains/(losses)	Total	Non-controlling Interests	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2013											
- As previously stated		**41,379**	**152,203**	**19,071**	**(1,521)**	**1,043,897**	**267,477**	**-**	**1,522,506**	**202,983**	**1,725,489**
- Effect of adopting IAS 19 (revised)		**-**	**-**	**-**	**-**	**2,779**	**-**	**(20,728)**	**(17,949)**	**-**	**(17,949)**
- As restated		**41,379**	**152,203**	**19,071**	**(1,521)**	**1,046,676**	**267,477**	**(20,728)**	**1,504,557**	**202,983**	**1,707,540**
Issue of share capital		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,426**	**1,426**
Total comprehensive income for the year:											
Profit for the year		**-**	**-**	**-**	**-**	**224,561**	**-**	**-**	**224,561**	**29,324**	**253,885**
Other comprehensive income:											
- Change in value of available-for-sale financial assets	16	**-**	**111,501**	**-**	**-**	**-**	**-**	**-**	**111,501**	**-**	**111,501**
- Release on disposal of available-for-sale financial assets	16	**-**	**(20,079)**	**-**	**-**	**-**	**-**	**-**	**(20,079)**	**-**	**(20,079)**
- Net movement for the year	16	**-**	**-**	**(2,171)**	**(49,098)**	**-**	**-**	**-**	**(51,269)**	**(16,332)**	**(67,601)**
- Remeasurement of defined benefit obligations	16	**-**	**-**	**-**	**-**	**-**	**-**	**(28,899)**	**(28,899)**	**-**	**(28,899)**
Other movement		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,938**	**9,938**
Dividends	26	**-**	**-**	**-**	**-**	**(90,206)**	**-**	**-**	**(90,206)**	**(33,757)**	**(123,963)**
Balance at December 31, 2013		**41,379**	**243,625**	**16,900**	**(50,619)**	**1,181,031**	**267,477**	**(49,627)**	**1,650,166**	**193,582**	**1,843,748**
Balance at January 1, 2012											
- As previously stated		35,857	102,396	12,090	49,063	944,449	-	-	1,143,855	64,924	1,208,779
- Effect of adopting IAS 19 (revised)		-	-	-	-	-	-	(20,953)	(20,953)	-	(20,953)
- As restated		35,857	102,396	12,090	49,063	944,449	-	(20,953)	1,122,902	64,924	1,187,826
Issue of share capital	15	5,522	-	-	-	-	-	-	5,522	8,795	14,317
Total comprehensive income for the year:											
Profit for the year		-	-	-	-	171,981	-	-	171,981	14,275	186,256
Other comprehensive income:											
- Change in value of available-for-sale financial assets	16	-	52,574	-	-	-	-	-	52,574	-	52,574
- Release on disposal of available-for-sale financial assets	16	-	(2,767)	-	-	-	-	-	(2,767)	-	(2,767)
- Net movement for the year	16	-	-	6,981	(25,843)	-	-	-	(18,862)	(2,688)	(21,550)
- Remeasurement of defined benefit obligations	16	-	-	-	-	-	-	225	225	-	225
Transaction with owners		-	-	-	4,007	-	-	-	4,007	(4,007)	-
Other movement		-	-	-	(28,748)	590	-	-	(28,158)	127,582	99,424
Effect of amalgamation		-	-	-	-	-	267,477	-	267,477	14,330	281,807
Dividends	26	-	-	-	-	(70,344)	-	-	(70,344)	(20,228)	(90,572)
Balance at December 31, 2012		41,379	152,203	19,071	(1,521)	1,046,676	267,477	(20,728)	1,504,557	202,983	1,707,540

The notes on pages 66 to 133 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2013.

(b) THE COMPANY

	Notes	Share Capital	Fair Value Reserve	Other Reserves	Retained Earnings	Amalgamation reserves	Actuarial gains /(losses)	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2013								
- As previously stated		**41,379**	**152,203**	**28,719**	**1,028,093**	**220,593**	**-**	**1,470,987**
- Effect of adopting IAS 19 (revised)		**-**	**-**	**-**	**2,779**	**-**	**(20,736)**	**(17,957)**
- As restated		**41,379**	**152,203**	**28,719**	**1,030,872**	**220,593**	**(20,736)**	**1,453,030**
Total comprehensive income for the year:								
Profit for the year		**-**	**-**	**-**	**236,699**	**-**	**-**	**236,699**
Other comprehensive income:								
- Change in value of available-for-sale financial assets	16	**-**	**115,992**	**-**	**-**	**-**	**-**	**115,992**
- Release on disposal of available-for-sale financial assets	16	**-**	**(20,079)**	**-**	**-**	**-**	**-**	**(20,079)**
- Remeasurement of defined benefit obligations	16	**-**	**-**	**-**	**-**	**-**	**(28,899)**	**(28,899)**
Dividends	26	**-**	**-**	**-**	**(90,206)**	**-**	**-**	**(90,206)**
Balance at December 31, 2013		**41,379**	**248,116**	**28,719**	**1,177,365**	**220,593**	**(49,635)**	**1,666,537**
Balance at January 1, 2012								
- As previously stated		35,857	102,396	28,719	918,753	-	-	1,085,725
- Effect of adopting IAS 19 (revised)		-	-	-	-	-	(20,961)	(20,961)
- As restated		35,857	102,396	28,719	918,753	-	(20,961)	1,064,764
Issue of share capital	15	5,522	-	-	-	-	-	5,522
Total comprehensive income for the year:								
Profit for the year		-	-	-	182,463	-	-	182,463
Other comprehensive income:								
- Change in value of available-for-sale financial assets	16	-	52,574	-	-	-	-	52,574
- Release on disposal of available-for-sale financial assets	16	-	(2,767)	-	-	-	-	(2,767)
- Remeasurement of defined benefit obligations	16	-	-	-	-	-	225	225
Effect of amalgamation		-	-	-	-	220,593	-	220,593
Dividends	26	-	-	-	(70,344)	-	-	(70,344)
Balance at December 31, 2012		41,379	152,203	28,719	1,030,872	220,593	(20,736)	1,453,030

The notes on pages 66 to 133 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

	Notes	THE GROUP		THE COMPANY	
		2013	2012	**2013**	2012
		Rs'000	Rs'000	**Rs'000**	Rs'000
			Restated		Restated
Cash flows from operating activities					
Cash (absorbed in)/generated from operations	29(a)	**(41,807)**	98,236	**(26,361)**	104,191
Tax paid	21	**(18,812)**	(25,688)	**(18,799)**	(25,672)
Net cash (used in)/generated from operating activities		**(60,619)**	72,548	**(45,160)**	78,519
Cash flows from investing activities					
Purchase of property and equipment	5	**(12,743)**	(22,165)	**(8,920)**	(19,837)
Purchase of intangible assets	6	**(299)**	(20,621)	**(299)**	(822)
Proceeds from sale of property and equipment		**1,980**	1,410	**1,973**	1,410
Acquisition of subsidiary net of cash acquired		**-**	(15,415)	**-**	-
Acquisition of interest in subsidiary	7(a)	**-**	(31,206)	**-**	(265,360)
Purchase of financial assets	10	**(227,654)**	(284,462)	**(158,200)**	(303,230)
Disposal/maturity of financial assets	10	**213,256**	180,042	**213,256**	180,042
Loans granted	11	**(41,556)**	(27,010)	**(41,556)**	(38,642)
Loans recovered	11	**12,968**	4,847	**12,919**	4,847
Investment income received	23	**114,717**	104,326	**107,525**	96,376
Net cash from/(used in) investing activities		**60,669**	(110,254)	**126,698**	(345,216)
Cash flows from financing activities					
Issue of shares to minorities		**1,426**	-	**-**	-
Payments on borrowings	18	**(2,687)**	(2,508)	**(1,895)**	(2,508)
Proceeds from borrowings	18	**13,099**	15,529	**-**	-
Dividends paid to Company's shareholders	26	**(70,344)**	(60,956)	**(70,344)**	(60,956)
Dividends paid to non-controlling interests	17	**(31,647)**	(20,228)	**-**	-
Net cash used in financing activities		**(90,153)**	(68,163)	**(72,239)**	(63,464)
(Decrease)/increase in cash and cash equivalents		**(90,103)**	(105,869)	**9,299**	(330,161)
Movement in cash and cash equivalents					
At January 1,		**383,014**	381,247	**124,627**	353,072
(Decrease)/increase		**(90,103)**	(105,869)	**9,299**	(330,161)
Effect of foreign exchange rate changes		**(5,156)**	2,124	**(1,427)**	738
Cash and cash equivalents from amalgamation		**-**	105,512	**-**	100,978
At December 31,	29(b)	**287,755**	383,014	**132,499**	124,627

The notes on pages 66 to 133 form an integral part of these financial statements.
Auditors' report on pages 58 and 59.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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 forming the Group 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.

2.1 Basis of preparation

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

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

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

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

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

IFRS 10, 'Consolidated financial statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is not expected to have any impact on the Group's financial statements.

IAS 27, 'Separate Financial Statements' deals solely with separate financial statements. The standard has no impact on the Group's financial statements.

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted. The standard is not expected to have any impact on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Standards, Amendments to published Standards and Interpretations effective in the reporting period (cont'd)

IAS 28, 'Investments in Associates and Joint Ventures'. The scope of the revised standard covers investments in joint ventures as well. IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting. The standard has no impact on the Group's financial statements.

IFRS 12, ‘Disclosures of interests in other entities’ includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. The standard has no impact on the Group's financial statements.

IFRS 13, ‘Fair value measurement’, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.

IAS 19, ‘Employee benefits’ was revised in June 2011. The changes on the group’s accounting policies has been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). See note 36 for the impact on the financial statements.

IFRIC 20, ‘Stripping costs in the production phase of a surface mine’, has no impact on the Group's financial statements.

Amendment to IFRS 7, ‘Financial instruments: Disclosures’, on asset and liability offseting. This amendment includes new disclosures and is not expected to have any impact on the Group's financial statements.

Amendment to IFRS 1 (Government Loans) has no impact on the Group's financial statements.

Annual Improvements to IFRSs 2009-2011 Cycle

IFRS 1 (Amendment), ‘First time adoption of IFRS’, has no impact on the Group's operations.

IAS 1 (Amendment), ‘Presentation of financial statements’, clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by IAS 8, ‘Accounting policies, changes in accounting estimates and errors’ or voluntarily.

IAS 16 (Amendment), ‘Property, plant and equipment’, clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment. The amendment does not have an impact on the Group's operations.

IAS 32 (Amendment), ‘Financial instruments: Presentation’, clarifies the treatment of income tax relating to distributions and transaction costs. The amendment does not have an impact on the Group's operations.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

Annual Improvements to IFRSs 2009-2011 Cycle (cont'd)

IAS 34 (Amendment), 'Interim financial reporting', clarifies the disclosure requirements for segment assets and liabilities in interim financial statements.

Standards, Amendments to published Standards and Interpretations issued but not yet effective

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2014 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:

IFRS 9 Financial Instruments

IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

IFRIC 21: Levies

Recoverable Amount Disclosures for Non-financial Assets (Amendments to IAS 36)

Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)

IFRS 9 Financial instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39)

Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

Annual Improvements to IFRSs 2010-2012 cycle

Annual Improvements to IFRSs 2011-2013 cycle

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.

2.2 Property and equipment

All property and equipment are 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 to the Group and the cost of the item can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Property and equipment (cont'd)

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 profit or loss.

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

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

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

2.3 Intangible assets

Intangible assets consist of the following:

(i) Goodwill

Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of net asset of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Gains on bargain purchase represents the excess of the fair value of the Group's share of net asset acquired over the cost of acquisition and is recognised in the Life Assurance Fund. Goodwill on acquisition of associates is included in investments in associates. Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. Goodwill is tested annually for impairment. On disposal of a subsidiary or associate, the attributable amount of goodwill is included in the determination of the gains and losses on disposal. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Goodwill also consists of purchased goodwill in respect of customer portfolio purchased from agents who ceased their activities.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Intangible assets (cont'd)

(ii) Computer software

Acquired computer software are capitalised on the basis of costs incurred to acquire and bring to use and are amortised over their estimated useful lives of 3 years. The carrying amounts of the computer software are reviewed annually and adjusted for impairment where considered necessary.

