SWAN INSURANCE COMPANY LTD

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Swan Insurance ANNUAL REPORT **2012**

ANNUAL REPORT 2012

Swan Insurance

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of **SWAN INSURANCE COMPANY LIMITED** for the year ended 31 December 2012.

This Annual Report was approved by the Board of Directors on 28 March 2013.

M. E. Cyril Mayer	**J. M. Louis Rivalland**
Chairperson	**Director and Group Chief Executive**

CONTENTS

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.

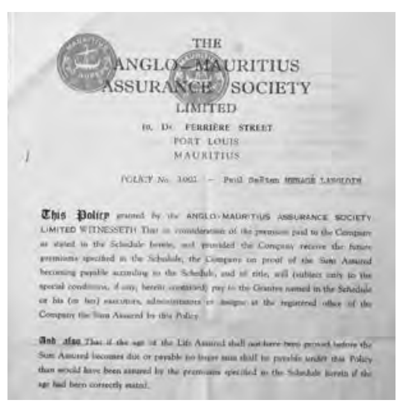
1871

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 ACQUIRED A MAJORITY STAKE IN THE ANGLO-MAURITIUS ASSURANCE SOCIETY LIMITED.

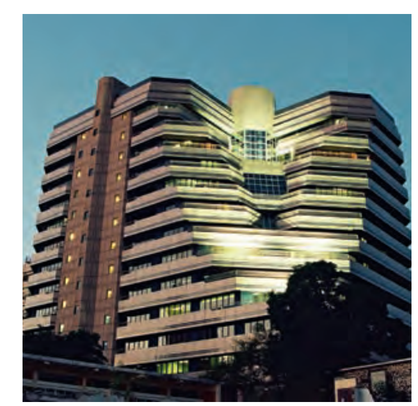
A NEW ERA

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.
3. OPENING OF BLACK RIVER BRANCH.

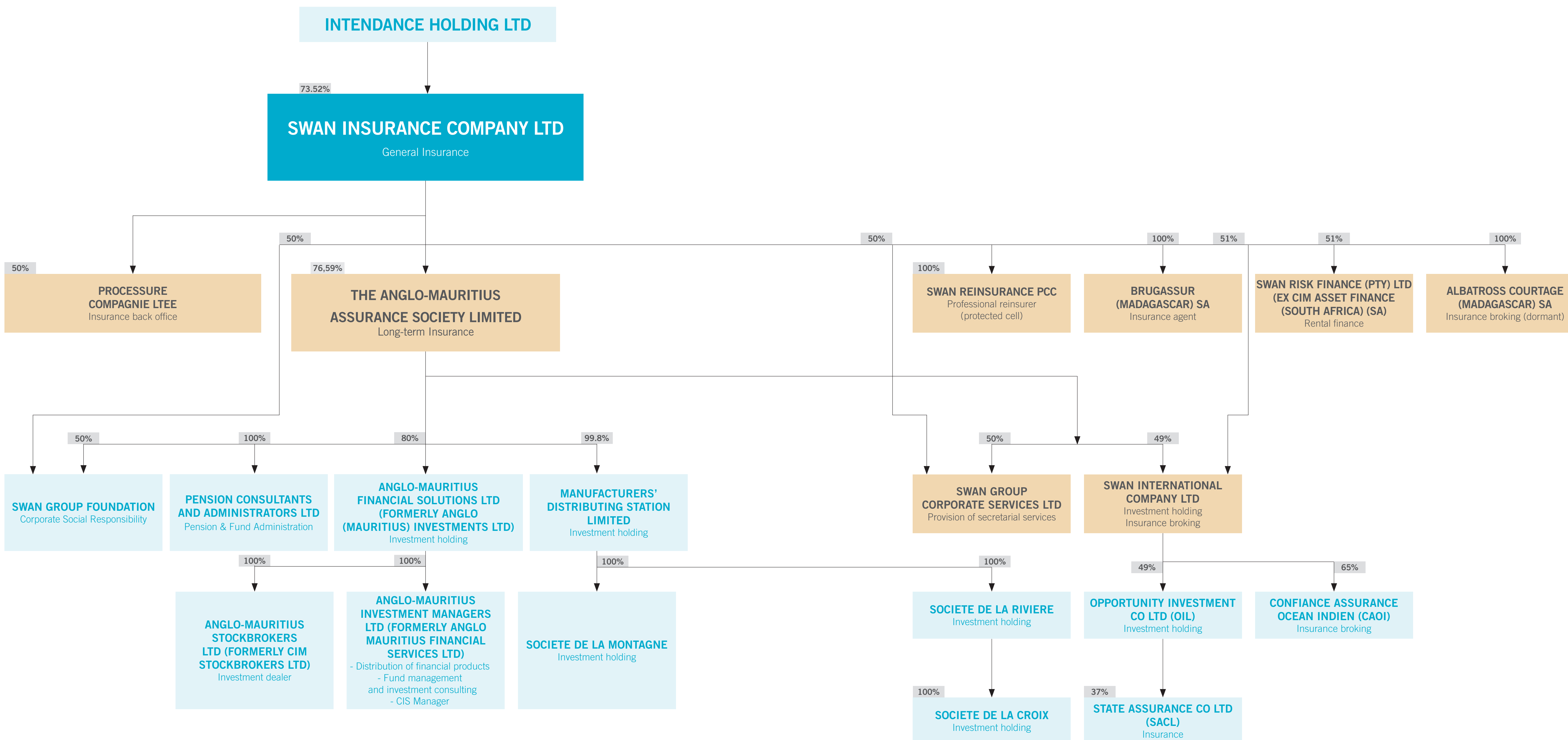
2011

LAUNCHING OF OXYGEN INSURANCE SHOP, IN PORT LOUIS.

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. Acquisition of 65% of Confiance Assurance Ocean Indien by the Swan Group.

GROUP STRUCTURE



CHAIRPERSON'S REPORT

M.E. Cyril Mayer /
Chairperson

"The Group is now present in Seychelles, Reunion Island, Madagascar and South Africa."

On behalf of the Board, I am pleased to present the Annual Report and Audited Financial Statements of Swan Insurance Company Limited and the Group for the year ended 31 December 2012.

2012 has been eventful for the Group. A major venture initiated in 2011 was successfully completed in 2012. Having received all regulatory approvals from, inter alia, the Competition Commission and the Financial Services Commission, the insurance businesses of the Rogers group (Cim Insurance and Cim Life) amalgamated with and into those of the Swan Group (Swan Insurance and Anglo-Mauritius Assurance) and the amalgamation became effective on 30 June 2012. The stockbroking and asset management businesses of the Rogers group were also transferred to the Swan Group.

The amalgamation necessitated substantial resources, especially from senior management in terms of dealing with regulators, financial due diligence, integration of human resources and operations. The physical move of 134 ex-Cim's staff members to the Swan Group Centre was completed and the Centre now accommodates 476 staff members. The Group also proposed a voluntary retirement scheme to those aged at least 50 years and having a minimum of 10 years' service. Some 40 staff members opted for the scheme. The Swan Group has now an even stronger and more experienced team. In the midst of all these changes, management remained focused and the Group posted commendable results.

On the local business scene, the economic downturn made business conditions difficult due to the testing situations both internationally and locally. The insurance market continues to be highly competitive with pressure on rates. Internationally, the investment market proved difficult with lots of uncertainties which resulted in high volatility on the major stock exchanges and the currency market.

On the international business front, the Group continues to look for opportunities in the region, while consolidating its on-going projects. Sizeable investments were made in Reunion Island and South Africa. Swan Group is now present in Seychelles, Reunion Island, Madagascar and South Africa.

The results of Swan Insurance and the Group for this financial year are not directly comparable with last year since this year's results include those of Cim for the six months ending 31 December 2012. The amalgamation also resulted in the consolidation of new subsidiaries in the Group's results.

GROUP TOTAL ASSETS

Rs. 27.9 billion

Gross premium of Swan Insurance reached Rs. 1.68bn in 2012, compared to Rs. 1.34bn in 2011 (up by 25%). Underwriting surplus grew by 25% from Rs. 318m in 2011 to Rs. 398m in 2012. Profit after tax for the year stood at Rs. 180m, which includes an exceptional expense of Rs. 65.8m in respect of the merger, as compared to 196m in 2011. Shareholders' Equity increased by 36% from Rs. 1.1bn in 2011 to Rs. 1.5bn in 2012. Total assets of the Company reached Rs. 3.27bn in 2012, experiencing an increase of 54% from Rs. 2.1bn in 2011. At Group level, total assets grew by 22% from Rs. 22.8bn in 2011 to Rs. 27.9bn in 2012. These results are laudable, given the constraining economic situation.

Messrs Eric Espitalier-Noël, George Dumbell and Jean Pierre Dalais left the Board in 2012. On behalf of the Board, I wish to express my appreciation to them for their significant contribution in the Company's and Group's development. I am pleased to welcome Messrs Philippe Espitalier-Noël and Hector Espitalier-Noël who joined the Board in the course of 2012. Their vast experience in the business field will undoubtedly benefit the Group.

On behalf of the Board, I wish to express my appreciation to the Group Chief Executive, Management and staff at large for their continued dedication and hard work in ensuring that the Group continues to achieve notable results in the midst of the current economic uncertainties. I also wish to thank all my fellow board members for their untiring support.

M. E. Cyril Mayer
Chairperson

DIRECTORATE

1 CYRIL MAYER
2 HECTOR ESPITALIER-NOËL
3 LOUIS RIVALLAND
4 VICTOR SEEYAVE
5 MICHEL THOMAS
6 HENRI HAREL
7 PHILIPPE ESPITALIER-NOËL
8 PIERRE DINAN
9 RENÉ LECLÉZIO
10 GOPALLEN MOOROOGEN

DIRECTORATE

CYRIL MAYER
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 a member of the selling and executive committee of the Mauritius Sugar Syndicate and President of the Mauritius Sugar Producers Association and a member of its 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 is also a Director to several private and public companies. 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

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

PIERRE DINAN

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 Mee (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: None

VICTOR SEEYAVE

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

HECTOR ESPITALIER-NOËL
(appointed on 27 September 2012)

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

Born in 1960, Henri Harel holds a ACIS (South Africa) and is currently the Group Chief Finance Officer of Terra Mauricia Ltd.

Directorships in other listed companies:
Terra Mauricia Ltd

PHILIPPE ESPITALIER-NOËL
(until 30 June 2012)

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

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
	Eric Espitalier Noël (until 27 September 2012)
	George Dumbell (until 30 June 2012)
	Hector Espitalier Noël (appointed on 27 September 2012)
	Henri Harel
	Jean-Pierre Dalais (until 30 June 2012)
	Philippe Espitalier Noël (appointed on 30 June 2012)
	René Leclézio

FEEL SAFE

MORE THAN 5,600 HOUSES INSURED

For many Mauritians, the purchase or building of a residence is surely a dream come true. To safeguard this lifetime investment, Swan's unique **OXYGEN HOME INSURANCE** provides a quality home insurance cover against a wide range of risks of loss or damage. A number of cover extensions is also available to suit the needs of homeowners.

"Our strong brand together with the high quality products and service levels we provide have been the principal drivers of our success."

GROUP CHIEF EXECUTIVE'S REVIEW

Louis Rivalland /
Group Chief Executive

STRATEGIC REVIEW

The last year has been largely dominated by the amalgamation with Cim Insurance, Cim Life, Cim Asset Management and Cim Stockbrokers. This was a complex and demanding exercise which was initiated in 2011 and which required a lot of our resources and time during the course of 2012. I would like to thank all those concerned for all their hard work and commitment in making this important initiative a success.