(iii) Development and other costs

Development and other costs are recognised as assets and are amortised over their estimated useful life of 5 years.

2.4 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).

2.5 Investments in subsidiaries

Separate financial statements of the investor

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

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to December 31, each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss 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 (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over entity.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries (cont'd)

Consolidated financial statements (cont'd)

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 (if any) 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 profit or loss or Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited) as a bargain purchase gain in the year of acquisition.

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

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

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

Transactions and non-controlling interests

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

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in Life Assurance Fund. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the Life Assurance Fund.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment in associates (cont'd)

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method except when classified as held-for-sale. Investment 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.

Any excess of the cost of acquisition and the Group's share of net fair value of the associate's identifiable assets and liabilities recognised at the date of acquisition is recognised in goodwill, which is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of identifiable assets and liabilities over the cost of acquisition, after assessment, is included as income in the determination of the Group's share of the associate's profit or loss.

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.

2.7 Investment in joint ventures

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

2.8 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 financial assets at initial recognition and re-assesses this at every reporting period.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are recognised initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are recognised initially at fair value plus directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment.

(iii) 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.

(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 carried at amortised cost using the effective interest method. Available-for-sale financial assets are subsequently carried at their fair values.

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

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in other comprehensive income and in the Life Assurance Fund for the subsidiary, The Anglo-Mauritius Assurance Society Limited, until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income or in the Life Assurance Fund is included in the profit or loss 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 profit or loss 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 are determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible 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 10.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(c) Impairment of financial assets

(i) Financial assets classified as available-for-sale

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 equity investments 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 profit or loss. For the subsidiary, The Anglo-Mauritius Assurance Society Limited, impairment loss is recognised in the Life Assurance Fund.

(ii) Financial assets carried at amortised cost

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and, the amount of the loss is recognised in the profit or loss. For the subsidiary, The Anglo-Mauritius Assurance Society Limited, the loss is recognised in the Life Assurance Fund. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occuring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed through the profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. For the subsidiary, The Anglo-Mauritius Assurance Society Limited, impairment loss is reversed through the Life Assurance Fund.

2.9 Trade and other receivables

Trade and other 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 group's policy is to make allowances for both specific and general provision for arrears greater than one year. The amount of provision is recognised in the profit or loss and the Life Assurance Fund for the subsidiary, The Anglo-Mauritius Assurance Society Limited.

The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the the effective interest rate. The amount of the provision is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Trade and other payables

Trade and other payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

2.11 Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transactions costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transactions costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2.12 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 and bank overdrafts.

2.13 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 or substantively enacted at the reporting date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 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.

2.16 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Reinsurance Contracts

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

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

Short term insurance

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

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

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

2.18 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Short term insurance (cont'd)

(ii) Claims expenses and Outstanding claims provisions

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

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

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

(iii) Liability adequacy test

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

2.19 Retirement benefit obligations

(i) Defined Benefit Plan

The Group/Company 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 is not a defined contribution plan. Typically defined benefit plans define 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 liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually using the projected unit credit method.

Remeasurement of the net defined benefit liability, which comprise of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, the return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income shall not be reclassified to Life Assurance Fund in subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Retirement benefit obligations (cont'd)

(i) Defined Benefit Plan (cont'd)

The Group/Company determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset), taking into account any changes in the net defined liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense/(income) is recognised in the Life Assurance Fund.

Service costs comprising current service cost, past service cost, as well as gains and losses on curtailments and settlements are recognised immediately in the Life Assurance Fund.

(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/Company 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/Company 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 the 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 it is 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. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.20. Foreign currencies

(i) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20.Foreign currencies

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss 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 all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from that of the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities are translated at the end of the reporting period rate;

(b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) the resulting exchange differences are recognised in the other comprehensive income.

In the event of disposal of any the above Group entities, such translation differences are recognised in the profit or loss as part of the gain or loss on sale.

2.21. Leases

(a) Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

(b) Accounting for leases - where Company is the lessee

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21. Leases (cont'd)

(c) *Accounting for leases - where Company is the lessor*

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

2.22 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.

2.23 Dividend distribution

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

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

3.1 Insurance risk

Short term insurance

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

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

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

(a) Insurance contracts

(i) Frequency and severity of claims

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

3.1 Insurance risk (cont'd)

(ii) Concentration of insurance risk

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

	Outstanding claims					
	2013			2012		
Class of Business	No of Claims	Gross	Net	No of Claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Fire & Allied Perils	383	210,886	20,990	234	120,335	17,362
Motor	5,781	169,484	21,904	4,982	188,868	159,147
Health	2,279	71,296	166,586	1,758	50,802	25,029
Others	2,200	337,608	85,055	1,697	323,806	60,281
	10,643	789,274	294,535	8,671	683,811	261,819
IBNR		54,184	42,288		31,854	31,854
		843,458	336,823		715,665	293,673

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 adopted. The compensation paid on these contracts is the monetary awards granted for bodily injury by employees (for employer's liability covers) or members of the public (for public liability covers). Such awards are lump-sum payments that are calculated as the present value of the lost earnings and rehabilitation expenses that the injured party will incur as a result of the accident.

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

3.1 Insurance risks (cont'd)

(iv) Claims development table

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

GROSS	2009	2010	2011	2012	2013	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	142,770	177,659	594,475	231,469	304,409	1,450,782
- one year later	88,547	82,827	108,140	93,590	-	373,104
- two years later	61,256	54,670	66,350	-	-	182,276
- three years later	63,041	48,792	-	-	-	111,832
- four years later	55,101	-	-	-	-	55,101
Current estimate of cumulative claims	478,640	715,189	669,877	752,273	1,119,104	3,735,083
Less Cumulative payments to date	423,538	666,398	603,527	658,683	814,695	3,166,842
Liability recognised in the statements of financial position	55,101	48,792	66,350	93,590	304,409	568,241
Liability in respect of prior years						221,033
						789,274
IBNR						54,184
Gross liability at year end (notes 22/30(a))						843,458

NET	2009	2010	2011	2012	2013	TOTAL
Estimate of ultimate claim costs:	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	77,408	89,500	84,217	100,366	116,232	467,723
- one year later	41,973	38,684	36,279	38,587	-	155,523
- two years later	33,405	23,942	34,689	-	-	92,035
- three years later	30,337	21,923	-	-	-	52,260
- four years later	23,698	-	-	-	-	23,698
Current estimate of cumulative claims	224,449	253,115	291,670	383,211	516,399	1,668,843
Less Cumulative payments to date	200,750	231,192	256,981	344,624	400,168	1,433,715
Liability recognised in the statements of financial position	23,698	21,923	34,689	38,587	116,232	235,128
Liability in respect of prior years						59,407
						294,535
IBNR						42,288
Net liability at year end (notes 22/30(a))						336,823

(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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

3.2. Financial risk (cont'd)

3.2.1 *Market risk (cont'd)*

(i) Currency risk

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

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

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

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

		Equivalent in Rs				
At December 31, 2013	Rs	GBP	USD	Euro	Others	Total
Assets:						
Non-current assets						
- Financial assets :						
• Held-to-Maturity	150,181	-	-	-	19,897	170,078
• Available-for-sale	295,010	-	431,299	53,441	-	779,750
• Loans and receivables	143,156	-	-	-	26,487	169,643
- Other non-current assets	233,227	-	-	-	-	233,227
Current assets						
- Financial assets :						
• Held-to-Maturity	142,102	9,966	-	-	-	152,068
• Loans and receivables	6,366	-	-	-	4,050	10,416
- Trade and other receivables	2,136,030	-	-	-	-	2,136,030
- Cash and cash equivalents	130,184	148,361	784	916	7,510	287,755
TOTAL ASSETS	3,236,256	158,327	432,083	54,357	57,944	3,938,967
Liabilities:						
- Technical Provisions :						
• Gross unearned premiums	794,478	-	-	-	-	794,478
• Outstanding claims and IBNR	843,458	-	-	-	-	843,458
- Non-current liabilities	125,139	-	-	-	-	125,139
- Current liabilities	332,144	-	-	-	-	332,144
TOTAL LIABILITIES	2,095,219	-	-	-	-	2,095,219

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

3.2. Financial risk (cont'd)

3.2.1 *Market risk (cont'd)*

(i) Currency risk (cont'd)

		Equivalent in Rs				
At December 31, 2012 (Restated)	Rs	GBP	USD	Euro	Others	Total
Assets:						
Non-current assets						
- Financial assets :						
• Held-to-Maturity	200,982	-	-	-	-	200,982
• Available-for-sale	242,959	-	319,383	34,525	-	596,867
• Loans and receivables	124,678	-	-	-	-	124,678
- Other non-current assets	251,565	-	-	-	-	251,565
Current assets						
- Financial assets :						
• Held-to-Maturity	176,917	-	-	-	-	176,917
• Loans and receivables	6,857	-	-	-	-	6,857
- Trade and other receivables	1,851,201	-	-	-	-	1,851,201
- Cash and cash equivalents	104,546	1,486	268,119	3,996	4,867	383,014
TOTAL ASSETS	2,959,705	1,486	587,502	38,521	4,867	3,592,081
Liabilities:						
- Technical Provisions :						
• Gross unearned premiums	771,871	-	-	-	-	771,871
• Outstanding claims and IBNR	715,665	-	-	-	-	715,665
- Non-current liabilities	102,432	-	-	-	-	102,432
- Current liabilities	294,573	-	-	-	-	294,573
TOTAL LIABILITIES	1,884,541	-	-	-	-	1,884,541

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

3.2. Financial risk (cont'd)

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, 2013						
- Financial assets	**-**	**-**	**22,063**	**(22,063)**	**2,672**	**(2,672)**
- Cash and cash equivalents	**39**	**(39)**	**7,418**	**(7,418)**	**46**	**(46)**
- At December 31, 2012						
- Financial assets	-	-	15,969	(15,969)	1,726	(1,726)
- Cash and cash equivalents	74	(74)	13,406	(13,406)	200	(200)

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

3.2. Financial risk (cont'd)

3.2.1 *Market risk (cont'd)*

(ii) Interest rate risk (cont'd)

Sensitivity

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

	Impact on results	
	+1%	-1%
At December 31, 2013	**Rs'000**	**Rs'000**
- Held-to-maturity investments	**295**	**(295)**
- Loans and receivables	**91**	**(91)**
- Cash and cash equivalents	**20**	**(20)**
At December 31, 2012		
- Held-to-maturity investments	284	(284)
- Loans and receivables	81	(81)
- Cash and cash equivalents	104	(104)

(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 unfavorable market movements. In addition, local insurance regulations set out the capital required for risks associated with type of assets held, investments above a certain concentration limit, policy liabilities risks, catastrophes risks and reinsurance ceded.

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

Sensitivity

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

	Impact on Shareholders' equity	
	+10%	-10%
At December 31, 2013	**Rs'm**	**Rs'm**
- Available-for-sale financial assets	**74**	**(74)**
At December 31, 2012		
- Available-for-sale financial assets	60	(60)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

3.2. Financial risk (cont'd)

3.2.2 *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet all or part of their obligations. The Group's credit risk is primarily attributable to :

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

The amounts presented in the statements of financial position are net of allowances for estimated irrecoverable amount receivables, based on management's prior experience and the current economic environment.

The Group has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers. The Group has policies in place to ensure that sales of services are made to clients, agents, and brokers with sound credit history.

Reinsurance credit exposures

The Group is however exposed to concentrations of risks with respect to their reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Group is exposed to the possibility of default by their reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Group manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk. The Group's largest reinsurance counterparty is Aon Re.

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

3.2. Financial risk (cont'd)

3.2.2 *Credit risk (cont'd)*

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	Past due but not impaired				Impaired	Carrying amount at year end
		1m - 3m	3m - 6m	6m - 1yr	> 1 yr		
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2013							
- Financial assets	**1,101,896**	**-**	**-**	**-**	**-**	**-**	**1,101,896**
- Loans and receivables	**180,059**	**-**	**-**	**-**	**-**	**-**	**180,059**
- Trade and other receivables	**1,669,284**	**201,800**	**119,011**	**105,935**	**-**	**40,000**	**2,136,030**
2012							
- Financial assets	974,766	-	-	-	-	-	974,766
- Loans and receivables	131,535	-	-	-	-	-	131,535
- Trade and other receivables	1,460,278	124,481	165,052	48,513	27,947	24,930	1,851,201

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

3.2. Financial risk (cont'd)

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, 2013	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	913,638	90,030	98,228	1,101,896
- Loans and receivables	6,366	52,620	121,073	180,059
- Other non-current assets	-	233,227	-	233,227
- Current assets				
• Trade and other receivables	2,136,030	-	-	2,136,030
• Cash and cash equivalents	287,755	-	-	287,755
TOTAL ASSETS	3,343,789	375,877	219,301	3,938,967
Liabilities				
- Technical Provisions :				
• Gross unearned premiums	794,478	-	-	794,478
• Outstanding claims and IBNR	843,458	-	-	843,458
- Non-current liabilities	-	125,139	-	125,139
- Current liabilities	332,144	-	-	332,144
TOTAL LIABILITIES	1,970,080	125,139	-	2,095,219

At December 31, 2012 (Restated)	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Investments in financial assets	639,502	218,214	117,050	974,766
- Loans and receivables	6,857	94,823	29,855	131,535
- Other non-current assets	-	251,565	-	251,565
- Current assets				
• Trade and other receivables	1,851,201	-	-	1,851,201
• Cash and cash equivalents	383,014	-	-	383,014
TOTAL ASSETS	2,880,574	564,602	146,905	3,592,081
Liabilities				
- Technical Provisions :				
• Gross unearned premiums	771,871	-	-	771,871
• Outstanding claims and IBNR	715,665	-	-	715,665
- Non-current liabilities	-	102,432	-	102,432
- Current liabilities	294,573	-	-	294,573
TOTAL LIABILITIES	1,782,109	102,432	-	1,884,541

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (CONT'D)

3.2. Financial risk (cont'd)

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 each end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Estimates and judgement 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 judgement;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONT'D)

4.1 Insurance contracts (cont'd)

(iii) Uncertainties and judgement

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONT'D)

4.5 Impairment of other assets

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

4.6 Pension obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligation.

The Group determines the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. In determining the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the company considers the interest rate of high quality corporate bond will be paid, and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

Additional information is disclosed in Note 18.

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 view of possible near-term market changes that cannot be predicted with any certainty.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

5. PROPERTY AND EQUIPMENT

THE GROUP	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
COST	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2012	86,391	20,180	23,857	69,183	199,611
Effect of Amalgamation	-	8,159	39,265	3,767	51,191
Acquisition through business combination	-	-	2,679	-	2,679
Additions	-	1,446	10,061	10,658	22,165
Disposals	-	(4,437)	(21,510)	(3,784)	(29,731)
Exchange differences	-	-	(46)	-	(46)
At December 31, 2012	**86,391**	**25,348**	**54,306**	**79,824**	**245,869**
Additions	84	255	8,113	4,291	12,743
Exchange difference	-	-	94	-	94
Disposals	-	(7,606)	(203)	(1,365)	(9,174)
At December 31, 2013	**86,475**	**17,997**	**62,310**	**82,750**	**249,532**
DEPRECIATION					
At January 1, 2012	17,280	13,135	21,523	60,970	112,908
Effect of Amalgamation	-	5,094	34,470	2,894	42,458
Charge for the year	1,728	1,635	2,742	4,285	10,390
Acquisition through business combination	-	-	159	-	159
Disposal adjustment	-	(1,083)	(20,917)	(3,097)	(25,097)
At December 31, 2012	**19,008**	**18,781**	**37,977**	**65,052**	**140,818**
Charge for the year	1,730	1,165	3,503	4,426	10,824
Disposal adjustment	-	(5,556)	(203)	(1,365)	(7,124)
At December 31, 2013	**20,738**	**14,390**	**41,277**	**68,113**	**144,518**
NET BOOK VALUE					
At December 31, 2013	**65,737**	**3,607**	**21,033**	**14,637**	**105,014**
At December 31, 2012	67,383	6,567	16,329	14,772	105,051

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
COST	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2012	86,391	20,180	23,858	68,881	199,310
Effect of Amalgamation	-	8,159	36,171	3,767	48,097
Additions	-	1,446	7,733	10,658	19,837
Disposals	-	(4,437)	(21,510)	(3,784)	(29,731)
At December 31, 2012	**86,391**	**25,348**	**46,252**	**79,522**	**237,513**
Additions	84	255	4,647	3,934	8,920
Disposals	-	(7,606)	(203)	(1,365)	(9,174)
At December 31, 2013	**86,475**	**17,997**	**50,696**	**82,091**	**237,259**
DEPRECIATION					
At January 1, 2012	17,280	13,138	21,523	60,852	112,793
Effect of Amalgamation	-	5,094	31,726	2,894	39,714
Charge for the year	1,728	1,635	2,362	4,254	9,979
Disposal adjustment	-	(1,083)	(20,917)	(3,097)	(25,097)
At December 31, 2012	**19,008**	**18,784**	**34,694**	**64,903**	**137,389**
Charge for the year	1,730	1,170	2,140	4,396	9,436
Disposal adjustment	-	(5,563)	(203)	(1,365)	(7,131)
At December 31, 2013	**20,738**	**14,391**	**36,631**	**67,934**	**139,694**
NET BOOK VALUE					
At December 31, 2013	**65,737**	**3,606**	**14,065**	**14,157**	**97,565**
At December 31, 2012	67,383	6,564	11,558	14,619	100,124

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

5. PROPERTY AND EQUIPMENT (CONT'D)

Leased assets included above comprise of motor vehicles acquired through the amalgamation:

	THE GROUP AND THE COMPANY	
	2013	2012
	Rs'000	Rs'000
Cost - capitalised finance leases	6,454	6,454
Disposals	(4,889)	-
Accumulated depreciation	(4,121)	(3,808)
Disposal Adjustment	3,495	-
Net book value	939	2,646

6. INTANGIBLE ASSETS

THE GROUP	Goodwill	Computer Softwares	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2012	5,463	3,795	14,990	24,248
Effect of amalgamation	6,504	12,111	-	18,615
Additions	36,100	822	-	36,922
Acquisition through business combination	25,251	-	-	25,251
At December 31, 2012	73,318	16,728	14,990	105,036
Additions	-	299	-	299
Impairment (a)	(25,251)	-	-	(25,251)
At December 31, 2013	**48,067**	**17,027**	**14,990**	**80,084**
AMORTISATION				
At January 1, 2012	5,463	3,682	8,994	18,139
Effect of amalgamation	-	11,300	-	11,300
Charge for the year	3	587	2,998	3,588
At December 31, 2012	5,466	15,569	11,992	33,027
Charge for the year	5	739	2,998	3,742
At December 31, 2013	**5,471**	**16,308**	**14,990**	**36,769**
NET BOOK VALUE				
At December 31, 2013	**42,596**	**719**	**-**	**43,315**
At December 31, 2012	67,852	1,159	2,998	72,009

(a) At December 31, 2013 the Group impaired investment in its subsidiary, Confiance Assurance Ocean Indien (SARL).

(b) Additions in 2012 include Rs 16.3m of non cash transactions.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

6. INTANGIBLE ASSETS (CONT'D)

THE COMPANY	Goodwill	Computer Softwares	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1, 2012	5,463	3,795	14,990	24,248
Effect of amalgamation	-	11,896	-	11,896
Additions	-	822	-	822
At December 31, 2012	5,463	16,513	14,990	36,966
Additions	-	299	-	299
At December 31, 2013	**5,463**	**16,812**	**14,990**	**37,265**
AMORTISATION				
At January 1, 2012	5,463	3,682	8,994	18,139
Effect of amalgamation	-	11,105	-	11,105
Charge for the year	-	587	2,998	3,585
At December 31, 2012	5,463	15,374	11,992	32,829
Charge for the year	-	739	2,998	3,737
At December 31, 2013	**5,463**	**16,113**	**14,990**	**36,566**
NET BOOK VALUE				
At December 31, 2013	**-**	**699**	**-**	**699**
At December 31, 2012	-	1,139	2,998	4,137

7. INVESTMENT IN SUBSIDIARY COMPANIES

(a) THE COMPANY

	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
At January 1, 2012	54,639	25,581	80,220
Effect of amalgamation	-	5,112	5,112
Additions	32,528	234,154	266,682
At December 31, 2012 and 2013	**87,167**	**264,847**	**352,014**

- The market value of the subsidiary Company, The Anglo-Mauritius Assurance Society Limited based on the DEM bid price at December 31, 2013 amounted to Rs 1.3bn (2012: Rs 1.2bn).

- Additions in 2012 include Rs1.3m of non cash transaction.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(b) The financial statements of the following subsidiaries have been included in the consolidated financial statements. The reporting date used for consolidation purposes is December 31, 2013.

Name	Class of shares held	Stated Capital	Nominal value of investment	Proportion of ownership interest Direct	Indirect	Other group companies	Proportion of ownership held by non-controlling interests	Place of Business / Country of incorporation	Main Business
2013 & 2012			Rs'000	%	%	%	%		
• The Anglo-Mauritius Assurance Society Limited	Ordinary	26,322	87,167	76.59%	-	-	23.41%	Mauritius	• Life assurance, pensions, actuarial and investment business
• Swan Group Corporate Services Limited	Ordinary	1,000	500	50.00%	-	-	50.00%	Mauritius	• Provide Secretarial services to the Group
• Swan International Co Ltd	Ordinary	156	80	51.00%	-	-	49.00%	Mauritius	• Reinsurance Brokers and Consultants
• Swan Reinsurance PCC	Core and Cellular	250,000	250,000	100.00%	-	-	-	Mauritius	• Reinsurance of long term and short term business
• Société Brugassur S.A	Ordinary	1,007	4,900	100.00%	-	-	-	Madagascar	• Insurance agency
• Swan Risk Finance (Pty) Ltd	Ordinary	18,319	9,366	51.00%	-	-	49.00%	South Africa	• Specialising in investing, financial and related activities
• Albatross Courtage (Madagascar) SA	Ordinary	141	-	100.00%	-	-	-	Madagascar	• Insurance broker
• Anglo-Mauritius Financial Solutions Limited	Ordinary	586,876	-	-	-	80.00%	-	Mauritius	• Investment Company
• Manufacturers' Distributing Station Limited	Ordinary	961	-	-	-	99.80%	-	Mauritius	• Investment Company
• Pension Consultants and Administrators Limited	Ordinary	4,100	-	-	-	100.00%	-	Mauritius	• Pension and fund administration
• The Anglo-Mauritius Investment Managers Limited	Ordinary	1,000	-	-	-	80.00%	-	Mauritius	• Fund management and investment
• Anglo-Mauritius Stockbrokers Limited	Ordinary	1,000	-	-	-	80.00%	-	Mauritius	• Stockbroking
• Société de La Croix	Parts	2,500	-	-	-	99.80%	-	Mauritius	• Investment entity
• Société de La Montagne	Parts	45,654	-	-	-	99.80%	-	Mauritius	• Investment entity
• Société de La Rivière	Parts	2,500	-	-	-	99.80%	-	Mauritius	• Investment entity
• Confiance Assurances Ocean Indien SARL (c)	Ordinary	-	-	-	33.15%	-	-	Reunion Island	• Insurance broker
• Swan Group Foundation	Limited by guarantee	1	1	50.00%	-	-	-	Mauritius	• Management of Swan Group CSR fund (not consolidated)
• Tusk (UM) PTY Ltd (d)	Ordinary	2,910	-	-	51.00%	-	49.00%	South Africa	• Underwriting management agency
			352,014						

(c) The Company owns 65% of the above-named company through Swan International Co Ltd.