In addition, we have also continued building on the important strategic initiatives started in the previous years regarding our core processes, use of technology, areas of operations, and human capital.

These should enable us to be better positioned to face the realities of a very challenging domestic market whilst trying to reap the benefits of new business ventures locally and internationally.

Looking ahead, we will continue to focus on consolidating customer relationship, better understanding customers' needs, adapt our service and product offering to meet their expectations and enhance customer experience by delivering value added services and offering more convenience to our customers. Our new branch at Grand Baie La Croisette and upcoming branch at Ebene, bringing to 5 the number of our branches, are strategically situated to service our clientele better. We remain committed in improving our level of service and online capabilities to intermediaries and in working together to find the best possible solutions for clients.

UNDERWRITING SURPLUS

Rs. 398 million

INCREASE BY RS 80 MILLION

SHORT TERM OPERATIONS

2012 was another solid operational performance despite the extremely competitive trading conditions in the context of a tough economic environment. This robust underwriting result (underwriting surplus of Rs. 398M) has been achieved following our focus on good quality and disciplined underwriting, pro-active and efficient claims management and the further diversification of our book of business as a result of the completion of the successful merger with CIM Insurance. The optimisation of our retention levels and the absence of weather-related claims have also strongly contributed to this positive result.

We delivered a healthy top line gross premium growth of 25% (Rs. 1.68bn in 2012, compared to Rs. 1.34bn in 2011). The net earned premium was also up by 46 % whereas the underwriting result showed a marked improvement of 25%, from Rs. 318m in 2011 to Rs. 398m in 2012. The personal lines business results are satisfactory reflecting the overall industry performance. We achieved reasonable top line growth in various targeted segments against the backdrop of stiff competition by local insurers in this much coveted sector. Our strong brand together with the high quality products and service levels we provide have been the principal drivers of our success. This line of business, which is predominantly driven premium wise by motor business, has had an exceptional good run in terms of profitability during the past three years. A cautionary note must however be made as to the sustainability of such positive results in the short and medium terms, given that this class of business, i.e. motor, is volatile in nature and subject to high severity claims. On the other hand, we continue to focus on better understanding our customers' needs and requirements and adapt our service and product offerings to meet their expectations, thereby improving our customers' experience.

Despite the continuation of soft and challenging market conditions with exacerbated pressure on rates, the commercial lines sector nevertheless delivered a decent underwriting result. This positive performance has been greatly facilitated by another quiet cyclonic season and the below average attritional claims experience in many lines of corporate business. Given the already high degree of sophistication of the products in this market and the intense competition between insurers as well as amongst brokers, this sector has limited profitable growth perspective. The organic growth achieved as a result of our merger with Cim Insurance will strengthen our position as market leader in this line of business, as well as providing us with the necessary critical mass to explore international business opportunities having better profitability prospects.

For 2013, the overall operational profitability, in the absence of major natural or man-made catastrophes, is likely to remain fairly stable given the continued strong pressure on rates. We have now built a well-diversified book of business. Our strong technical and innovative capabilities as well as our prudent approach to underwriting and reinsurance put us in a solid position to withstand strong competition.

GROUP CHIEF EXECUTIVE'S REVIEW

LONG TERM OPERATIONS

Following the merger, we have acquired people with a breadth of experience which will complement our existing structure in view of providing an even better level of service to our clients.

The insurance industry is very competitive; hence the need to be better prepared and to have access to a wider range of skills. The unification of the sales force of both entities has given us more muscle, resources and capabilities to penetrate new markets, be more competitive and we are now better equipped to respond to a changing environment and diversifying customer needs.

The year 2012 was also marked by the launch of a new product, the Money Harvest Payment by Instalment Policy. This, coupled with our new combined sales force, has created new business opportunities which have positively impacted on the performance of our individual business operations despite difficult economic conditions which prevailed during the year.

The upgrading of the consulting skills of our sales force remained at the fore front of our training strategy. Much emphasis was placed on developing a needs-based selling approach so as to better understand each and every client's needs and achieve enhanced customer satisfaction.

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 fit the market's needs of having professional and dedicated advisors of financial solutions.

In terms of our operating result, in view of the difficult economic conditions, we are satisfied with the total net premium increase of around 12.5%, from Rs. 1.9bn in 2011 to Rs. 2.2bn in 2012. This growth is of course partly attributable to the merger and also to the notable increase in premiums from our Pension's operations. However, the prevailing uncertain economic conditions have not been very conducive for the savings and investment portfolios. There has also been a shift in attitude of our policyholders who are now looking for guaranteed returns thereby favouring our with-profit policies at the expense of unit-linked ones.

The Competition Commission of Mauritius ("CCM") completed its investigation in relation to the bundling of insurance and credit products and concluded that 8 of the 13 banks were in breach of competition laws. The Commissioners have requested that these banks provide at least three different insurance companies quotes as well as provide more information to customers in relation to their freedom of choice. We shall monitor the situation in the coming year to assess the potential impact of this ruling on our business.

GROSS PREMIUM (COMPANY)

Rs. 1.7 billion

RS 1.3 BILLION IN 2011 ▲

"Much emphasis was placed on developing a needs-based selling approach so as to better understand each and every client's needs and achieve enhanced customer satisfaction."

CORPORATE BUSINESS

At the end of 2012, Anglo Mauritius provided administrative services to 692 pension schemes – 362 defined benefit and 330 defined contribution schemes. The total active membership of these schemes exceeds 24,000 lives.

Our pension business is supported by a strong actuarial team consisting of 2 qualified actuaries and 9 actuarial analysts. With the support of our subsidiaries, Pension Consultants and Administrators Limited (PCA) and Anglo-Mauritius Investment Managers Ltd (AMIM), we provide the whole spectrum of pension services to our corporate clients (i.e. actuarial, administration and fund management). We have consolidated our position as the leader in the pension business for private entities due to our long experience in this field.

During the year under review we have inherited the corporate portfolio of CIM Life following the merger of our activities. This has brought an additional 104 pension schemes with membership of around 2,600 lives under our custody and strengthened our team in terms of expertise and additional resources.

The forthcoming year promises to be a challenging one for us with the promulgation of the new 'Private Pension Schemes Act' with effect from 1 November 2012. In order to be in compliance with the new provisions of the Act, a complete rethinking of the structure of our group pension business is necessary. We are progressing rapidly on this aspect and hope to be ready with the new structure well before the deadline of 31 October 2013 imposed by the regulator.

We will continue to strengthen our position on the market by being more attentive to our clients' needs in the rapidly changing and more sophisticated pension environment.

LIFE ASSURANCE FUND (GROUP)

Rs. 24.3 billion

RS 20.6 BILLION IN 2011 ▲

HUMAN RESOURCES

We were much sorrowed by the demise, on 04 August 2012, of Mr. Paul Lam Kwoh Hing, ex-Senior Manager of Anglo-Mauritius. I wish to place on record his contribution to the development of the pensions business during his long years of service with the Company.

The year 2012 was marked by a number of initiatives that aimed at ensuring that the CIM-SWAN merger takes place in the best possible conditions for employees of both entities. Employees were regularly updated about the merger and were also provided with change management training to enable them better understand and adjust to the changes in their working environment. Individual support was also provided to a few employees who found the process particularly challenging.

In view of rightsizing the merged entity, the Swan Group set up a voluntary retirement scheme. 40 employees took advantage of the package offered and retired at the end of December 2012. We wish to thank them for their loyalty and dedication during their long years of service with the two pre-merger entities and to wish them all the best in their future endeavours.

We are thankful to brokers and our agents for their significant contribution in our top line results. We are also indebted towards our staff for their engagement and for putting the customer at the centre of what they do.

Louis Rivalland
Group Chief Executive

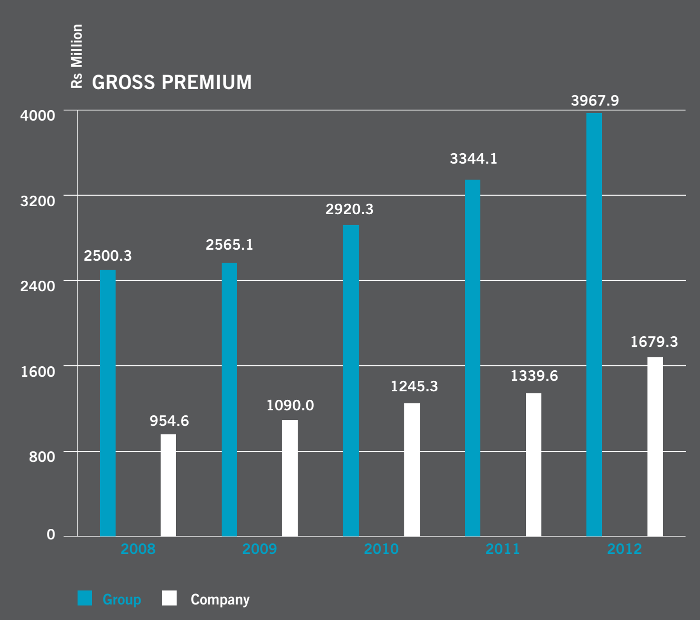
KEY NUMBERS

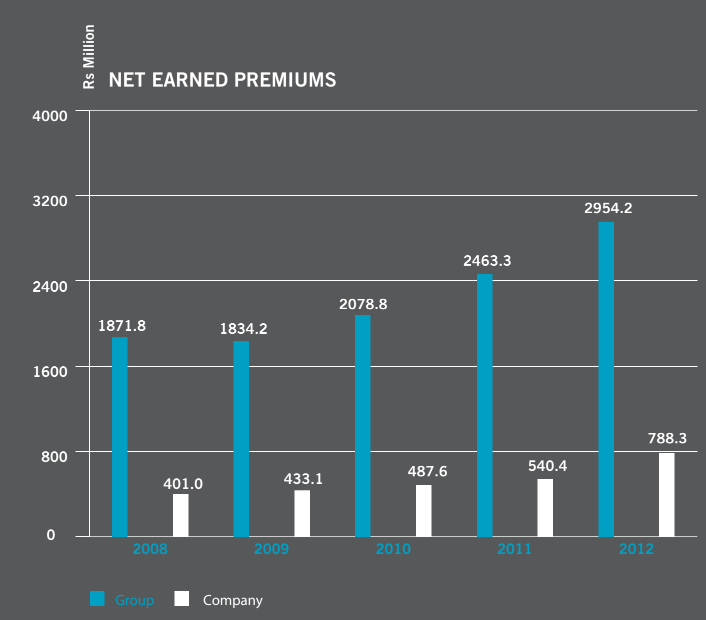
THE GROUP

FINANCIAL HIGHLIGHTS	2012	2011
	Rs'000	Rs'000
Gross Premiums	3,967,855	**3,344,050**
Net Earned Premiums	2,954,153	2,463,299
Profit Before Tax	199,643	238,086
Dividends Paid	70,344	60,956
Dividends per share	8.50	8.50
Earnings per share	21.90	27.31

THE COMPANY

FINANCIAL HIGHLIGHTS	2012	2011
	Rs'000	Rs'000
Gross Premiums	1,679,298	1,339,600
Net Earned Premiums	788,342	540,420
Profit Before Tax	195,216	221,420
Dividends Paid	70,344	60,956
Dividends per share	8.50	8.50
Earnings per share	23.26	27.37