(d) The Company owns 51% of the above-named company through Swan Reinsurance PCC and was incorporated in August 2013.

(e) The financial year end is 31st December for all Companies.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

7. INVESTMENTS IN SUBSIDIARY COMPANIES (CONT'D)

(f) Details for subsidiaries are as follows:

Name of subsidiary	Profit/(loss) allocated to non-controlling interests during the year	Accumulated non-controlling interests as at December 31,
	Rs'000	Rs'000
2013		
• The Anglo-Mauritius Assurance Society Limited (Group)	25,757	160,295
• Swan Group Corporate Services Limited	73	938
• Swan International Co Ltd (Group)	9,723	27,990
• Swan Risk Finance (Pty) Ltd	(3,078)	5,824
• Tusk (UM) PTY Ltd	(3,151)	(1,465)
	29,324	193,582
2012		
• The Anglo-Mauritius Assurance Society Limited (Group)	18,732	165,656
• Swan Group Corporate Services Limited	124	865
• Swan International Co Ltd (Group)	(5,344)	26,894
• Swan Risk Finance (Pty) Ltd	763	9,568
	14,275	202,983

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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

(g) Summarised financial information on subsidiaries

(i) Summarised statement of financial position and statement of profit or loss and other comprehensive income:

Name	Current assets	Non current assets	Current liabilities	Non current liabilities	Life Business Assets	Life Assurance Fund	Gross premium/ revenue	Profit/ (loss) after tax	Other comprehensive income for the year	Total comprehensive income for the year	Dividend paid to non controlling interests
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2013											
The Anglo-Mauritius Assurance Society Limited	-	-	-	-	28,425,609	28,425,609	2,541,153	110,026	-	110,026	25,757
Swan International Ltd	15,730	70,507	13,188	5,266	-	-	957	23,466	(2,819)	20,647	-
Swan Group Corporate Services Ltd	3,642	126	1,894	-	-	-	1,063	145	-	145	-
Swan Reinsurance PCC	164,436	71,023	20,337	-	-	-	128	(18,660)	(7,383)	(26,043)	-
Brugassur (Madagascar) SA	9,819	1,230	11,737	-	-	-	3,396	(1,083)	1,697	614	-
Swan Risk Finance (PTY) Ltd	43,885	38,177	62,183	6,482	-	-	22,469	(6,281)	152	(6,129)	-
Albatross Courtage (Madagascar) SA	154	987	518	987	-	-	-	-	-	-	-
Tusk UM (PTY) Ltd	1,713	355	374	4,683	-	-	-	(6,431)	532	(5,899)	-
2012											
The Anglo-Mauritius Assurance Society Limited	-	-	-	-	24,264,878	24,264,878	2,286,160	80,019	-	80,019	18,732
Swan International Ltd	8,795	89,038	18,129	5,367	-	-	2,397	(5,595)	10,603	5,008	1,496
Swan Group Corporate Services Ltd	2,325	156	752	-	-	-	763	248	-	248	-
Swan Reinsurance PCC	250,768	-	9,604	-	-	-	518	(9,358)	943	(8,415)	-
Brugassur (Madagascar) SA	7,515	448	9,165	-	-	-	573	(368)	71	(297)	-
Swan Risk Finance (PTY) Ltd	21,736	37,380	32,084	7,506	-	-	2,046	1,558	65	1,623	-
Albatross Courtage (Madagascar) SA	154	987	518	987	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

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

(ii) Summarised Cash flow information

Name	Operating activities	Investing activities	Financing activities	Net (decrease)/ increase in cash and cash equivalents
	Rs'000	Rs'000	Rs'000	Rs'000
2013				
The Anglo-Mauritius Assurance Society Limited	1,777,779	(1,920,940)	(86,619)	(229,780)
Swan International Ltd	(5,027)	-	9,160	4,133
Swan Group Corporate Services Ltd	1,148	-	-	1,148
Swan Reinsurance PCC	(9,671)	(95,480)	-	(105,151)
Brugassur (Madagascar) SA	1,420	(1,170)	-	250
Swan Risk Finance (PTY) Ltd	(19,600)	(2,296)	22,269	373
Albatross Courtage (Madagascar) SA	-	-	-	-
Tusk UM (PTY) Ltd	(7,461)	(355)	7,593	(223)
2012				
The Anglo-Mauritius Assurance Society Limited	1,651,285	(1,563,203)	(62,750)	25,332
Swan International Ltd	(13,112)	(12,042)	25,720	566
Swan Group Corporate Services Ltd	(1,024)	-	-	(1,024)
Swan Reinsurance PCC	(178)	-	225,000	224,822
Brugassur (Madagascar) SA	(686)	(109)	-	(795)
Swan Risk Finance (PTY) Ltd	(4,311)	(20,818)	26,111	982
Albatross Courtage (Madagascar) SA	-	-	-	-

The summarised financial information above is the amount before intra-group eliminations.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

8. INVESTMENT IN ASSOCIATED COMPANIES

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

	THE GROUP	
	2013	2012
	Rs'000	Rs '000
At January 1	60,381	44,409
Share of results of associated company	13,901	9,529
Dividends	(5,477)	(5,004)
Exchange difference	(1,693)	11,447
At December 31,	**67,112**	60,381

(b) Details of the associate at end of the reporting period, are as follows:

Name	Year end	Principal place of business/ country of incorporation	Proportion of ownership interest and voting rights (indirect) %	Nature of business
2013/2012				
State Assurance Co. Ltd (SACL)	Dec31	Seychelles	18.13%	Insurance activities

(i) The above associate is accounted for using the equity method.

(ii) State Assurance Co. Ltd (SACL) is a public company, listed on the Seychelles Stock Exchange. The market price at December 31, 2013 is Rs 161 and the market value is Rs 58m.

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

(c) Summarised financial information in respect of the associate is set out below.

Name	Current assets	Non-current assets	Life business assets	Technical provision	Current liabilities	Non-current liabilities	Revenue	Profit after tax	Dividend received during the year
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2013									
State Assurance Co. Ltd (SACL)	**342,251**	**211,849**	**963,019**	**127,430**	**56,778**	**962,739**	**365,159**	**76,674**	**5,477**
2012									
State Assurance Co. Ltd (SACL)	343,464	246,439	908,705	162,271	85,044	918,248	300,106	52,559	5,004

(d) Reconciliation of summarised financial information

Name	Opening Net assets January 1,	Profit/(loss) for the year	Other compre-hensive income for the year	Dividend	Other movement	Closing Net assets December 31,	Ownership interest	Interest in associates	Goodwill	Carrying value
2013	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	%	Rs'000	Rs'000	Rs'000
State Assurance Co. Ltd (SACL)	**333,045**	**77,060**	**(9,338)**	**(30,210)**	**(386)**	**370,171**	**18.13%**	**67,112**	**-**	**67,112**
2012										
State Assurance Co. Ltd (SACL)	244,948	39,228	63,138	(27,601)	13,332	333,045	18.13%	60,381	-	60,381

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

9. INVESTMENT IN JOINT VENTURE

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

	THE GROUP 2013	THE GROUP 2012
	Rs.'000	Rs '000
At January 1,	548	415
Share of profit	273	133
At December 31,	**821**	548

(b) The Company

	THE COMPANY 2013	THE COMPANY 2012
	Rs '000	Rs '000
Investment at cost	500	500

(c) Details of the joint venture at the end of the reporting period is as follows:

Name of joint venture	Principal Activity	Country of incorporation and place of business	Proportion of interest and voting rights held
Processure Compagnie Limitée	Insurance Back Office	Mauritius	50%

Processure Compagnie Limitée is a jointly controlled entity by Swan Insurance Company Limited and Tessi S.A, a company incorporated in France. It is accounted for using equity method.

(d) Summarised Financial information

Summarised financial information in respect of the Group's joint venture is set out below. The summarised information below represents amount as shown in the joint venture's financial statements prepared in accordance with IFRS, adjusted for equity accounting purposes such as fair value adjustments made at the time of acquisition and adjustments for differences in accounting policies.

The summarised statement of financial position is as follows:

	2013	2012
	Rs '000	Rs '000
Current assets	4,449	2,096
Current liabilities	(2,807)	(1,000)
	1,642	1,096

The summarised statement of profit or loss and other comprehensive income is as follows:

	2013	2012
	Rs '000	Rs '000
Profit and Total comprehensive income for the year	546	266

(e) Reconciliation of summarised financial information

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the financial statements:

	2013	2012
	Rs '000	Rs '000
Opening net assets of the joint venture at January 1,	1,096	830
Profit for the year	546	266
Closing net assets	1,642	1,096
Carrying amount of the Group's interest in the joint venture (50%)	821	548

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

10. INVESTMENTS IN FINANCIAL ASSETS

		THE GROUP				THE COMPANY			
				2013	2012			2013	2012
		Held-to-maturity	Available-for-sale	Total	Total	Held-to-maturity	Available-for-sale	Total	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a)	**Local Securities**								
	At January 1,	378,616	230,322	608,938	356,118	378,616	230,322	608,938	356,118
	Effect of amalgamation	-	-	-	134,264	-	-	-	134,264
	Additions	172,864	19,016	191,880	266,713	138,476	14,609	153,085	266,713
	Increase in fair value	-	49,545	49,545	1,875	-	49,516	49,516	1,875
	Disposals	-	(21,364)	(21,364)	(358)	-	(21,364)	(21,364)	(358)
	Matured	(186,931)	-	(186,931)	(149,467)	(186,931)	-	(186,931)	(149,467)
	Accrued interest	199	-	199	(207)	199	-	199	(207)
	At December 31,	364,748	277,519	642,267	608,938	330,360	273,083	603,443	608,938
(b)	**Foreign Securities**								
	At January 1,	-	365,828	365,828	268,301	-	397,561	397,561	282,290
	Effect of amalgamation	-	-	-	58,783	-	-	-	57,759
	Additions	-	35,774	35,774	17,749	-	5,115	5,115	36,517
	Increase in fair value	-	61,956	61,956	50,699	-	66,476	66,476	50,699
	Disposals	-	(3,929)	(3,929)	(29,704)	-	(3,929)	(3,929)	(29,704)
	Impairment losses (h)	-	-	-	-	-	(7,791)	(7,791)	-
	At December 31,	-	459,629	459,629	365,828	-	457,432	457,432	397,561
	Total	364,748	737,148	1,101,896	974,766	330,360	730,515	1,060,875	1,006,499

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
Analysed as follows :	Rs'000	Rs'000	Rs'000	Rs'000
Non-current	949,828	797,849	918,773	829,582
Current	152,068	176,917	142,102	176,917
	1,101,896	974,766	1,060,875	1,006,499

	THE GROUP				THE COMPANY			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
At December 31, 2013	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Available-for-sale	731,893	2,736	2,519	737,148	691,425	2,736	36,354	730,515
At December 31, 2012								
Available-for-sale	567,203	2,221	26,726	596,150	567,921	2,221	57,741	627,883

(c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and unquoted Debenture Stocks, Treasury Bills and deposits with interest rates varying from 2.25% to 12.25% (2012: 4.16% to 12.25%).

(d) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.

(e) None of the financial assets are past due.

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

(g) The ageing of financial assets are disclosed in note 3.2.3.

(h) Loan to Subsidiary, Swan International Co. Ltd, amounting to Rs.7.8m was impaired during the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

11. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	131,535	109,372	143,167	109,372
Mortgage loans granted	30,906	27,010	30,906	27,010
Other loans	10,650	-	10,650	11,632
Mortgage loans recovered	(12,968)	(4,847)	(12,919)	(4,847)
Transfer	(10,918)	-	(10,918)	-
Impairment losses (h)	-	-	(11,364)	-
	149,205	131,535	149,522	143,167
Finance lease receivables (a)	30,854	-	-	-
At December 31,	180,059	131,535	149,522	143,167
Analysed as follows :				
Non-current	169,643	124,678	143,156	136,310
Current	10,416	6,857	6,366	6,857
	180,059	131,535	149,522	143,167

(a) Finance lease receivables relate to finance leases granted by Swan Risk Finance (PTY) Limited.