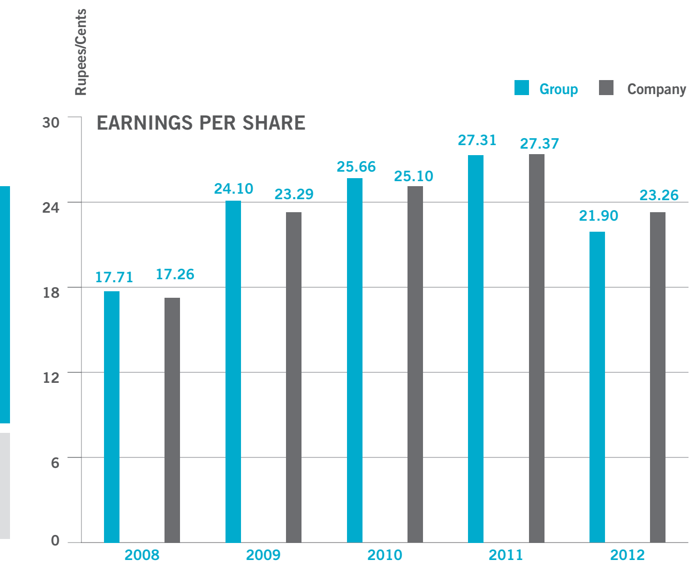


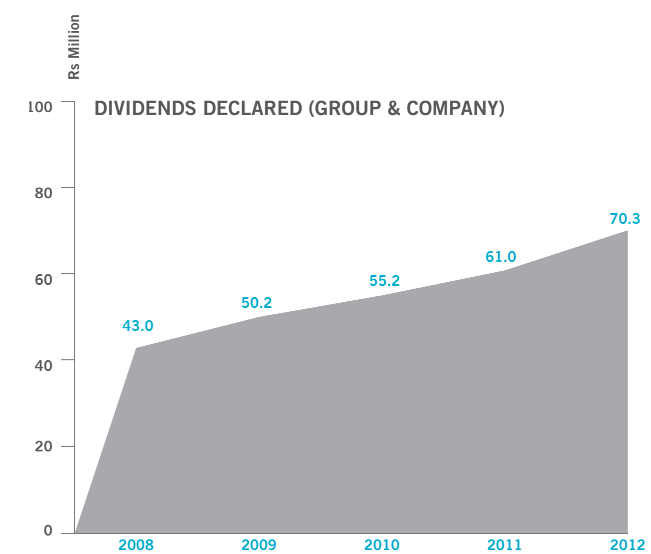


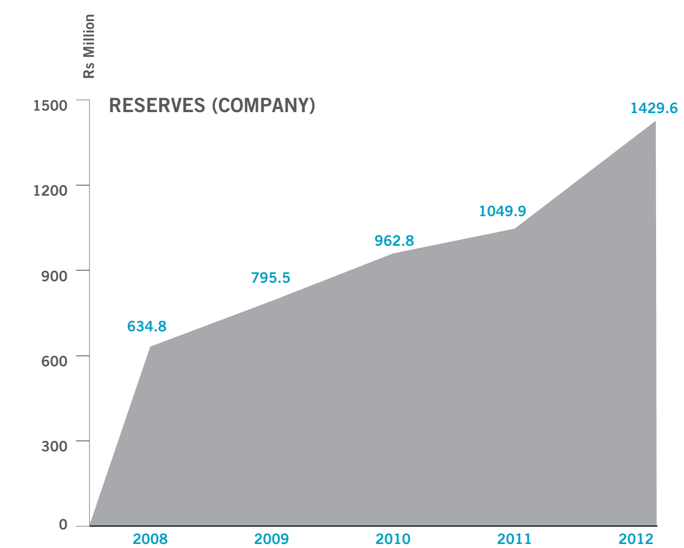
GROSS PREMIUMS (GROUP)

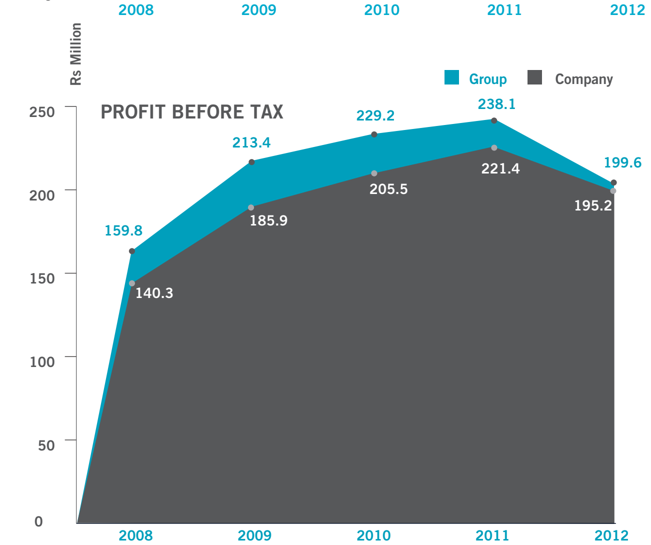
Rs. 4.0 billion

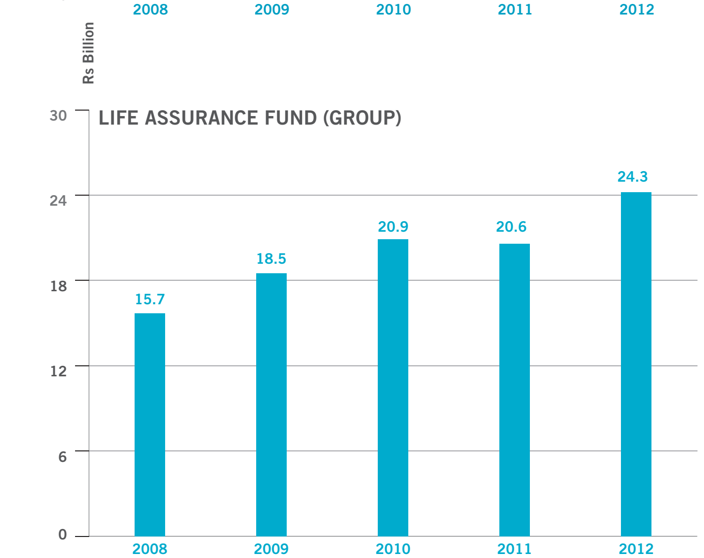
INCREASE BY RS 0.6 BILLION DURING THE YEAR











SENIOR MANAGERS

ALAN GODER

GROUP SYSTEMS & PROCESSES

Alan Goder (45) 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.

HENDRIK JACOBUS FOURIE, B.COMPT, CA (SA)

PCC AND PROJECTS *(As from 1st July 2012)*

Hennie Fourie, born in 1970, holds a Chartered Accounting qualification and is a member of the SAICA (Southern African Institute of Chartered Accountants). He has acquired a wide experience in the insurance, banking and financial services, manufacturing, auditing and accounting sectors. He has served in various roles in Saambou Holdings Ltd and Investec Bank Ltd as Finance Manager for its banking sector and as Director in the life insurance sector. He was also appointed as Managing Director of Natsure Ltd for short term insurance as well as Managing Director of Cim Insurance and Cim Life.

Hennie joined Swan in July 2012 as Senior Manager of PCC and Projects with the main focus of developing international business through re-insurance and cell captive initiatives.

JEAN MARC CHEVREAU

INDIVIDUAL BUSINESS DEVELOPMENT, AGENTS' MONITORING & PRODUCT REVIEW

Jean Marc Chevreau (59) 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 (60) 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 various Audit Committees.

Directorship of listed Company: Lux Island Resorts Ltd

SENIOR MANAGERS


RÉMI DESVAUX DE MARIGNY C.I.I, U.K. - I.I.M DIPLOMA IN INSURANCE

COMMERCIAL, MARINE, MOTOR AND INDIVIDUAL BUSINESS

Rémi Desvaux de Marigny (44) started his career in the insurance sector at Albatross Insurance Company Ltd in 1989 where he spent three years dealing mainly with Motor Insurance claims. In 1992, he joined Administrators and Consultants Ltd (A.C.L.) as sales and marketing representative of the Mauritius Employers' Federation Provident Association (M.E.F.P.A.).

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

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

He was appointed Senior Manager (Underwriting) in July 2007 and is actually heading the Corporate and Individual Business Units.


TSE KWONG PHILIPPE LO FAN HIN, F.C.I.I., U.K. - C.I.I., U.K. - IIM

REINSURANCE AND STATISTICS

Tse Kwong Philippe Lo Fan Hin (54) 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 35 years. During the past seventeen 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 (51) 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

GUY DE GAYE

TECHNICAL *(until 31 December 2012)*

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

Guy de Gaye (58) joined Swan Insurance in 1974 and has more than 36 years of work experience in general insurance with the Company at different levels. He started as Underwriter in the Fire and Accident Department and was then transferred in 1980 to the Commercial Department.

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

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

He was appointed Senior Manager of the Commercial Department in 2000 with key responsibilities to service the insurances of the corporate sector. He was appointed Senior Manager Technical of the Company in 2005.

MANAGEMENT TEAM

1
SONIA KALACHAND-CANABADY
BA, MA HR - *GROUP HR OPERATIONS*
(AS FROM 1ST JULY 2012)

2
TWAYYAB TAUJOO
F.C.C.A., M.SC., DIP A.C.I.I - *FINANCE*

3
HERBERT MADANAMOOTHOO
MAÎTRISE DE DROIT - *LEGAL & COMPLIANCE, M.L.R.O*

4
VEENAYE BUSGEETH
F.C.C.A. - *CORPORATE FINANCE*
(AS FROM 1ST JULY 2012)

5
ISHWARI MADHUB
B.SC. (HONS.), F.C.C.A., M.B.C.S,
M.B.A - *SYSTEMS & PROCESSES*

6
ASHLEY NUCKCHADY
MOTOR

7
NASSER PANCHAMEAH
MARINE CLAIMS

8
SONIA CHAROUX
A.C.I.I., MBA - *REINSURANCE AND STATISTICS*
(AS FROM 1ST JULY 2012)

9
DAVE LUCHMUN
GROUP FACILITIES

10
JEAN YVES VIOLETTE
CLAIMS

11
PATRICE HOUDET
A.C.I.I. CHARTERED INSURER - *INTEGRATION SUPPORT*
(AS FROM 1ST JULY 2012)

12
GUILLAUME WIEHE
MAÎTRISE EN DROIT DES AFFAIRES,
D.E.S.S EN DROIT DES TRANSPORTS MARITIMES
ET AÉRIENS, CERT. C.I.I. - *COMMERCIAL*

13
GAËL ALIPHON
A.C.I.I. - *INDIVIDUAL BUSINESS*

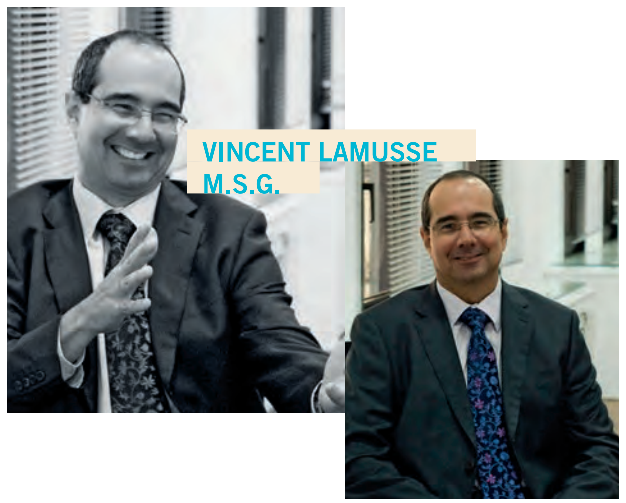
14
BRUNO NALLETAMBY (ABSENT FROM PHOTO)
A.C.I.I., A.C.I.S., ACI ARB - *MARINE*

15
PATRICK ANDRÉ (ABSENT FROM PHOTO)
HEALTH AND TRAVEL

16
SHAILEN SOOBAH (ABSENT FROM PHOTO)
F.C.C.A., MBA, DIP A.C.I.I - *BUSINESS SUPPORT*
(AS FROM 1ST JULY 2012)

17
GILBERT XAVIER (ABSENT FROM PHOTO)
FIRE & ACCIDENT

MAIN SUBSIDIARIES



VINCENT LAMUSSE
M.S.G.

ANGLO-MAURITIUS INVESTMENT MANAGERS LTD

Anglo-Mauritius Investment Managers (AMIM) is a leading provider of Asset Management services in Mauritius, and currently manages investment 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.

Formerly known as The Anglo-Mauritius Financial Services Ltd, the company changed its name following a merger with the Asset Management activities of Rogers & Company Ltd, with the latter taking a stake a 20% in AMIM's shareholdings. This merger has allowed the company to increase its clients and assets while benefitting from the expertise of additional employees with excellent competencies. This transaction has also opened access to the investment platform of the -Banque de Luxembourg - thereby further strengthening AMIM's already powerful offering in terms of investment funds. In addition, the CIS structure of Rogers Foreign Equity Fund (formerly Cim Foreign Equity Fund) has been transferred as well, after AMIM successfully obtained its CIS Manager licence from the FSC. The CIS Fund will be renamed accordingly.

AMIM's performance was satisfactory, with an on target growth rate. Profits are expected to continue to increase in 2013 thereby contributing to shareholders value.

ANGLO-MAURITIUS STOCKBROKERS LTD

Anglo-Mauritius Stockbrokers Ltd, formally Cim Stockbrokers, 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 was launched and was the first stockbroking company to establish a formal link with a major foreign house, namely Flemings. In 2006, the company acquired Cavell Securities to further consolidate its position on the market. In addition to Trading, its core activity, Anglo-Mauritius Stockbrokers also provides Research & Advisory services and acts as sponsoring broker for the listing of companies on the Stock Exchange of Mauritius.

2012 was a difficult trading year for the local stock exchange: the Semdex regressed by 8.3%, transacted value on of the official market regressed by 37% to Rs.9.4Bn (turnover per session fell to Rs. 38.3M compared to Rs.60.0M in 2011). Foreign activity represented 29% of total transacted value with foreign investors injecting a net Rs.100M in the stockmarket over the year compared to a net withdrawal of Rs.478M in 2011. Overall, the stockbroking business being a volume driven model, was affected by the dampened activity level but the company nevertheless managed to grow its market share.

NEERAJ UMANEE
B.A.(HONS) ECONOMICS

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 2012, PCA has consolidated its position as the market leader in the field of administration of pension schemes. This has impacted positively on our turnover which has grown by 12% from last year whilst profitability has been very healthy for yet another year.

At the end of 2012, the company provided administrative services to more than 240 companies under 21 schemes with total active membership reaching nearly 20,000 lives.

During the year under review we have been entrusted with another big pension scheme, following the merger of the activities of Cim Life within the group. We have further consolidated the working relationship with the pensions department of Anglo-Mauritius Assurance for the benefit of our respective clients and the Group generally.

The year has also seen the coming into operation of the new 'Private Pension Schemes Act' with effect as from 1 November 2012. The Act has among its objectives the maintenance of a fair, safe, stable and efficient private pension industry in Mauritius through the regulator, the Financial Services Commission with focus on good governance, transparency and accountability and risk management.

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

MAIN SUBSIDIARIES

JÉRÔME BOYER

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 operating 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. The company attained its budgeted net profit in 2012. The business also focused on investing in base acquisitions and infrastructure so as to provide a platform for sustainable growth in the future. In 2013 the business will be focusing on new product development such as equipment insurance, streamlining operational efficiencies, as well as raising capital to adequately fund this growth.

The business has developed key relationships within the office equipment industry and we are confident that our projections for the coming financial year will be achieved.

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 managing 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.

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

DAVID MURRAY
B. COMPT, MBA

THE PRIVATE PENSION SCHEME ACT (“PPSA”)

SATTAR JACKARIA
B.SC. (HONS.), F.I.A

PPSA provides a consolidated legal framework for the regulation & supervision of Private Pension Schemes (“PPS”) in Mauritius.

Henceforth, all PPS will have to be licensed by the Financial Services Commission (“FSC”) and comply with the provisions of the PPSA. One important provision as detailed in the FSC Rules, is the requirement for all PPS to have a governing body with a minimum of 3 persons out of which 1/3rd will have to be nominated or elected by their corresponding members.

We are also pleased to note that many of the limits imposed on PPS have been removed so that sponsors will now be able to offer pension benefits which are more tailored to their specific needs.

Although we have been fortunate enough not to have any PPS scandals up to now, we very much welcome this long awaited piece of legislation. This will help to increase the confidence in this sector as well as enhance the reputation of Mauritius as a sound financial centre.

DRIVE FREELY

98% OF CLIENTS SATISFIED

Swan Insurance has constantly pioneered the development of innovative comprehensive car insurance in Mauritius. Its latest product, the **OXYGEN CAR INSURANCE**, has been specially designed not only to meet the basic needs of car owners but also to exceed their expectations by providing a comprehensive range of extra covers, some of them unique to the local motor insurance market. The Novus Oxygen Plan is the product's flagship for brand new cars.

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

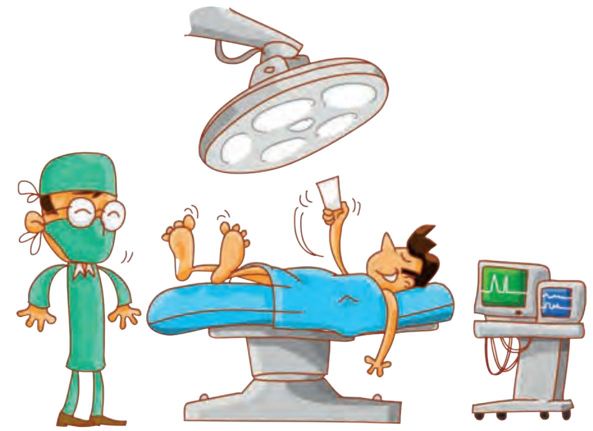
Much more than a home insurance that protects the building and its contents, Oxygen Home Insurance encompasses a wide range of covers which meets the needs and lifestyle of its beneficiaries while providing them with the extra financial protection they require. Hence, personal effects and valuables, 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 of Corporate Insurance Business providers in Mauritius offering a diverse class of business insurance adapted to the needs of our customers in various sectors of the economy.

For the protection of assets, we offer tailor-made Comprehensive Assets and Business Interruption All Risks Insurance including Machinery Breakdown and Electronic Equipment. The risks associated with construction or renovation works are catered for by Contractors' All Risks Insurance. These insurances are backed by first class reinsurance security.

As regards to Liability Insurance, we provide Public and Products Liability covering the insured's legal liability for damage to property and body injury towards third parties. The Employers' Liability Insurance covers the legal liability of the employer for injury to employees at work.

A variety of protective insurance covers for the leaders of organizations who may be held liable for decisions made on behalf of the company have also been developed. Thus the Professional Liability Insurance provides protection against claims for financial loss, damage or injury arising out of an act, error or omission.

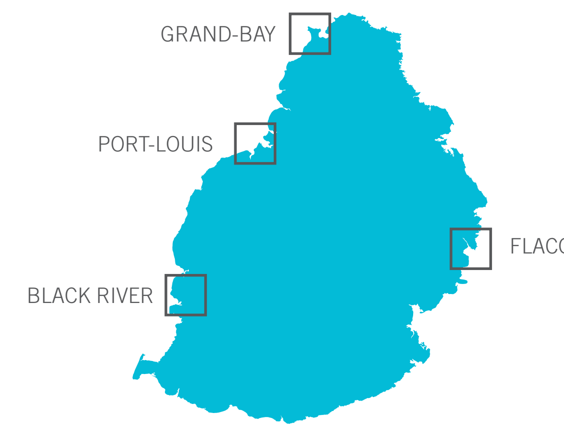
The Comprehensive Motor Insurance Policy is designed to cater for fleets of vehicles which can be insured on an 'Agreed Value Basis' thus fast tracking the settlement of claims.

The Marine Cargo Insurance provides adequate covers to meet both Importers' and Exporters' needs while our Marine Hull covers the insured's vessel against loss or damage.

The Health Insurance sector is in constant expansion and Swan being the leader in the Medical Insurance sector provides health insurance to over 37,000 individuals.

INSURANCE OUTLETS

In line with its strategy to come closer to its clients, the Swan Group has, since 2010, opened several Oxygen Insurance Shops around the island. The Oxygen Shops are similar to concept stores by offering the whole range of the Group's products and services to its clients under a single roof.



Located in Port-Louis, Flacq, Black River and Grand Bay, the Oxygen Insurance Shops facilitate a direct and privileged relationship with clients. The latter can enjoy the same quality of service which they have always experienced at Anglo-Mauritius and Swan Insurance. These modern shops aim at improving the customer's experience whilst conveying a modern and avant-garde image of the Swan Group.

Visitors are immediately impressed by the futuristic design of these shops which showcase the wide range of the Oxygen products.

CSR

Jean-Marc Chevreau /
Chairman CSR Commitee

> "We believe in long term partnerships which will help us to measure over time the success of our contributions."

Tell us more about the projects supported by the Swan Group Foundation in 2012

For the year 2012, the Swan Group Foundation has given its support and donated more than Rs 5.2 millions to 23 NGOs engaged in various sectors. The Swan Group Foundation has shown its commitment towards these NGOs by donating sums ranging from Rs 50 000 to Rs 500,000 to projects linked to education, health, environment, sports and poverty alleviation and housing.

Swan Group Foundation has, for a number of years, worked closely with some of these NGOS, such as Caritas, PILS, APEIM, Rotary Club, Lions Club, Trust Fund for Excellence in Sports, Friends in Hope, Institut Cardinal Jean Margeot, Leonard Cheshire Home and the Muscular Distrophy Association.

We believe in long term partnerships which allow us to measure over time the success of our contributions to these NGOs. We favour working with NGOs which have been involved for years in a particular field and the Swan Group Foundation continue to support as far as possible on a long term basis.

To what extent are the employees of the group involved in dealing with the beneficiaries?

Indeed, we favour the active participation of our employees in the CSR projects which the group supports. Given that it is not possible for all the 400 employees to be on the field, their involvement is done on a voluntary basis. Some projects tend to give more immediate and positive results than others.

For example, in December 2012, a first group of employee has organised an intense clean-up campaign on the shores of Ile de la Passe to help the Mauritian Wildlife Foundation to which the Swan Group Foundation donated a cheque of Rs 300 000.

Many of our employees still remember the hard fought football match played between the Academy of Faucon Flacq Sports Club and the Swan Group football teams. This event has renewed the partnership between the Swan Group Foundation and the football club.

How do you help other NGOs?

Cheque remitting ceremonies have been organized for some of the NGOs at the Swan Group Centre whilst others received theirs in their premises.

In fact it is important for us to see the NGOs at work, to see their working conditions, to meet with the beneficiaries and to evaluate their needs and progress done from the time the funding were provided by the Swan Group Foundation.

For example, NGOs like Communauté du Chemin Neuf, Link to Life, Association Quartier de Lumière, Atelier Sa Nou Vize of Mouvement Forces Vives Quartier EDC Rose Belle, Mauritius Wildlife Foundation, Link to Life, Chrysalide and Fondation Cours Jeanne d'Arc have strengthened their partnership with the Foundation after having explicitly demonstrated the success of their actions on the ground.