The Company entered into finance leasing arrangements for office equipment. The average lease terms are 3-5 years and the average effective lending rate was between prime and prime + 8%.

	2013
	Rs'000
Gross investment in finance leases:	
Not later than 1 year	16,239
Later than 1 year and not later than 5 years	48,171
	64,410
Unearned future finance income on finance leases	(33,556)
Net investment in finance leases	30,854
The net investment in finance leases may be analysed as follows:	
Not later than 1 year	4,050
Later than 1 year and not later than 5 years	26,804
	30,854

(b) The rates of interest on the above loans vary between 6% and 11.75% for 2013 (2012: 6.5% and 12%).

(c) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.

(d) At December 31, 2013 and 2012, the loans and receivables are fully secured.

(e) Currency analysis of loans and receivables is disclosed in note 3.2.1.

(f) The ageing of loans and receivables is disclosed in note 3.2.3.

(g) The fair value of loans and receivables approximate their amortised cost.

(h) Loan to Subsidiary, Swan International Co. Ltd, amounting to Rs.11.3m was impaired during the year.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

12. DEFERRED TAX ASSETS

(a) Deferred taxes are calculated on all temporary differences under the liability method at 15% (2012: 15%).

The movement on deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
As previously reported	10,409	3,812	10,097	3,812
- effect of adopting IAS 19 (Revised)	3,167	3,698	3,169	3,699
As restated	13,576	7,510	13,266	7,511
Effect of amalgamation	-	(358)	-	(676)
Charged to profit or loss (note 21)	(1,088)	6,464	(1,088)	6,471
Other comprehensive income (note 16)	5,099	(40)	5,099	(40)
Other adjustment	(622)	-	-	-
At December 31,	16,965	13,576	17,277	13,266

(b) Deferred tax assets and liabilities are offset when the income taxes relate to the same fiscal authority on the same entity.

The following amounts are shown in the statements of financial position:

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
Deferred tax assets	18,412	15,624	18,412	15,314
Deferred tax liabilities	(1,447)	(2,048)	(1,135)	(2,048)
Deferred tax assets	16,965	13,576	17,277	13,266

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

12. DEFERRED TAX ASSETS (CONT'D)

(c) Deferred tax assets and liabilities credited in the statement of profit or loss and other comprehensive income are attributable to the following items:

	THE GROUP						
	As previously reported	Effect of adopting IAS 19 (Revised)	At January 1, 2013 Restated	Credited/ (charged) to profit or loss	Credited to other comprehensive income	Other adjustment	At December 31, 2013
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**
Deferred tax assets							
Retirement benefit obligations	9,938	3,167	13,105	(1,344)	5,099	-	**16,860**
Accelerated tax depreciation	2,519	-	2,519	(657)	-	(310)	**1,552**
	12,457	3,167	15,624	(2,001)	5,099	(310)	**18,412**
Deferred tax liabilities							
Unrealised exchange gain	(2,048)	-	(2,048)	913	-	-	**(1,135)**
Finance lease (debtors)	-	-	-	-	-	(312)	**(312)**
	(2,048)	-	(2,048)	913	-	(312)	**(1,447)**
Deferred tax assets	10,409	3,167	13,576	(1,088)	5,099	(622)	**16,965**

	THE COMPANY					
	As previously reported	Effect of adopting IAS 19 (Revised)	At January 1, 2013 Restated	Credited/ (charged) to profit or loss	Credited to other comprehensive income	At December 31, 2013
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**
Deferred tax assets						
Retirement benefit obligations	9,938	3,169	13,107	(1,344)	5,099	**16,862**
Accelerated tax depreciation	2,207	-	2,207	(657)	-	**1,550**
	12,145	3,169	15,314	(2,001)	5,099	**18,412**
Deferred tax liabilities						
Unrealised exchange gain	(2,048)	-	(2,048)	913	-	**(1,135)**
	(2,048)	-	(2,048)	913	-	**(1,135)**
Deferred tax assets	10,097	3,169	13,266	(1,088)	5,099	**17,277**

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

13. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Due from contract holders	465,828	294,766	465,828	294,766
Due from brokers and agents	290,853	273,569	290,853	273,569
Less impairment	(40,000)	(24,930)	(40,000)	(24,930)
Due from reinsurers:				
- share of outstanding claims (note 22)	494,739	421,992	494,739	421,992
- share of unearned premiums (note 22)	399,340	376,845	399,340	376,845
- commission and other receivables	86,007	62,121	86,007	62,121
-Incurred but not reported	11,896	-	11,896	-
Receivable from subsidiaries	-	-	20,272	9,473
Finance lease receivables (note 11)	-	15,819	-	-
Prepayments	13,393	8,337	13,393	8,337
Other receivables	170,248	124,496	122,064	101,731
	1,892,304	1,553,015	1,864,392	1,523,904
Share of Group's and non-controlling interests in Life Business Assets (note 14)	243,726	298,186	-	-
	2,136,030	1,851,201	1,864,392	1,523,904

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

	THE GROUP AND THE COMPANY	
	2013	2012
(b) Movements on the impairment on trade receivables are as follows :	Rs'000	Rs'000
At January 1,	24,930	18,600
Effect of amalgamation	-	6,707
Provision for impairment	15,375	-
Receivable written off	10,161	-
Amount reversed	(10,466)	(377)
At December 31,	40,000	24,930

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) The Group does not hold any collateral as security for trade and other receivables.

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

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

14. LIFE BUSINESS ASSETS

	THE GROUP	
	2013	2012
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		Restated
Non-current assets		
Property and equipment	**246,410**	241,646
Investment properties	**584,267**	543,783
Intangible assets	**131,891**	142,684
Investments in associated companies	**39,892**	35,483
Investments in financial assets	**19,805,540**	15,873,374
Loans and receivables	**4,578,161**	3,497,483
Deferred tax assets	**-**	652
	25,386,161	20,335,105
Current assets		
Trade and other receivables	**323,730**	292,670
Investments in financial assets	**1,403,359**	2,081,368
Loans and receivables	**383,169**	349,372
Short term deposits	**1,438,166**	1,648,324
Cash and cash equivalents	**411,835**	472,008
	3,960,259	4,843,742
Current liabilities		
Trade and other payables	**377,539**	390,274
Dividend payable	**110,026**	80,019
Current tax liabilities	**15,594**	10,284
	503,159	480,577
Non current liabilities		
Gross Outstanding claims	**41,443**	27,322
Retirement benefit obligations	**132,414**	107,884
Deferred tax liabilities	**69**	-
	173,926	135,206
	28,669,335	24,563,064
Less Share of Group's and non-controlling-interest's (note 13)	**(243,726)**	(298,186)
Policyholders' share - Life Assurance Fund	**28,425,609**	24,264,878

15. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	2013	2012
	Rs'000	Rs'000
At January 1,	**41,379**	35,857
Issue of share	**-**	5,522
At December 31,	**41,379**	41,379

The total authorised number of ordinary shares is 9,600,000 (2012: 9,600,000 shares) with a par value of Rs.5 per share (2012: Rs.5 per share). The number of shares issued is 8,275,769 (2012: 8,275,769 shares) and are fully paid.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

16. OTHER COMPREHENSIVE INCOME

	Fair value reserve	Other reserve	Proprietors' fund	Non controlling interests	Actuarial gains /(losses)
THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2013					
- Change in value of available-for-sale financial assets	111,501	-	-	-	-
- Release on disposal of available-for-sale financial assets	(20,079)	-	-	-	-
- Movement for the year	-	(2,171)	(49,098)	(16,332)	(33,998)
- Tax effect - Deferred tax (note 12)	-	-	-	-	5,099
	91,422	(2,171)	(49,098)	(16,332)	(28,899)
2012 - Restated					
- Change in value of available-for-sale financial assets	52,574	-	-	-	-
- Release on disposal of available-for-sale financial assets	(2,767)	-	-	-	-
- Movement for the year	-	6,981	(25,843)	(2,688)	265
- Tax effect - Deferred tax (note 12)	-	-	-	-	(40)
	49,807	6,981	(25,843)	(2,688)	225

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.

Actuarial Reserve

The actuarial gains/(losses) reserve represents the cumulative remeasurement of the defined benefit obligation recognised.

THE COMPANY	Fair Value Reserve	Actuarial gains /(losses)
2013	Rs'000	Rs'000
- Change in value of available-for-sale financial assets	115,992	-
- Release on disposal of available-for-sale financial assets	(20,079)	-
- Remeasurement of defined benefit obligations	-	(33,998)
- Tax effect - Deferred tax	-	5,099
	95,913	(28,899)
2012 - Restated		
- Change in value of available-for-sale financial assets	52,574	-
- Release on disposal of available-for-sale financial assets	(2,767)	-
- Remeasurement of defined benefit obligations	-	265
- Tax effect - Deferred tax	-	(40)
	49,807	225

There is no income tax impact on items of other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

17. NON-CONTROLLING INTERESTS

	THE GROUP	
	2013	2012
	Rs'000	Rs'000
At January 1,	202,983	64,924
Issue of share capital	1,426	8,795
Share of profit (page 61)	29,324	14,275
Share of dividend received	(33,757)	(20,228)
Non-controlling interest arising on amalgamation	-	14,330
Movement in other comprehensive income	(16,332)	(2,688)
Transaction with owners	-	(4,007)
Other movement	9,938	127,582
	193,582	202,983

18. BORROWINGS

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
Non-current	Rs'000	Rs'000	Rs'000	Rs'000
Loan from related parties	11,748	12,873	-	-
Finance lease liabilities (d)	985	2,199	985	2,199
	12,733	15,072	985	2,199
Current				
Debentures (c)	33,442	20,010	-	-
Finance lease liabilities (d)	423	1,104	423	1,104
	33,865	21,114	423	1,104
Total Borrowings	46,598	36,186	1,408	3,303

(a) Borrowings at Group level in 2012 include Rs 7.5m as non cash transaction.

(b) The loans from related parties are unsecured, interest free with no fixed repayment terms.

(c) The debentures were issued by the subsidiary Swan Risk Finance (Pty) Ltd and bear interest at a fixed rate of 12% per annum. The debentures are repayable in 2014, 2015 and 2016 and are secured by cession and pledged of all amounts due under rental agreement.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

18. BORROWINGS (CONT'D)

	THE GROUP AND THE COMPANY	
	2013	2012
(d) Finance lease liabilities - minimum lease payment:	Rs'000	Rs'000
Not later than 1 year	545	1,369
Later than one year and not later than two years	1,082	932
Later than two years and not later than five years	-	1,286
Later than five years	-	414
	1,627	4,001
Future finance charges on finance leases	(219)	(698)
Present value of finance lease liabilities	1,408	3,303
The present value of finance lease liabilities may be analysed as follows:		
Not later than 1 year	423	1,104
Later than one year and not later than two years	985	755
Later than two years and not later than five years	-	1,054
Later than five years	-	390
	1,408	3,303

19. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
Amounts recognised in the statements of financial position:	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
Pension benefits (a)(ii)	112,406	87,360	112,406	87,370
Analysed as follows:				
Non-current liabilities	112,406	87,360	112,406	87,370
Income statements				
- Pension benefits (a)(v)	12,938	37,898	12,938	37,898
Other comprehensive income				
- Pension benefits (a)(vi)	33,998	(265)	33,998	(265)

Defined pension benefits

(i) The Group/Company contributes to a defined benefit pension. The plan is a defined benefit arrangement, with benefits based on salary. It provides for a pension at retirement and a benefit on death or disablement in service before retirement.