Rs. 5.6 million
DONATED TO 23 NGOS IN 2012

HEALTHY LIFE

MORE THAN 37,000 INSURED

It is a fact that an increasing number of Mauritians aspire to have access to quality health services. Healthcare costs can however become a major financial burden to a private individual and his family. Swan Insurance, ensures the best medical and financial protection to all Mauritians by providing them with a wide range of **HEALTH INSURANCE** benefits and extra cover options.

CORPORATE GOVERNANCE REPORT

1. COMPLIANCE STATEMENT

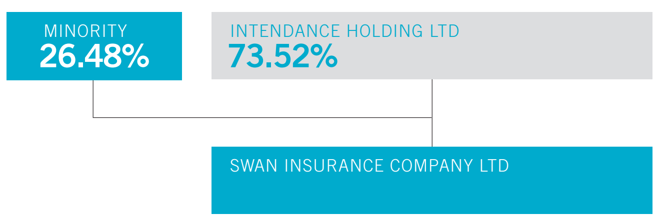
Corporate governance consists of a system of structuring, operating and controlling a Company and involves a set of relationship between all the stakeholders. Sound principles of corporate governance are essential to ensure fairness, integrity, transparency and to achieve high level of stakeholders' trust and confidence in the organisation.

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 Board 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. SHAREHOLDERS

2.1 Holding structure as at 31 December 2012



As at 31 December 2012, 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 Co Limited	-	-	12.70

2.2 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 as at 31 December 2012:

- M.E. Cyril Mayer
- Hector Espitalier-Noël (as from 27 September 2012)
- Philippe Espitalier-Noël (as from 30 June 2012)
- Henri Harel
- J.M. René Leclézio

2.3 Shareholding profile

Shareholding profile as at 31 December 2012 was as follows:

Size of shareholding	Number of shareholders	Number of shares	% of total issued shares
1 – 500	653	86,311	1.04
501 – 1,000	104	83,482	1.01
1,001 – 5,000	160	368,160	4.45
5,001 – 10,000	33	232,080	2.80
10,001 – 50,000	31	596,058	7.20
50,001 – 100,000	2	154,260	1.86
100,001 – 250,000	1	100,500	1.21
250,001 – 500,000	2	570,868	6.91
Over 500,000	1	6,084,050	73.52
TOTAL	**987**	**8,275,769**	**100**

2.4 Shareholder category

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Individuals	877	996,326	12.04
Insurance companies	4	149,604	1.81
Pensions and provident funds	12	393,560	4.75
Investment and trust companies	8	8,065	0.10
Other corporate bodies	86	6,728,214	81.30
TOTAL	**987**	**8,275,769**	**100**

Shareholder category	Number of shareholders	Number of shares	% of total issued shares
Local	962	7,915,170	95.64%
Foreign	25	360,599	4.36%
TOTAL	**987**	**8,275,769**	**100**

2.5 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 2012	Declaration of dividend
January 2013	Payment of dividend
March 2013	Publication of end of year results
May 2013	Publication of first quarter results
June 2013	Annual meeting of shareholders
August 2013	Publication of half year results
November 2013	Publication of nine months results

2.6 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 November/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. 8.50 per share.

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

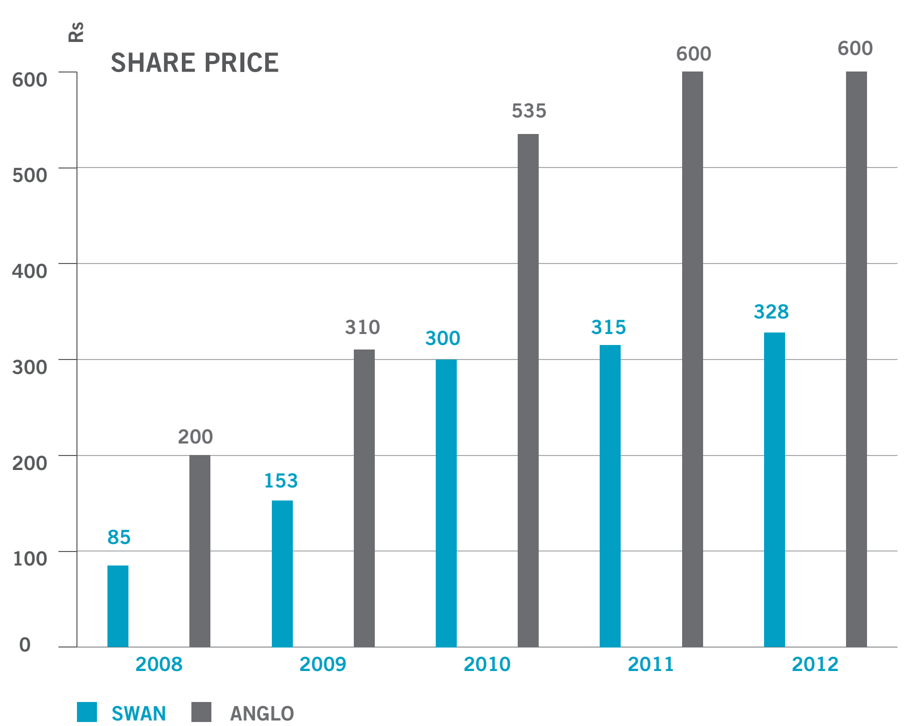
Year	Dividend per Share (Rs.)	Dividend Cover* (Times)	Dividend Yield** %
2012	8.50	2.55	2.60
2011	8.50	3.22	2.70
2010	7.70	3.26	2.57
2009	7.00	3.33	4.57
2008	6.00	2.88	7.05

**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.*

2.7 Share price information

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



3. THE BOARD OF DIRECTORS

There is a clear separation of the roles of the Chairperson and the Group Chief Executive. The Chairperson leads the Board, ensuring that each director, particularly the non-executive directors, is able to make an effective contribution. He monitors, with the assistance of the Company Secretary, the information distributed to the Board to ensure it is sufficient, accurate, timely and clear. The Group Chief Executive has the day-to-day management responsibility for the Group's operations, implementing the strategies and policies agreed by the Board.

The non-executive directors constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in achieving objectives and monitor the reporting of performance.

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

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

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

The composition of the Board fully complies with the requirements of the Insurance Act 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.

3.1 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.

3.2 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.

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3.3 Board Committees

(a) The Audit and Risks Committee

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

Mr. Peroomal Gopallen Mooroogen *(Chairperson) (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 (including the Chairperson) 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 Audit and Risks Committee may secure the attendance of external professional advisers at its meetings in order to perform its duties.

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

The Audit and Risks Committee's focus is on:

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

(b) The Corporate Governance Committee

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

Mr. Cyril Mayer (Chairperson) (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:

- determining agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;
- assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;

- putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;
- making recommendations to the Board on all new Board appointments; and
- determining the level of emoluments of executive, non-executive, independent non-executive directors and Board Committee members.

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

3.4 Attendance at Board and Committee Meetings

		Board	Audit & Risks Committee	Corporate Governance Committee	Annual meeting of Shareholders	Special meeting of Shareholders
	Number of meetings held	**4**	**4**	**1**	**1**	**1**
	Attendance					
Executive	Louis Rivalland	4	3*	1*	Yes	Yes
	Michel Thomas	4	n/a	n/a	Yes	Yes
Independent Non-Executive	Gopallen Mooroogen	4	3	1	Yes	Yes
	Pierre Dinan	4	4	1	Yes	Yes
	Victor C. Seeyave	2	4	0	Yes	Yes
Non-Executive	Cyril Mayer	4	n/a	1	Yes	Yes
	Eric Espitalier Noël (until 27 September 2012)	2/2	n/a	n/a	Yes	Yes
	George Dumbell (until 30 June 2012)	2/2	n/a	n/a	Yes	Yes
	Hector Espitalier-Noël (appointed on 27 September 2012)	1/2	n/a	n/a	n/a	n/a
	Henri Harel	4	4	n/a	Yes	Yes
	Jean-Pierre Dalais (until 30 June 2012)	2/2	n/a	n/a	Yes	Yes
	Philippe Espitalier-Noël (appointed on 30 June 2012)	2/2	n/a	n/a	n/a	n/a
	René Leclézio	3	n/a	n/a	Yes	No

In attendance (not a member).

3.5 Directors' interests and dealing in shares of the Company

In accordance with the Companies Act 2001, written records of the interests of the Directors and their closely related parties are kept in a Register of Directors' Interests. 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 in writing.

The Register of 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 at 31 December 2012 were as follows:

Directors	In the Company				In the Subsidiary (The Anglo-Mauritius Assurance Society Limited)			
	Direct No. of Shares	%	Indirect No. of Shares	%	Direct No. of Shares	%	Indirect No. of Shares	%
M.E. Cyril Mayer	-	-	-	-	-	-	200	0.008
J.M. Louis Rivalland	18,100	0.219	-	-	11,400	0.433	-	-

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

Directors	In the Company	In the Subsidiary
	Purchased	Purchased
J.M. Louis Rivalland	10,200	-

3.6 Directors' remuneration

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

	In the Company	From Subsidiary Companies
	Rs.	Rs.
Non- Executives	931,068	1,043,318
Executives	11,289,213	8,600,741

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.

4. 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.

5. 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.

6. RELATED PARTY TRANSACTIONS

For related party transactions, please refer to note 35 to the financial statements.

7. 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.

8. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year.

9. 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 every three years by the Audit and Risks Committee, establishes the composition, role, scope, authority, independence, reporting procedures, auditing standards and responsibilities of the Internal Auditors.

  - *Reporting lines*

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

- **Coverage and Risk management**

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

- **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.

10. RISK MANAGEMENT

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

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

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

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

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

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

Insurance risk

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

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

Reinsurance risk

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

Environment and Strategy risks

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

Environment risks may arise from:

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

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

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

Regulatory Risks

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

Industry Risks

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

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

Operational Risks

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

Operational risks are further broken down into:

- *Human Resource Risks:*

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

- *Fraud Risks:*

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

- *Physical Risks:*

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

- *Business Continuity Risks:*

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

- *Reputational Risks:*

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

Information Processing/Technology Risks

These are risks that 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 3.2 of the financial statements.

11. INTERNAL CONTROLS

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

The system of internal controls has been designed to safeguard assets of the Group from unauthorised use. The Group maintains proper accounting records to ensure effective operation of its business and compliance with laws and regulations.

Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Group's activities, including the operation of the internal control system. The system of internal controls is, however, designed to provide assurance against material misstatement or loss, and manage risks of failure in operational systems.

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

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

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

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

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

(5) A compliance function has been put in place under the leadership of the Money Laundering Reporting Officer and clear compliance procedures have been established. Regular training is being conducted to ensure that:

   - New staff are trained in compliance with requirements that the Group is subject to; and
   - Existing staff are regularly updated on compliance issues;

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

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

12. SHARE OPTION

The Group has no share option plan.

13. CHARITABLE DONATIONS, CORPORATE SOCIAL RESPONSIBILITY AND POLITICAL CONTRIBUTION.

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

14. STAKEHOLDERS' RELATIONS AND COMMUNICATION

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

15. 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.

16. SUSTAINABILITY REPORTING

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

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

J. Soobah, FCCA

Swan Group Corporate Services Limited
Company Secretary

March 28, 2013

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 28, 2013

M. E. Cyril Mayer	J. M. Louis Rivalland
Chairperson	Director and Group Chief Executive

COMPANY SECRETARY'S CERTIFICATE

YEAR ENDED DECEMBER 31, 2012

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.

Nathalie Gallet, ACIS
Per Navitas Corporate Services Ltd
For and on behalf of Swan Group Corporate Services Limited
Company Secretary

March 28, 2013

ESCAPE

COVERED IN 208 COUNTRIES

SWAN INSURANCE OXYGEN TRAVEL & ASSISTANCE Insurance provides all travellers with a comprehensive cover against a wide range of risks, such as Accidental Death & Disability, Emergency Medical and Related Expenses, Medical Transportation and Repatriation, Cancellation/curtailment, Winter Sports or Baggage. In addition, insured travellers can benefit from a highly professional assistance service through our travel assistance partners operating in 208 countries.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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 62 to 132 which comprise the statements of financial position at December 31, 2012 and the life assurance funds, 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. 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 62 to 132 give a true and fair view of the financial position of the Group and of the Company at December 31, 2012, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

We have no relationship with, or interests in, the Company or any of its subsidiaries, other than in our capacity as auditors, tax and business advisers and dealings in the ordinary course of business.

We have obtained all information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Insurance Act 2005

The financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission.

Financial Reporting Act 2004

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

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

BDO & CO

BDO & CO

Chartered Accountants

Ameenah Ramdin, FCCA, ACA

Licensed by FRC

Port-Louis,

Mauritius.

March 28, 2013

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2012

		THE GROUP		THE COMPANY	
	Notes	2012	2011	2012	2011
ASSETS		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Non-current assets					
Property and equipment	5	**105,051**	86,703	**100,124**	86,517
Intangible assets	6	**72,009**	6,109	**4,137**	6,109
Investments in subsidiary companies	7	**-**	-	**352,014**	80,220
Investment in associated company	8	**60,381**	44,409	**-**	-
Investment in joint venture	9	**548**	415	**500**	500
Investments in financial assets	10	**797,849**	545,452	**829,582**	559,441
Loans and receivables	11	**124,678**	105,572	**136,310**	105,572
Deferred tax assets	12	**10,409**	3,812	**10,097**	3,812
		1,170,925	792,472	**1,432,764**	842,171
Current assets					
Investments in financial assets	10	**176,917**	78,967	**176,917**	78,967
Loans and receivables	11	**6,857**	3,800	**6,857**	3,800
Trade and other receivables	13	**1,851,201**	991,723	**1,523,904**	844,062
Cash and cash equivalents	30(c)	**383,014**	381,247	**124,627**	353,072
		2,417,989	1,455,737	**1,832,305**	1,279,901
Life Business Assets	14	**24,284,794**	20,586,765	**-**	-
Total assets		**27,873,708**	22,834,974	**3,265,069**	2,122,072
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Share capital	15	**41,379**	35,857	**41,379**	35,857
Reserves	16	**1,481,127**	1,107,998	**1,429,608**	1,049,868
Owners' interest		**1,522,506**	1,143,855	**1,470,987**	1,085,725
Non-controlling interests	17	**202,983**	64,924	**-**	-
Total equity		**1,725,489**	1,208,779	**1,470,987**	1,085,725
Technical provisions					
Life Assurance Fund	14	**24,284,794**	20,586,765	**-**	-
Outstanding claims and IBNR	22/31(a)	**715,665**	323,279	**715,665**	323,279
Gross unearned premiums	22/31(b)/2.18	**771,871**	523,488	**771,871**	523,488
		25,772,330	21,433,532	**1,487,536**	846,767
Non-current liabilities					
Borrowings	18	**15,072**	-	**2,199**	-
Retirement benefit obligations	19	**66,244**	36,129	**66,244**	35,967
		81,316	36,129	**68,443**	35,967
Current liabilities					
Trade and other payables	20	**198,534**	89,459	**162,816**	86,542
Borrowings	18	**21,114**	-	**1,104**	-
Current tax liabilities	21	**4,581**	6,119	**3,839**	6,115
Dividend payable	26	**70,344**	60,956	**70,344**	60,956
		294,573	156,534	**238,103**	153,613
Total equity and liabilities		**27,873,708**	22,834,974	**3,265,069**	2,122,072

These financial statements have been approved for issue by the Board of Directors on on March 28, 2013.

M. E. Cyril Mayer
Chairperson

J. M. Louis Rivalland
DIRECTOR

The notes on pages 68 to 132 form an integral part of these financial statements.
Auditors' report on pages 60 and 61.

INCOME STATEMENTS

YEAR ENDED DECEMBER 31, 2012

		THE GROUP		THE COMPANY	
	Notes	2012	2011	2012	2011
		Rs'000	Rs'000	**Rs'000**	Rs'000
Gross premiums		**3,967,855**	3,344,050	**1,679,298**	1,339,600
Premiums ceded to reinsurers		**(1,000,860)**	(870,489)	**(878,114)**	(788,918)
Change in gross unearned premiums	22/31(b)	**48,852**	(24,469)	**48,852**	(24,469)
Recoverable from reinsurers	22/31(b)	**(61,694)**	14,207	**(61,694)**	14,207
Net earned premiums	2.16	**2,954,153**	2,463,299	**788,342**	540,420
Net earned premiums relating to Life Assurance Fund		**(2,163,414)**	(1,922,879)	**-**	-
		790,739	540,420	**788,342**	540,420
Gross claims paid	31(a)	**(728,850)**	(633,734)	**(728,850)**	(633,734)
Claims recovered from reinsurers	31(a)	**330,839**	363,967	**330,839**	363,967
Movement in claims outstanding and IBNR:					
Gross claims outstanding and IBNR	31(a)	**199,366**	(35,461)	**199,366**	(35,461)
Recoverable from reinsurers	31(a)	**(236,547)**	17,053	**(236,547)**	17,053
Net claims incurred		**(435,192)**	(288,175)	**(435,192)**	(288,175)
Commissions receivable from reinsurers		**206,705**	197,936	**206,157**	197,936
Commissions paid to agents and brokers		**(161,771)**	(132,201)	**(161,771)**	(132,201)
Net commissions		**44,934**	65,735	**44,386**	65,735
Underwriting surplus		**400,481**	317,980	**397,536**	317,980
Investment income	23	**133,613**	102,886	**113,438**	86,433
Operating profit		**534,094**	420,866	**510,974**	404,413
Other income	24	**16,051**	6,903	**12,752**	6,828
		550,145	427,769	**523,726**	411,241
Marketing and administrative expenses	25	**(304,793)**	(179,935)	**(273,553)**	(178,868)
Termination benefits	28	**(41,393)**	-	**(41,393)**	-
Depreciation	5	**(10,390)**	(6,720)	**(9,979)**	(6,690)
Amortisation	6	**(3,588)**	(4,263)	**(3,585)**	(4,263)
Share of profit of associated company and joint venture	8/9	**9,662**	1,235	**-**	-
Profit before taxation		**199,643**	238,086	**195,216**	221,420
Income tax expense	21	**(16,166)**	(25,247)	**(15,532)**	(25,105)
Profit for the year		**183,477**	212,839	**179,684**	196,315
Attributable to:					
Owners of the parent		**169,202**	195,848	**179,684**	196,315
Non-controlling interests	17	**14,275**	16,991	**-**	-
		183,477	212,839	**179,684**	196,315
Earnings per share					
(Rupees and cents)	27	**21.90**	27.31	**23.26**	27.37

The notes on pages 68 to 132 form an integral part of these financial statements.
Auditors' report on pages 60 and 61.

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2012

		THE GROUP		THE COMPANY	
	Notes	**2012**	**2011**	**2012**	**2011**
		Rs'000	Rs'000	**Rs'000**	Rs'000
Profit for the year		**183,477**	212,839	**179,684**	196,315
Other comprehensive income:					
Change in value of available-for-sale financial assets	16	**52,574**	(40,950)	**52,574**	(40,950)
Release on disposal of available-for-sale financial assets	16	**(2,767)**	(7,384)	**(2,767)**	(7,384)
Net movement in other reserves	16	**(21,550)**	72,246	**-**	-
Other comprehensive income for the year		**28,257**	23,912	**49,807**	(48,334)
Total comprehensive income for the year		**211,734**	236,751	**229,491**	147,981
Attributable to:					
Owners of the parent		**200,147**	221,388	**229,491**	147,981
Non-controlling interests	17	**11,587**	15,363	**-**	-
		211,734	236,751	**229,491**	147,981

The notes on pages 68 to 132 form an integral part of these financial statements.
Auditors' report on pages 60 and 61.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2012

(a) THE GROUP (Attributable to owners of the parent)

	Notes	Share Capital	Fair Value Reserve	Other Reserves	Proprietors' Fund	Retained Earnings	Amalgamation Reserve	Total	Non-controlling Interests	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2012		**35,857**	**102,396**	**12,090**	**49,063**	**944,449**	**-**	**1,143,855**	**64,924**	**1,208,779**
Issue of share capital	15	**5,522**	**-**	**-**	**-**	**-**	**-**	**5,522**	**8,795**	**14,317**
Total comprehensive income for the year:										
Profit for the year		**-**	**-**	**-**	**-**	**169,202**	**-**	**169,202**	**14,275**	**183,477**
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)**
Transaction with owners		**-**	**-**	**-**	**4,007**	**-**	**-**	**4,007**	**(4,007)**	**-**
Other movement		**-**	**-**	**-**	**(28,748)**	**590**	**-**	**(28,158)**	**127,582**	**99,424**
Effect of amalgamation	29	**-**	**-**	**-**	**-**	**-**	**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)**	**1,043,897**	**267,477**	**1,522,506**	**202,983**	**1,725,489**
Balance at January 1, 2011		35,857	150,730	49,321	(32,214)	809,557	-	1,013,251	50,853	1,064,104
Total comprehensive income for the year:										
Profit for the year		-	-	-	-	195,848	-	195,848	16,991	212,839
Other comprehensive income:										
- Change in value of available-for-sale financial assets	16	-	(40,950)	-	-	-	-	(40,950)	-	(40,950)
- Release on disposal of available-for-sale financial assets	16	-	(7,384)	-	-	-	-	(7,384)	-	(7,384)
- Net movement for the year		-	-	(7,403)	81,277	-	-	73,874	(1,628)	72,246
Dividends	26	-	-	-	-	(60,956)	-	(60,956)	(17,131)	(78,087)
Consolidation adjustment		-	-	(29,828)	-	-	-	(29,828)	15,839	(13,989)
Balance at December 31, 2011		35,857	102,396	12,090	49,063	944,449	-	1,143,855	64,924	1,208,779

The notes on pages 68 to 132 form an integral part of these financial statements.
Auditors' report on pages 60 and 61.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2012

(b) THE COMPANY

	Notes	Share Capital	Fair Value Reserve	Other Reserves	Retained Earnings	Amalgamation Reserve	Total Equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2012		**35,857**	**102,396**	**28,719**	**918,753**	**-**	**1,085,725**
Issue of share capital	15	**5,522**	**-**	**-**	**-**	**-**	**5,522**
Total comprehensive income for the year:							
Profit for the year		**-**	**-**	**-**	**179,684**	**-**	**179,684**
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)**
Effect of amalgamation	29	**-**	**-**	**-**	**-**	**220,593**	**220,593**
Dividends	26	**-**	**-**	**-**	**(70,344)**	**-**	**(70,344)**
Balance at December 31, 2012		**41,379**	**152,203**	**28,719**	**1,028,093**	**220,593**	**1,470,987**
Balance at January 1, 2011		35,857	150,730	28,719	783,394	-	998,700
Total comprehensive income for the year:							
Profit for the year		-	-	-	196,315	-	196,315
Other comprehensive income:							
- Change in value of available-for-sale financial assets	16	-	(40,950)	-	-	-	(40,950)
- Release on disposal of available-for-sale financial assets	16	-	(7,384)	-	-	-	(7,384)
Dividends	26	-	-	-	(60,956)	-	(60,956)
Balance at December 31, 2011		35,857	102,396	28,719	918,753	-	1,085,725

The notes on pages 68 to 132 form an integral part of these financial statements.
Auditors' report on pages 60 and 61.

STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2012

		THE GROUP		THE COMPANY	
	Notes	**2012**	2011	**2012**	2011
		Rs'000	Rs'000	**Rs'000**	Rs'000
Cash flows from operating activities					
Cash generated from operations	30(a)	**98,236**	162,654	**104,191**	145,170
Tax paid	21	**(25,688)**	(27,479)	**(25,672)**	(27,336)
Net cash generated from operating activities		**72,548**	135,175	**78,519**	117,834
Cash flows from investing activities					
Purchase of property and equipment	5	**(22,165)**	(9,422)	**(19,837)**	(9,422)
Purchase of intangible assets	6	**(20,621)**	-	**(822)**	-
Proceeds from sale of property and equipment		**1,410**	177	**1,410**	177
Acquisition of subsidiary net of cash acquired	29(b)	**(15,415)**	-	**-**	-
Acquisition of interest in subsidiary	7(a)	**(31,206)**	-	**(265,360)**	(25,000)
Cash and cash equivalents from amalgamation	29(a)	**105,512**	-	**100,978**	-
Purchase of financial assets	10	**(284,462)**	(153,263)	**(303,230)**	(153,263)
Disposal/maturity of financial assets	10	**180,042**	133,394	**180,042**	133,394
Loans granted	11	**(27,010)**	(27,009)	**(38,642)**	(27,009)
Loans recovered	11	**4,847**	6,179	**4,847**	6,179
Investment income received	23	**104,326**	42,195	**96,376**	41,650
Net cash used in investing activities		**(4,742)**	(7,749)	**(244,238)**	(33,294)
Cash flows from financing activities					
Payments on borrowings	18	**(2,508)**	-	**(2,508)**	-
Proceeds from borrowings	18	**15,529**	-	**-**	-
Dividends paid to Company's shareholders	26	**(60,956)**	-	**(60,956)**	-
Dividends paid to non-controlling interests	17	**(20,228)**	(17,131)	**-**	-
Net cash used in financing activities		**(68,163)**	(17,131)	**(63,464)**	-
(Decrease)/increase in cash and cash equivalents		**(357)**	110,295	**(229,183)**	84,540
Movement in cash and cash equivalents					
At January 1,		**381,247**	272,119	**353,072**	269,573
(Decrease)/increase		**(357)**	110,295	**(229,183)**	84,540
Effect of foreign exchange rate changes		**2,124**	(1,167)	**738**	(1,041)
At December 31,	30(c)	**383,014**	381,247	**124,627**	353,072

The notes on pages 68 to 132 form an integral part of these financial statements.
Auditors' report on pages 60 and 61.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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.

During the year, the Group amalgamated its insurance and investment activities with those of Rogers Group. The amalgamation is detailed in note 29.

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.

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

Disclosures – Transfers of Financial Assets (Amendments to IFRS 7). These amendments improve the disclosure requirements in relation to transferred financial assets. The amendments are not expected to have any impact on the Group's financial statements.

Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (Amendments to IFRS1). These amendments replace references to a fixed transition date with 'the date of transition to IFRSs' and set out the requirements for how an entity resumes presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation. The amendments are not expected to have any impact on the Group's financial statements.

Deferred Tax: Recovery of Underlying Assets (Amendments to IAS 12), introduces a presumption that investment properties that are measured using the fair value model in accordance with IAS 40 Investment Property are recovered entirely through sale for the purposes of measuring deferred taxes. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. This amendment is unlikely to have an impact on the Group's financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 Basis of preparation (cont'd)

(b) 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 2013 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:

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income (Effective 1 July 2012)

IFRS 9 Financial Instruments

IAS 27 Separate Financial Statements

IAS 28 Investments in Associates and Joint Ventures

IFRS 10 Consolidated Financial Statements

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interests in Other Entities

IFRS 13 Fair Value Measurement

IAS 19 Employee Benefits (Revised 2011)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

Disclosures — Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)

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

Amendment to IFRS 1 (Government Loans)

Annual Improvements to IFRSs 2009-2011 Cycle

Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

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

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 income statement 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Intangible assets (cont'd)

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

(ii) Computer softwares

Acquired computer softwares 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 softwares 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 income statement or the Life Assurance Fund (for the subsidiary, The Anglo-Mauritius Assurance Society Limited) from the effective date of their acquisition or up to the effective date of their disposal.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investments in subsidiaries (cont'd)

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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Investment in associated company

Separate financial statements of the investor

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

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investments in associates are accounted for by 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 venture

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 investments 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. 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.

(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's management has the positive intention and ability to hold to maturity.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(b) Recognition and measurement (cont'd)

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

The fair values of quoted investments are based on current bid prices (Level 1). The fair values of financial instruments that are not traded in an active market 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Financial assets (cont'd)

(c) Impairment of financial assets (cont'd)

(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 income statement. 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 decreases 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 amount of provision is recognised in the income statement and the Life Assurance Fund for the subsidiary, The Anglo Mauritius Assurance Society Limited.

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 income statement 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Insurance Contracts (cont'd)

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.

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 income statement. 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 income statement.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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 income statement as incurred based on the estimated liability for compensation owed to contract holders or third parties.

Outstanding claims provisions made up of:

(a) provisions for claims incurred but not reported (IBNR) and

(b) the net estimated costs of claims admitted or intimated but not yet settled at the end of reporting period.

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

(iii) Liability adequacy test

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

2.19 Retirement benefit obligations

(i) Defined Benefit Plan

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Retirement benefit obligations (cont'd)

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group operates a defined contribution retirement benefit plan for all qualifying employees (new entrants and their dependents). Payments to deferred contribution retirement plans are charged as an expense as they fall due.

(iii) The Subsidiary

The Subsidiary, The Anglo-Mauritius Assurance Society Limited, has a retirement pension fund for its employees which is internally managed. Full liability of the Retirement Benefit Obligations has been recognised as the assets are not legally separate and cannot therefore be considered as Plan Assets.

(iv) Termination benefits

Termination benefits are payable when 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, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20. Foreign currencies (cont'd)

(ii) Transactions and balances

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

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

(iii) Group companies

The results and financial position of 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 income statement 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 income statement on a straight-line basis over the period of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21. Leases (cont'd)

(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 income statement unless they are attributable to qualifying assets in which case, they are capitalised in accordance with the policy on borrowing costs.

(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, 2012

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) <u>Frequency and severity of claims</u>

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.

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					
	2012			2011		
Class of Business	**No of Claims**	**Gross**	**Net**	No of Claims	Gross	Net
		Rs'000	**Rs'000**		Rs'000	Rs'000
Fire & Allied Perils	**234**	**120,335**	**17,362**	193	26,654	6,653
Motor	**4,982**	**188,868**	**159,147**	1,804	116,901	111,530
Health	**1,758**	**50,802**	**25,029**	3,763	37,594	9,417
Others	**1,697**	**323,806**	**60,281**	1,139	120,630	37,751
	8,671	**683,811**	**261,819**	6,899	301,779	165,351
IBNR		**31,854**	**31,854**		21,500	21,500
		715,665	**293,673**		323,279	186,851

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 claims 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, 2012

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.

	2008	2009	2010	2011	2012	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
GROSS						
Estimate of ultimate claim costs:						
- At end of claim year	220,762	142,770	177,659	594,475	231,469	1,367,135
- one year later	65,153	88,547	366,827	108,140	-	628,667
- two years later	42,112	61,256	54,670	-	-	158,038
- three years later	40,722	63,041	-	-	-	103,763
- four years later	124,820	-	-	-	-	124,820
Current estimate of cumulative claims	528,798	466,526	574,807	706,884	814,480	3,091,495
Less Cumulative payments to date	404,519	403,484	520,137	598,745	583,011	2,509,896
Liability recognised in the statements of financial position	124,279	63,042	54,670	108,139	231,469	581,599
Liability in respect of prior years						102,212
						683,811
IBNR						31,854
Gross liability at year end (notes 22/31(a))						715,665

	2008	2009	2010	2011	2012	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
NET						
Estimate of ultimate claim costs:						
- At end of claim year	76,852	77,408	89,500	84,217	100,366	428,343
- one year later	24,171	41,973	38,684	36,280	-	141,108
- two years later	22,358	33,405	23,492	-	-	79,255
- three years later	23,471	30,337	-	-	-	53,808
- four years later	26,857	-	-	-	-	26,857
Current estimate of cumulative claims	224,578	221,958	250,119	300,452	433,784	1,430,891
Less Cumulative payments to date	197,720	191,620	226,177	264,173	333,418	1,213,108
Liability recognised in the statements of financial position	26,858	30,338	23,942	36,279	100,366	217,783
Liability in respect of prior years						44,036
						261,819
IBNR						31,854
Net liability at year end (notes 22/31(a))						293,673

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

3. 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, 2012

3. MANAGEMENT OF INSURANCE AND 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, 2012	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	248,398	-	-	-	-	248,398
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	2,956,538	1,486	587,502	38,521	4,867	3,588,914
Liabilities:						
- Technical Provisions :						
• Gross unearned premiums	771,871	-	-	-	-	771,871
• Outstanding claims and IBNR	715,665	-	-	-	-	715,665
- Non-current liabilities	81,316	-	-	-	-	81,316
- Current liabilities	294,573	-	-	-	-	294,573
TOTAL LIABILITIES	1,863,425	-	-	-	-	1,863,425

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

3.2.1 Market risk (cont'd)

(i) Currency risk (cont'd)

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

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, 2012

3. MANAGEMENT OF INSURANCE AND 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, 2012						
- Financial assets	**-**	**-**	**15,969**	**(15,969)**	**1,726**	**(1,726)**
- Cash and cash equivalents	**74**	**(74)**	**13,406**	**(13,406)**	**200**	**(200)**
At December 31, 2011						
- Financial assets	-	-	10,651	(10,651)	2,706	(2,706)
- Cash and cash equivalents	1	(1)	496	(496)	31	(31)

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.

3. MANAGEMENT OF INSURANCE AND 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%
	Rs'000	Rs'000
At December 31, 2012		
- Held-to-maturity investments	**284**	**(284)**
- Loans and receivables	**81**	**(81)**
- Cash and cash equivalents	**104**	**(104)**
At December 31, 2011		
- Held-to-maturity investments	128	(128)
- Loans and receivables	65	(65)
- Cash and cash equivalents	149	(149)

(iii) Equity price risk

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

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

Sensitivity

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

	Impact on Shareholders' equity	
	+10%	-10%
	Rs'm	Rs'm
At December 31, 2012		
- Available-for-sale financial assets	**60**	**(60)**
At December 31, 2011		
- Available-for-sale financial assets	44	(44)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

3. MANAGEMENT OF INSURANCE AND 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 from insurance contract holders, and
- amounts due from insurance intermediaries.

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

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

Reinsurance credit exposures

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

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

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

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

3. MANAGEMENT OF INSURANCE AND 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.

		Past due but not impaired					
	Neither past due nor impaired	1m - 3m	3m - 6m	6m - 1yr	> 1 yr	Impaired	Carrying amount at year end
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
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**
2011							
- Financial assets	624,419	-	-	-	-	-	624,419
- Loans and receivables	109,372	-	-	-	-	-	109,372
- Trade and other receivables	778,538	81,731	85,889	21,962	5,003	18,600	991,723

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

3. MANAGEMENT OF INSURANCE AND 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, 2012	< 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	-	248,398	-	248,398
- 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	561,435	146,905	3,588,914
Liabilities				
- Technical Provisions :				
• Gross unearned premiums	771,871	-	-	771,871
• Outstanding claims and IBNR	715,665	-	-	715,665
- Non-current liabilities	-	81,316	-	81,316
- Current liabilities	294,573	-	-	294,573
TOTAL LIABILITIES	1,782,109	81,316	-	1,863,425

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

3. MANAGEMENT OF INSURANCE AND 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, 2012

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Critical accounting estimates and assumptions

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

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

4.1 Insurance contracts

The uncertainty inherent in the financial statements of the Company arises principally in respect of the technical provisions. The technical provisions of the Company include provision for unearned premiums and outstanding claims (including IBNR).