The Group/Company contributes to a defined benefit plan, the assets of which are held independently and administered by The Anglo-Mauritius Assurance Society Limited. The present value of the defined benefit obligations, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(ii) The amounts recognised in the statement of financial position are as follows:

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
Present value of funded obligations	167,777	120,268	167,777	120,278
Fair value of plan assets	(55,371)	(32,908)	(55,371)	(32,908)
Liability in the statements of financial position	112,406	87,360	112,406	87,370

The reconciliation of the opening balances to the closing balances for the net defined benefit liability is as follows:

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
Present value of defined obligation at January 1,				
- as previously reported	66,244	36,129	66,244	35,967
- effect of adopting IAS 19 Revised	21,116	24,650	21,126	24,660
- as restated	87,360	60,779	87,370	60,627
Effect of amalgamation	-	21,301	-	21,301
Transfer	10	(2,723)	-	(2,561)
Charged to profit or loss	12,938	37,898	12,938	37,898
Charged to other comprehensive income	33,998	265	33,998	265
Contributions paid	(21,900)	(30,160)	(21,900)	(30,160)
Present value of defined obligation at December 31,	112,406	87,360	112,406	87,370

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

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
At January 1,	120,278	128,861	120,278	128,373
Effect of amalgamation	-	21,301	-	21,301
Transfer	-	(498)	-	-
Current service cost	4,032	4,354	4,032	4,354
Past service cost	-	11,367	-	11,367
Interest	10,512	13,336	10,512	13,336
Effect of settlement/curtailment	-	12,274	-	12,274
Actuarial gains arising from:				
- financial assumptions	35,461	-	35,461	-
- experience adjustment	(2,378)	(3,075)	(2,378)	(3,075)
Benefits paid	(128)	(67,652)	(128)	(67,652)
Present value of defined obligation at December 31,	167,777	120,268	167,777	120,278

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
At January 1,	32,908	68,082	32,908	67,746
Transfer	-	(336)	-	-
Scheme expenses	(858)	(484)	(858)	(484)
Cost of insuring risks benefits	(655)	(1,084)	(655)	(1,084)
Expected return on plan assets	3,119	7,033	3,119	7,033
Actuarial losses	(915)	(2,811)	(915)	(2,811)
Contributions by employer	21,900	30,160	21,900	30,160
Benefits paid	(128)	(67,652)	(128)	(67,652)
Fair value of plan assets at December 31,	55,371	32,908	55,371	32,908

(v) The amounts recognised in profit or loss as follows:

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
Current service cost	4,032	4,354	4,032	4,354
Past service cost	-	11,367	-	11,367
Interest expense	7,393	6,303	7,393	6,303
Scheme expenses	858	484	858	484
Cost of insuring risks benefits	655	1,084	655	1,084
Effect of settlement/curtailment	-	14,306	-	14,306
Total, included in staff costs (note 25)	12,938	37,898	12,938	37,898

Total included in marketing and administrative expenses can be analysed as follows:

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
Included in :				
- staff costs	12,938	37,898	12,938	37,898
Actual return on plan assets	2,204	4,222	2,204	4,222

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vi) The amounts recognised in the other comprehensive income are as follows:

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
Actuarial losses/(gains) recognised during the year	33,998	(265)	33,998	(265)

(vii) The fair value of the plan assets at the end of the reporting period for each category, are as follows:

	THE GROUP AND COMPANY			
	2013		2012	
	Rs'000	%	Rs'000	%
Local Equities	20,764	14%	12,341	12%
Overseas Equities	12,459	9%	7,404	12%
Fixed Interest	19,380	13%	11,518	9%
Properties	2,768	2%	1,645	6%
Total Market value of assets	55,371		32,908	

The assets of the plan are invested in the Deposit Administration Policy underwritten by Anglo-Mauritius. The Deposit Administration Policy is a pooled insurance product for the Group Pension Schemes. It is a long-term investment policy which aims to provide a smooth progression of return from one year to the next without the regular fluctuations associated with asset-linked investments such as Equity funds. Moreover, the Deposit Administration Policy offers a minimum guaranteed return of 4.0% pa.

The assets backing the Deposit Administration Policy form part of Life Fund of Anglo-Mauritius so that the breakdown of the assets above corresponds to a notional allocation of the underlying investments based on the long term strategic asset allocation of the Policy.

(viii) The principal actuarial assumptions used for the purposes of the actuarial valuations were:

	THE GROUP AND THE COMPANY	
	2013	2012
	%	%
Discount rate	7.00	8.50
Expected return on plan assets	7.00	8.50
Future salary increases	6.50	6.50
NPS ceiling increase	6.50	6.50
Post retirement annuity rates	AMAS Rates + 10%	AMAS Rates + 10%

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(ix) Sensitivity analysis on defined benefit obligations to changes in the weighted principal assumptions is

December 31, 2013

	Increase	Decrease
	Rs'000	Rs'000
Future salary growth rate (1% movement)	-	11,530
Future pension growth rate (1% movement)	8,780	-

The sensitivity above has been determined based on a method that extrapolates the impact on net defined obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The present value of the defined benefit obligation has been calculated using the projected unit credit method.

The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is likely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

(x) The defined benefit pension plan exposes the Group/Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

(xi) The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan.

(xii) The Group/Company expects to pay Rs. 22m contributions to its post-employment benefit plans for the year ending December 31, 2014 (2012 : Rs.20m).

(xiii) The weighted average duration of the defined benefit obligation is 8 years at end of the reporting period.

20. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Reinsurance liabilities	89,765	81,511	89,765	81,511
Accrued expenses	11,492	29,597	11,492	29,597
Amount payable to subsidiary companies	-	-	3,721	769
Other payables	93,694	87,426	48,787	50,939
	194,951	198,534	153,765	162,816

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

21. INCOME TAX

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
Current tax liabilities				
Balance at January 1,	4,581	6,119	3,839	6,115
Effect of amalgamation	-	1,029	-	902
Amount paid during the year	(2,764)	(7,003)	(2,751)	(6,999)
Current tax on the adjusted profit for the year at 15% (2012:15%)	29,177	23,147	29,134	22,513
Payment under Advance Payment System (APS)	(16,048)	(18,650)	(16,048)	(18,638)
Tax deducted at source	-	(35)	-	(35)
Other movement	(735)	-	-	-
Over provision in prior year	(1,089)	(26)	(1,089)	(19)
Balance at December 31,	13,122	4,581	13,085	3,839
Profit or loss charge				
Current tax on the adjusted profit for the year at 15% (2012:15%)	29,177	23,147	29,134	22,513
Deferred tax (note 12)	1,088	(6,464)	1,088	(6,471)
Over provision in prior year	(1,089)	(26)	(1,089)	(19)
	29,176	16,657	29,133	16,023

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	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
Profit before taxation	283,061	202,913	265,832	198,486
Less share of results of associate and joint venture	(14,174)	(9,662)	-	-
	268,887	193,251	265,832	198,486
Tax calculated at rate of 15% (2012:15%)	40,333	28,988	39,875	29,773
Income not subject to tax	(17,260)	(14,334)	(16,845)	(15,760)
Expenses not deductible for tax purposes	7,192	2,029	7,192	2,029
Over provision in prior year	(1,089)	(26)	(1,089)	(19)
Tax charge for the year	29,176	16,657	29,133	16,023

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

22. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2013	2012
Gross	Rs'000	Rs'000
- Claims reported and loss adjustment expenses	789,274	683,811
- Unearned premiums (page 60/note 30(b))	794,478	771,871
- Claims incurred but not reported IBNR (note 30(a))	54,184	31,854
Total gross insurance liabilities	1,637,936	1,487,536
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses (note 13)	494,739	421,992
- Unearned premiums (notes 13,30(b))	399,340	376,845
- Claims incurred but not reported IBNR (note 30(a))	11,896	-
Total reinsurers' share of insurance liabilities	905,975	798,837
Net		
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 30(a))	294,535	261,819
- Unearned premiums (note 30(b))	395,138	395,026
- Claims incurred but not reported IBNR (note 30(a))	42,288	31,854
Total net insurance liabilities	731,961	688,699

23. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	43,911	46,950	40,639	43,950
Dividend income	116,588	86,663	92,498	69,488
	160,499	133,613	133,137	113,438
Total Investment income:				
Non-controlling interests - dividend income	25,647	18,732	-	-
Interest and investment income	134,852	114,881	133,137	113,438
	160,499	133,613	133,137	113,438

24. OTHER INCOME

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of available-for-sale financial assets	1,032	513	1,032	513
Reclassification adjustment from fair value reserve	20,079	2,767	20,079	2,767
(Loss)/profit on disposal of property and equipment	(70)	233	(70)	233
Others	36,129	10,646	14,221	7,071
	57,170	14,159	35,262	10,584
Rent	1,300	1,100	1,300	1,430
Net foreign exchange gains/(losses)	(1,427)	792	(1,427)	738
	(127)	1,892	(127)	2,168
Total	57,043	16,051	35,135	12,752

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

25. MARKETING AND ADMINISTRATIVE EXPENSES

(a) Marketing and administrative expenses include:

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
		Restated		Restated
- Contributions in respect of Corporate Social Responsibility	2,863	3,321	2,861	3,319
- Internal auditors' fees	891	311	891	311
- Staff costs (b)	225,704	192,396	203,267	181,576
Impairment:				
- investment of financial assets (note 10)	-	-	7,791	-
- loans and receivables (note 11)	-	-	11,364	-
- Trade receivables (note 13)	15,070	(377)	15,070	(377)
Write back:				
- Borrowings	(18,103)	-	-	-
- Deferred liabilities	(8,050)	-	-	-
- Goodwill (note 6)	25,251	-	-	-

(b) Analysis of staff costs

	THE GROUP 2013	THE GROUP 2012	THE COMPANY 2013	THE COMPANY 2012
- Salaries and wages	207,895	152,485	188,552	141,968
- Retirement benefit obligation costs (note 19(v))	12,938	37,898	12,938	37,898
- Other costs	4,871	2,013	1,777	1,710
	225,704	192,396	203,267	181,576

26. DIVIDEND PAYABLE

	THE COMPANY	
	2013	2012
Declared and payable	Rs'000	Rs'000
Final dividend of Rs 10.90 payable per ordinary share. (2012: Rs 8.50)	90,206	70,344

27. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
		Restated		Restated
Profit attributable to equity holders of the Company (Rs'000)	224,561	171,981	236,699	182,463
Weighted average number of shares in issue	8,275,769	7,726,575	8,275,769	7,726,575
Earnings per share (Rs/cs)	27.13	22.26	28.60	23.61

28. TERMINATION BENEFITS

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Termination benefits	-	41,393	-	41,393

The Group has implemented a Voluntary Retirement Scheme (''VRS'') in 2012 whereby termination benefits were offered to employees accepting to terminate their employment before normal retirement date. Termination benefits were made up of a gratuity of one month salary per year of service.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

29. NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	THE GROUP		THE COMPANY	
		2013	2012	2013	2012
(a) Cash generated from operations		Rs'000	Rs'000	Rs'000	Rs'000
			Restated		Restated
Profit before taxation		283,061	202,913	265,832	198,486
Adjustments for:					
Depreciation	5	10,824	10,390	9,436	9,979
Amortisation	6	3,742	3,588	3,737	3,585
Foreign exchange (gains)/losses	24	1,427	(792)	1,427	(738)
Loss/(profit) on sale of property and equipment	24	70	(233)	70	(233)
Release from fair value reserve on disposal of financial assets	24	(20,079)	(2,767)	(20,079)	(2,767)
Profit on disposal of financial assets	24	(1,032)	(513)	(1,032)	(513)
Investment income	23	(134,852)	(114,881)	(133,137)	(113,438)
Retirement benefit obligations	19(ii)	(8,962)	5,544	(8,962)	5,706
Change in gross unearned premiums	22/30(b)	22,607	(48,852)	22,607	(48,852)
Write back of deferred liabilities	25	(8,050)	-	-	-
Impairment of goodwill	6	25,251	-	-	-
Impairment of investment in financial assets	10	-	-	7,791	-
Impairment of loans and receivables	11	-	-	11,364	-
Impairment of trade receivables	13	15,070	(377)	15,070	(377)
Share of profit of associated company and joint venture	8/9	(14,174)	(9,662)	-	-
Changes in working capital:					
- Trade and other receivables		(318,028)	264,229	(319,227)	242,238
- Trade and other payables		4,379	(10,985)	(9,051)	10,481
- Outstanding claims		127,793	(199,366)	127,793	(199,366)
- Finance lease receivables (note 11)		(30,854)	-	-	-
Cash (absorbed in)/generated from operating activities		(41,807)	98,236	(26,361)	104,191

	THE GROUP		THE COMPANY	
(b) Cash and cash equivalents	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Short term deposits	26,948	103,535	105,551	103,535
Bank balances and cash	260,807	279,479	26,948	21,092
Cash and cash equivalents	287,755	383,014	132,499	124,627

The interest rates on short-term local deposits from 2.25% to 8% (2012: average of 4.29% to 8%).

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

30. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

(i) THE GROUP AND THE COMPANY

(a) Outstanding claims

	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	683,811	(421,992)	261,819	301,779	(136,428)	165,351
Effect of amalgamation	-	-	-	581,398	(522,111)	59,287
Increase in liabilities	1,338,875	(789,139)	549,736	529,484	(94,292)	435,192
Cash paid for claims settled in the year (Page 61)	(1,233,412)	716,392	(517,020)	(728,850)	330,839	(398,011)
	789,274	(494,739)	294,535	683,811	(421,992)	261,819
Incurred but not reported (IBNR) (note 22)	54,184	(11,896)	42,288	31,854	-	31,854
At December 31,	843,458	(506,635)	336,823	715,665	(421,992)	293,673

(b) Provision for unearned premiums

	2013			2012		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	771,871	(376,845)	395,026	523,488	(265,969)	257,519
Effect of amalgamation	-	-	-	297,235	(172,570)	124,665
Increase during the year	22,607	(22,495)	112	(48,852)	61,694	12,842
At December 31,(note 22)	794,478	(399,340)	395,138	771,871	(376,845)	395,026

31. FINANCIAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
Outstanding commitments for the following:-	Rs'000	Rs'000	Rs'000	Rs'000
Loans to be granted	116,900	454,400	-	-
Investments in freehold properties	41,500	70,500	-	-
Operating lease agreement	13,321	35,216	13,321	17,923
	171,721	560,116	13,321	17,923

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

32. SEGMENT INFORMATION - THE GROUP

(a) Operating segment

		General		2013
	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	2,541,153	1,454,440	622,655	4,618,248
Net earned premiums	2,363,115	793,839	157,723	3,314,677
Underwriting surplus	-	321,054	130,153	451,207
Investment income				160,499
Operating profit				611,706
Other income				57,043
				668,749
Marketing and Administrative expenses				(385,296)
Share of profit of associated company and joint venture				14,174
Depreciation				(10,824)
Amortisation				(3,742)
Profit before taxation				283,061
Taxation				(29,176)
Profit for the year				253,885

		General			2013
	Life	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	28,425,609	1,469,116	281,628	2,188,223	32,364,576
Segment liabilities	(28,425,609)	(1,526,493)	(201,209)	(367,517)	(30,520,828)
Equity holders' interest					1,843,748
Capital expenditure	-	3,566	684	8,493	12,743
Depreciation	-	3,772	723	6,329	10,824
Amortisation	-	1,494	286	1,962	3,742

(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 2.15.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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

(a) Operating segment

		General		2012 Restated
	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Gross premiums	2,286,160	1,080,396	601,299	3,967,855
Net earned premiums	2,163,414	534,614	256,125	2,954,153
Underwriting surplus	-	239,088	161,393	400,481
Investment income				133,613
Operating profit				534,094
Other income				16,051
				550,145
Marketing and Administrative expenses				(301,523)
Share of profit of associated company and joint venture				9,662
Termination Benefits				(41,393)
Depreciation				(10,390)
Amortisation				(3,588)
Profit before taxation				202,913
Taxation				(16,657)
Profit for the year				186,256

		General			2012 Restated
	Life	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	24,264,878	980,263	761,940	1,849,878	27,856,959
Segment liabilities	(24,264,878)	(128,741)	(396,775)	(1,359,025)	(26,149,419)
Equity holders' interest					1,707,540
Capital expenditure	-	5,541	1,773	14,851	22,165
Depreciation	-	2,597	832	6,961	10,390
Amortisation	-	897	287	2,404	3,588

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

33. HOLDING COMPANY

The Directors regard Intendance Holding Limited which owns 73.52% (2012: 73.52%) 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.

34. RELATED PARTY TRANSACTIONS

	Sale of services	Claims paid	Borrowings	Amount receivable from related parties	Claims Outstanding
(a) THE GROUP	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2013					
Shareholders with significant influence	**478,136**	**9,576**	**45,190**	**20,272**	**3,344**
Key Management Personnel	**2,269**	**721**	**-**	**264**	**753**
	480,405	**10,297**	**45,190**	**20,536**	**4,097**
2012					
Shareholders with significant influence	242,802	42,456	32,883	38,041	37,989
Enterprises on which the Company and Subsidiaries exert significant influence	2,710	-	-	-	-
Key Management Personnel	1,080	190	-	368	28
	246,592	42,646	32,883	38,409	38,017

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

34. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY	Sale of services	Investment Income	Management fees paid	Claims paid	Financial assets	Loans	Claims Outstanding	Amount receivable from related parties	Amount owed to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2013									
Subsidiary companies	**27,819**	**84,266**	**3,425**	**9,576**	**352,514**	**13,988**	**3,344**	**20,272**	**3,721**
Shareholders with significant influence	**478,136**	**2,660**	**-**	**172,822**	**51,477**	**-**	**125,414**	**61,416**	**-**
Enterprises on which the Company exerts significant influence	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**428**	**-**
Key Management Personnel	**2,269**	**-**	**-**	**721**	**-**	**-**	**753**	**264**	**-**
	508,224	**86,926**	**3,425**	**183,119**	**403,991**	**13,988**	**129,511**	**82,380**	**3,721**
2012									
Subsidiary companies	13,997	63,321	2,471	5,231	352,014	43,399	1,252	7,637	769
Shareholders with significant influence	244,354	2,869	-	43,248	58,580	-	39,917	62,264	-
Enterprises on which the Company exerts significant influence	-	-	-	-	-	-	-	462	-
Key Management Personnel	1,080	-	-	190	-	-	28	368	-
	259,431	66,190	2,471	48,669	410,594	43,399	41,197	70,731	769

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	
	2013	2012	**2013**	2012
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short-term employee benefits	**58,250**	64,739	**27,824**	37,465
Post-employment benefits	**2,755**	2,894	**1,516**	1,711
	61,005	67,633	**29,340**	39,176

(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.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

35. EFFECTS OF CHANGES IN ACCOUNTING POLICIES

(a) Adoption of IAS 19 Employee Benefits (Revised 2011)

In the current year, the Group has adopted IAS 19 Employee Benefits (Revised 2011). The Group/Company applied IAS 19 (Revised 2011) retrospectively in accordance with the transitional provisions set out in IAS 19 (Revised 2011), paragraph 173. These transitional provisions do not have an impact on future periods. The opening statement of financial positions do not have an impact on future periods. The opening statement of financial position of the earliest comparative period presented (January 1, 2012) has been restated.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through other comprehensive income in order for net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net-interest' amount under IAS 19 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. IAS 19 (Revised 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Impact of the application of IAS 19 (Revised 2011)

These 2013 financial statements are the first financial statements in which the Group/Company has adopted IAS 19 (Revised 2011). IAS 19 (Revised 2011) has been adopted retrospectively in accordance with IAS 8. Consequently, the Company has adjusted opening equity as of January 1, 2012 and the figures for 2012 has been restated as if IAS 19 (Revised 2011) had always been applied.

The effect on the statements of financial position are as follows:

THE GROUP	Retirement benefit obligations	Deferred tax assets	Owner's interest	Non-controlling interests
	Rs'000	Rs'000	Rs'000	Rs'000
Balance as reported at January 1, 2012				
- as previously reported	36,129	3,812	1,143,855	64,924
- effect of adopting IAS 19 (Revised 2011)	24,650	3,698	(20,953)	-
- as restated	60,779	7,510	1,122,902	64,924
Balance as reported at December 31, 2012				
- as previously reported	66,244	10,409	1,522,506	202,983
- effect of adopting IAS 19 (Revised) on 2011 figures	24,650	3,698	(20,953)	-
- effect of adopting IAS 19 (Revised) on 2012 figures	(3,534)	(531)	3,004	-
- as restated	87,360	13,576	1,504,557	202,983

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

35. EFFECTS OF CHANGES IN ACCOUNTING POLICIES

THE COMPANY	Retirement benefit obligations	Deferred tax assets	Owner's interest
	Rs'000	Rs'000	Rs'000
Balance as reported at January 1, 2012			
- as previously reported	35,967	3,812	1,085,725
- effect of adopting IAS 19 (Revised 2011)	24,660	3,699	(20,961)
- as restated	60,627	7,511	1,064,764
Balance as reported at December 31, 2012			
- as previously reported	66,244	10,097	1,470,987
- effect of adopting IAS 19 (Revised) on 2011 figures	3,075	3,699	(20,961)
- effect of adopting IAS 19 (Revised) on 2012 figures	18,051	(530)	3,004
- as restated	87,370	13,266	1,453,030

The effect on profit or loss is as follows:	THE GROUP AND THE COMPANY
	2012
	Rs'000
	Restated
Decrease in marketing and administrative expenses	3,269
Increase income tax expenses	(490)
Increase in profit for the year	2,779
The effect on other comprehensive income is as follows:	
Remeasurement of defined benefit obligation	265
Increase in income tax relating to items of other comprehensive income	(40)
Increase in total comprehensive income for the year	225
Effect on earnings per share	(0.13)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

36. FIVE YEAR SUMMARY

	2013	2012	2011	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) THE GROUP		Restated	Restated		
STATEMENTS OF PROFIT OR LOSS					
Gross premiums	**4,618,248**	3,967,855	3,344,050	2,920,258	2,565,091
Net earned premiums	**3,314,677**	2,954,153	2,463,299	2,078,735	1,834,173
Underwriting surplus	**451,207**	400,481	317,980	293,369	249,395
Operating profit	**611,706**	534,094	420,866	393,821	344,109
Profit before taxation	**283,061**	202,913	238,086	229,191	213,361
Taxation	**29,176**	16,657	25,247	25,468	19,638
Profit for the year	**253,885**	186,256	212,839	203,723	193,723
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Profit for the year	**253,885**	186,256	212,839	203,723	193,723
Other comprehensive income for the year	**(5,078)**	28,482	23,912	(43,989)	5,417
Total comprehensive income	**248,807**	214,738	236,751	159,734	199,140
Attributable to:					
Owners of the parent	**235,815**	203,151	221,388	152,538	199,595
Non-controlling interest	**12,992**	11,587	15,363	7,196	(455)
	248,807	214,738	236,751	159,734	199,140
STATEMENTS OF FINANCIAL POSITION					
Non-current assets	**1,352,698**	1,174,092	796,170	844,382	680,844
Current assets	**2,586,269**	2,417,989	1,455,737	1,132,636	1,098,072
Life Business Assets	**28,425,609**	24,264,878	20,556,819	20,888,758	18,507,136
	32,364,576	27,856,959	22,808,726	22,865,776	20,286,052
Owners' interest	**1,650,166**	1,504,557	1,122,902	1,013,251	914,004
Non-controlling interest	**193,582**	202,983	64,924	50,853	60,844
Life Assurance Fund	**28,425,609**	24,264,878	20,556,819	20,888,758	18,507,136
Gross unearned premiums	**794,478**	771,871	523,488	499,019	424,147
Outstanding claims & IBNR	**843,458**	715,665	323,279	287,818	250,112
Non-current liabilities	**125,139**	102,432	60,779	37,726	39,165
Current liabilities	**332,144**	294,573	156,535	88,351	90,644
	32,364,576	27,856,959	22,808,726	22,865,776	20,286,052
Dividends per share (rupees and cents)	**10.90**	8.50	8.50	7.70	7.00
Earnings per share (rupees and cents)	**27.13**	22.26	27.31	25.66	24.10
Net assets value per share (rupees and cents)	**199.40**	181.80	156.58	141.29	127.45
Number of shares used in calculation	**8,275,769**	7,726,575	7,171,346	7,171,346	7,171,346

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

36. FIVE YEAR SUMMARY (CONT'D)

	2013	2012	2011	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(b) THE COMPANY		Restated	Restated		
STATEMENTS OF PROFIT OR LOSS					
Gross premiums	**2,071,551**	1,679,298	1,339,600	1,245,321	1,090,038
Net earned premiums	**946,018**	788,342	540,420	487,575	433,130
Underwriting surplus	**445,686**	397,536	317,980	293,369	249,395
Operating profit	**578,823**	510,974	404,413	379,165	329,021
Profit before taxation	**265,832**	198,486	221,420	205,475	185,828
Taxation	**29,133**	16,023	25,105	25,452	18,843
Profit for the year	**236,699**	182,463	196,315	180,023	166,985
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME					
Profit for the year	**236,699**	182,463	196,315	180,023	166,985
Other comprehensive income for the year	**67,014**	50,032	(48,334)	42,517	43,923
Total comprehensive income	**303,713**	232,495	147,981	222,540	210,908
STATEMENTS OF FINANCIAL POSITION					
Non-current assets	**1,529,984**	1,435,933	845,870	841,253	648,656
Current assets	**2,145,359**	1,832,305	1,279,901	1,070,645	980,186
	3,675,343	3,268,238	2,125,771	1,911,898	1,628,842
Owners' interest	**1,666,537**	1,453,030	1,064,764	998,700	831,379
Gross unearned premiums	**794,478**	771,871	523,488	499,019	424,147
Outstanding claims and IBNR	**843,458**	715,665	323,279	287,818	250,112
Non-current liabilities	**113,391**	89,569	60,627	37,612	39,093
Current liabilities	**257,479**	238,103	153,613	88,749	84,111
	3,675,343	3,268,238	2,125,771	1,911,898	1,628,842
Dividends per share (rupees and cents)	**10.90**	8.50	8.50	7.70	7.00
Earnings per share (rupees and cents)	**28.60**	23.61	27.37	25.10	23.29
Net assets value per share (rupees and cents)	**201.38**	175.58	148.47	139.26	115.93
Number of shares used in calculation	**8,275,769**	7,726,575	7,171,346	7,171,346	7,171,346

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2013 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Cyril MAYER - Chairperson
Mr. M.D. Pierre DINAN
Mr M.M Hector ESPITALIER-NOËL
Mr M.H Philippe ESPITALIER-NOËL
Mr. M. D. Henri HAREL
Mr. J.M. René LECLÉZIO
Mr. Peroomal Gopallen MOOROOGEN
Mr. J.M. Louis RIVALLAND - Group Chief Executive
Mr. Victor C. SEEYAVE
Mr. A. Michel THOMAS

DIRECTORS OF THE SUBSIDIARY COMPANIES

The Anglo-Mauritius Assurance Society Limited

Mr J.M Louis RIVALLAND - Group Chief Executiver
Mr. M.E. Cyril MAYER - Chairperson
Mr. M.D. Pierre DINAN
Mr M.M Hector ESPITALIER-NOËL
Mr M.H Philippe ESPITALIER-NOËL
Mr. M.D. Henri HAREL
Mr. J.M. René LECLÉZIO
Me. M.F.I. Jean Hugues MAIGROT (until 01 January 2013)
Mr. Peroomal Gopallen MOOROOGEN
Mr. Victor C. SEEYAVE

Swan International Co. Ltd.

Mr. M.E. Cyril MAYER
Mr. J.M. Louis RIVALLAND

Manufacturers' Distributing Station Ltd

Mr. M.E. Cyril MAYER
Mr. J.M. Louis RIVALLAND
Mr. Gerald E.R. J. LINCOLN

Pension Consultants and Administrators Ltd

Mr. M.E. Cyril MAYER
Mr. J.M. Louis RIVALLAND
Mr. Peroomal Gopallen MOOROOGEN

Processure Compagnie Ltée

Mr. Olivier JOLLAND
Mr. Frédéric VACHER
Mr. J.M. Louis RIVALLAND
Mr. J.M. Alan GODER

Swan Reinsurance PCC

Mr. J.M. Louis RIVALLAND
Mr. Frans PRINSLOO
Mr. D.P. A. Maxime REY
Mr. T.K. Philippe LO FAN HIN
Mr. M.D. Pierre DINAN
Mr. Victor C. SEEYAVE
Mr. Sattar JACKARIA

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2013 (pursuant to Section 221 of the Companies Act 2001)

Swan Group Corporate Services Limited

J.M. Louis RIVALLAND

Mr Jaiyansing SOOBAH

Swan Group Foundation

Mr. M. E. Cyril MAYER

Mr. J. M. Louis RIVALLAND

Anglo Mauritius Investment Managers Limited

Mr. M. E. Cyril MAYER

Mr. Peroomal Gopallen MOOROOGEN

Mr. J. M. Louis RIVALLAND

Anglo Mauritius Stockbrokers Limited

Mr M.H Philippe ESPITALIER-NOËL (until 27 May 2013)

Mr. D.P. A. Maxime REY

Mr Damien MAMET (until 29 May 2013)

Mr Jaiyansing SOOBAH (appointed on 29 May 2013)

Anglo Mauritius Financial Solutions Limited

Mr. J. M. Louis RIVALLAND

Mr. D.P. A. Maxime REY

Mr Ziyad BUNDHUN

Confiance Assurance Océan Indien

Mr Mohammud Mujtaba MALECK

Swan Risk Finance (SA) Pty Ltd

Mr. J. M. Louis RIVALLAND

Mr David MURRAY

Hennie FOURIE (until 14 November 2013)

Mr. D.P. A. Maxime REY (appointed on 14 November 2013)

Brugassur (SA)

Mr Andre TAIT (until 29 December 2013)

Mr.Hennie FOURIE (until 29 December 2013)

Mr Jaiyansing SOOBAH (appointed on 29 December 2013)

Mr. Patrice Bastide (appointed on 29 December 2013)

Albatross Courtage Madagascar

Mr Andre TAIT (until 29 December 2013)

Mr.Hennie FOURIE (until 29 December 2013)

Mr Jaiyansing SOOBAH (appointed on 29 December 2013)

Mr. Patrice BASTIDE (appointed on 29 December 2013)

Tusk Underwriting Managers (Proprietary) Limited

Mr. J.M. Louis RIVALLAND (appointed on 01 August 2013)

Mr. Tse Kwong (Philippe) LO FAN YIN (appointed on 25 November 2013)

Mr. A. Michel THOMAS (appointed on 25 November 2013)

Mr. Siva MOODLEY (appointed on 01 August 2013)

Ms. Sangeeta PATEL (appointed on 01 August 2013)

OTHER STATUTORY DISCLOSURES

YEAR ENDED DECEMBER 31, 2013 (pursuant to Section 221 of the Companies Act 2001)

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	
	2013	2012	2013	2012
Executive Directors	Rs'000	Rs'000	Rs'000	Rs'000
- Full-time	12,508	11,289	10,096	8,601
Non-executive Directors	783	931	819	1,043
	13,291	12,220	10,915	9,644

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

	From the Subsidiaries	
	2013	2012
Executive Directors	Rs'000	Rs'000
- Full-time	-	-
Non-executive Director	85	85
	85	85

DONATIONS	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
	Rs'000	Rs'000	Rs'000	Rs'000
Political donations	-	150	-	-
Charitable donations	100	173	50	8
Corporate social responsibility	6,481	6,136	2,861	3,319

AUDITORS' FEES AND FEES FOR OTHER SERVICES

	THE GROUP		THE COMPANY	
	2013	2012	2013	2012
Audit fees paid to:	Rs'000	Rs'000	Rs'000	Rs'000
- BDO & Co	3,675	3,237	1,582	1,497
- Other firms	-	154	-	-
	3,675	3,391	1,582	1,497
Fees paid for other services to BDO & Co:				
- Review of statutory return	211	200	100	95
- Other services	-	650	-	325
	211	850	100	420

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.

AUDITORS

BDO & Co.

BANKERS

ABC Banking Corporation

AfrAsia Bank Ltd

Bank of Baroda

Bank One Ltd

Banque des Mascareignes

Barclays Bank PLC

Mauritius Post and Cooperative Bank Ltd

SBI (Mauritius) Ltd

Standard Bank Ltd

State Bank of Mauritius

The HongKong and Shanghai Banking Corporation Ltd

The Mauritius Commercial Bank Ltd

Union de Banques Suisses (Luxembourg) S.A.

CONSULTING ACTUARIES

Actuarial and Insurance Solutions, Deloitte & Touche

LEGAL ADVISERS

DCK Chambers

Me. J. Gilbert Ithier

Me. Maxime Sauzier SC

Me. Marie Catherine Nalletamby

Me. Patrice Doger de Speville SC

REINSURANCE BROKER

AON Limited

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Notice is hereby given that the Annual Meeting (the "Meeting") of Shareholders of **Swan Insurance Company Limited** (the "Company") will be held on 24 June 2014 at 9.30 hours on the 6th Floor of the Swan Group Centre, 10, Intendance Street, Port Louis to transact the following business in the manner required for the passing of ORDINARY RESOLUTIONS:

AGENDA

1. To consider the 2013 Annual Report of the Company.
2. To receive the report of Messrs. BDO & Co, the auditors of the Company.
3. To consider and adopt the audited financial statements of the Company and the Group for the year ended 31st December 2013.
4. To re-elect as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001, Mr. Pierre Dinan, G.O.S.K, who offers himself for re-election.
5. To re-appoint Messrs. BDO & Co as auditors of the Company for the ensuing year in compliance with Section 40(3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration.
6. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2013.

BY ORDER OF THE BOARD

Jaiyansing Soobah

for Swan Group Corporate Services Limited

Company Secretary

5 May 2014

NOTES:

1. *A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.*
2. *The instrument appointing a proxy or any general power of attorney shall be deposited at the registered office of the Company, Swan Group Centre, 10 Intendance Street, Port Louis not less than twenty-four (24) hours before the start of the Meeting and in default, the instrument of proxy shall not be treated as valid.*
3. *A proxy form is included in this Annual Report and is also available at the registered office of the Company.*
4. *For the purpose of this Annual Meeting, the Directors have resolved, in compliance with Section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice of the meeting shall be those shareholders whose names are registered in the share register of the Company as at 27 May 2014.*

SWAN INSURANCE COMPANY LIMITED PROXY FORM

I/We

of

being a member/members of **Swan Insurance Company Limited** ("the Company"), do hereby appoint:

of

or failing him/her,

of

or failing him/her the Chairman of the Meeting, as my/our proxy to represent me/us and vote for me/us and on my/our behalf at the Annual Meeting of the Company to be held at 6th Floor Swan Group Centre, 10 Intendance Street, Port Louis on 24 June 2014 at 9.30 hours and at any adjournment thereof.

I/We direct my/our proxy to vote in the following manner (please vote with a tick):

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. To consider the 2013 Annual Report of the Company.			
2. To receive the report of Messrs. BDO & Co, the auditors of the Company			
3. To consider and adopt the audited financial statements of the Company and the Group for the year ended 31st December 2013.			
4. To re-elect as Director of the Company to hold office until the next Annual Meeting, in accordance with Section 138(6) of the Companies Act 2001, Mr. Pierre Dinan, GOSK, who offers himself for re-election.			
5. To re-appoint Messrs. BDO & Co as auditors of the Company for the ensuing year in compliance with Section 40 (3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration.			
6. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2013.			

Signed this day of 2014.

Signature(s)

Notes:

1. *A shareholder of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice to attend and vote on his/her behalf. A proxy need not be a member of the Company.*
2. *If the instrument appointing a proxy or any general power of attorney is returned without an indication as to how the proxy shall vote on any particular resolution, the proxy will exercise his/her discretion as to whether, and if so, how he/she votes.*
3. *To be valid, the instrument appointing a proxy or any general power of attorney, duly signed, shall be deposited at the Registered Office of the Company, Swan Group Centre, 10 Intendance Street, Port-Louis 24 hours before the time fixed for holding the Annual Meeting.*