(i) Estimates of future claims payments

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

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

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

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

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

(ii) Sensitivity

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

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

4.1 Insurance contracts (cont'd)

(iii) Uncertainties and judgements

The uncertainty arising under insurance contracts may be characterised under a number of specific headings, such as:

- uncertainty as to whether an event has occurred which would give rise to a policy holder suffering an insured loss;
- uncertainty as to the amount of insured loss suffered by a policyholder as a result of the event occuring;
- uncertainty over the timing of a settlement to a policyholder for a loss suffered.

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

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

4.2 Reinsurance

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

4.3 Held-to-maturity investments

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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

4.4 Impairment of available-for-sale financial assets

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

4.5 Impairment of other assets

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

4.6 Pension obligations

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

4.7 Limitations of sensitivity analysis

Sensitivity analysis in respect of market risk demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts should not be interpolated or extrapolated from these results.

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are actively managed. Other limitations include the use of hypothetical market movements to demonstrate potential risk that only represent the Group's views of possible near-term market changes that cannot be predicted with any certainty.

5. PROPERTY AND EQUIPMENT

THE GROUP - 2012	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST/DEEMED COST					
At January 1, 2012	86,391	20,180	23,857	69,183	199,611
Effect of amalgamation (note 29(a))	-	8,159	39,265	3,767	51,191
Acquisition through business combination (note 29(b))	-	-	2,679	-	2,679
Additions	-	1,446	10,061	10,658	22,165
Disposals	-	(4,437)	(21,510)	(3,784)	(29,731)
Exchange difference	-	-	(46)	-	(46)
At December 31, 2012	86,391	25,348	54,306	79,824	245,869
DEPRECIATION					
At January 1, 2012	17,280	13,135	21,523	60,970	112,908
Effect of amalgamation (note 29(a))	-	5,094	34,470	2,894	42,458
Acquisition through business combination (note 29(b))	-	-	159	-	159
Charge for the year	1,728	1,635	2,742	4,285	10,390
Disposal adjustment	-	(1,083)	(20,917)	(3,097)	(25,097)
At December 31, 2012	19,008	18,781	37,977	65,052	140,818
NET BOOK VALUE					
At December 31, 2012	67,383	6,567	16,329	14,772	105,051

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

	2012
	Rs'000
Cost - capitalised finance leases	6,454
Accumulated depreciation	(3,808)
Net book value	2,646

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

5. PROPERTY AND EQUIPMENT (CONT'D)

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

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY - 2012	Buildings	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2012	86,391	20,180	23,858	68,881	199,310
Effect of amalgamation (note 29(a))	-	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
DEPRECIATION					
At January 1, 2012	17,280	13,138	21,523	60,852	112,793
Effect of amalgamation (note 29(a))	-	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
NET BOOK VALUE					
At December 31, 2012	67,383	6,564	11,558	14,619	100,124

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

	2012
	Rs'000
Cost - capitalised finance leases	6,454
Accumulated depreciation	(3,808)
Net book value	2,646

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

5. PROPERTY AND EQUIPMENT (CONT'D)

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

6. INTANGIBLE ASSETS

THE GROUP - 2012	Goodwill	Computer Softwares	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	5,463	3,795	14,990	24,248
Effect of amalgamation (note 29(a))	6,504	12,111	-	18,615
Additions	36,100	822	-	36,922
Acquisition through business combination (note 29(b))	25,251	-	-	25,251
At December 31,	73,318	16,728	14,990	105,036
AMORTISATION				
At January 1,	5,463	3,682	8,994	18,139
Effect of amalgamation (note 29(a))	-	11,300	-	11,300
Charge for the year	3	587	2,998	3,588
At December 31,	5,466	15,569	11,992	33,027
NET BOOK VALUE	67,852	1,159	2,998	72,009

- Additions include Rs 16.3m of non cash transactions.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

6. INTANGIBLE ASSETS (CONT'D)

THE COMPANY - 2012	Goodwill	Computer Softwares	Development & other costs	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	5,463	3,795	14,990	24,248
Effect of amalgamation (note 29(a))	-	11,896	-	11,896
Additions	-	822	-	822
At December 31,	5,463	16,513	14,990	36,966
AMORTISATION				
At January 1,	5,463	3,682	8,994	18,139
Effect of amalgamation (note 29(a))	-	11,105	-	11,105
Charge for the year	-	587	2,998	3,585
At December 31,	5,463	15,374	11,992	32,829
NET BOOK VALUE	-	1,139	2,998	4,137

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

7. INVESTMENT IN SUBSIDIARY COMPANIES

(a) THE COMPANY

	Level 1	Level 3	Total
	Rs'000	Rs'000	Rs'000
At January 1, 2011	54,639	581	55,220
Incorporation of subsidiary	-	25,000	25,000
At December 31, 2011	54,639	25,581	80,220
Effect of amalgamation (note 29(a))	-	5,112	5,112
Additions	32,528	234,154	266,682
At December 31, 2012	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, 2012 amounted to Rs 1.2bn (2011: Rs 1.1bn).

Additions include Rs 1.3m of investments acquired as a non cash transaction (note 29(a)).

7. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST (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, 2012.

	Class of shares held	Year end	Nominal value of investment	Swan Insurance Company Limited % Holding 2012	Swan Insurance Company Limited % Holding 2011	Other Group Companies % Holding 2012	Other Group Companies % Holding 2011	Main Business
			Rs'000	%	%	%	%	
• The Anglo-Mauritius Assurance Society Limited	Ordinary	Dec 31	87,167	**76.59%**	73.23%	**-**	-	• Life assurance, pensions, actuarial and investment business
• Swan Group Corporate Services Limited	Ordinary	Dec 31	500	**50.00%**	50.00%	**-**	-	• Provide Secretarial services to the Group
• Swan International Co Ltd	Ordinary	Dec 31	80	**51.00%**	51.00%	**-**	-	• Insurance Broker and Consultant
• Swan Reinsurance PCC	Core and Cellular	Dec 31	250,000	**100.00%**	100.00%	**-**	-	• Reinsurance of long term and short term business
• Société Brugassur S.A	Ordinary	June 30	4,900	**100.00%**	-	**-**	-	• Insurance agency
• Swan Risk Finance (Pty) Ltd	Ordinary	Dec 31	9,366	**51.00%**	-	**-**	-	• Specialising in investing, financial and related activities
• Albatross Courtage (Madagascar) SA	Ordinary	June 30	-	**100.00%**	-	**-**	-	• Insurance broker
• Anglo-Mauritius Financial Solutions Limited	Ordinary	Dec 31	-	**-**	-	**80.00%**	-	• Investment Company
• Manufacturers' Distributing Station Limited	Ordinary	Dec 31	-	**-**	-	**99.80%**	99.80%	• Investment Company
• Pension Consultants and Administrators Limited	Ordinary	Dec 31	-	**-**	-	**100.00%**	100.00%	• Pension and fund administration
• The Anglo-Mauritius Investment Managers Limited	Ordinary	Dec 31	-	**-**	-	**80.00%**	100.00%	• Fund management and investment
• Anglo-Mauritius Stockbrokers Limited	Ordinary	Dec 31	-	**-**	-	**80.00%**	-	• Stockbroking
• Société de La Croix	Parts	Dec 31	-	**-**	-	**99.80%**	99.80%	• Investment entity
• Société de La Montagne	Parts	Dec 31	-	**-**	-	**99.80%**	99.80%	• Investment entity
• Société de La Rivière	Parts	Dec 31	-	**-**	-	**99.80%**	99.80%	• Investment entity
• Confiance Assurances Ocean Indien SARL	Ordinary	Dec 31	-	**-**	-	**65.00%**	-	• Insurance broker
• Swan Group Foundation	Limited by guarantee	Dec 31	1	**50.00%**	50.00%	**-**	-	• Management of Swan Group CSR fund (not consolidated)
			352,014					

(c) The above subsidiaries are incorporated and operate in Mauritius except for:

	Country of incorporation
• Société Brugassur S.A	Madagascar
• Swan Risk Finance (Pty) Ltd	South Africa
• Albatross Courtage (Madagascar) SA	Madagascar
• Confiance Assurances Ocean Indien SARL	Reunion Island

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

8. INVESTMENT IN ASSOCIATED COMPANIES

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

	THE GROUP	
	2012	2011
	Rs '000	Rs '000
At January 1	44,409	58,317
Share of results of associated company	7,112	8,903
Dividends	(5,004)	(890)
Other movements	2,417	(7,767)
Exchange difference	11,447	(14,154)
At December 31,	60,381	44,409

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

Name	Year end	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest and voting rights (Indirect)
		Rs '000	Rs '000	Rs '000	Rs '000	%
2012						
State Assurance Co. Ltd (SACL)	31 December	1,601,914	1,265,439	300,106	39,228	18.13
2011						
State Assurance Co. Ltd (SACL)	31 December	1,067,624	822,678	223,195	49,105	18.13

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

9. INVESTMENT IN JOINT VENTURE

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

	THE GROUP	
	2012	2011
	Rs '000	Rs '000
At January 1,	415	316
Share of results	133	99
At December 31,	548	415

(b) The Company

	THE COMPANY	
	2012	2011
	Rs '000	Rs '000
Investment at cost	500	500

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

Name	Year end	Current Assets	Current Liabilities	Revenues	Expenses	Proportion of ownership interest and voting rights (Direct)
		Rs '000	Rs '000	Rs '000	Rs '000	%
2012						
Processure Compagnie Limitee	31 December	2,096	1,000	2,802	2,536	50%
2011						
Processure Compagnie Limitee	31 December	1,481	651	2,837	(2,639)	50%

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

10. INVESTMENTS IN FINANCIAL ASSETS

		THE GROUP				THE COMPANY			
				2012	2011			2012	2011
		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,	181,111	175,007	356,118	341,740	181,111	175,007	356,118	341,740
	Effect of amalgamation (note 29(a))	132,585	1,679	134,264	-	132,585	1,679	134,264	-
	Additions	213,877	52,836	266,713	101,680	213,877	52,836	266,713	101,680
	Increase in fair value	-	1,875	1,875	(15,111)	-	1,875	1,875	(15,111)
	Disposals	-	(358)	(358)	(135)	-	(358)	(358)	(135)
	Matured	(149,467)	-	(149,467)	(70,888)	(149,467)	-	(149,467)	(70,888)
	Accrued interest	(207)	-	(207)	(1,168)	(207)	-	(207)	(1,168)
	At December 31,	377,899	231,039	608,938	356,118	377,899	231,039	608,938	356,118
(b)	Foreign Securities								
	At January 1,	-	268,301	268,301	320,459	-	282,290	282,290	320,459
	Effect of amalgamation (note 29(a))	-	58,783	58,783	-	-	57,759	57,759	-
	Additions	-	17,749	17,749	51,583	-	36,517	36,517	51,583
	Increase/(decrease) in fair value	-	50,699	50,699	(25,839)	-	50,699	50,699	(25,839)
	Disposals	-	(29,704)	(29,704)	(63,913)	-	(29,704)	(29,704)	(63,913)
	Consolidation adjustment	-	-	-	(13,989)	-	-	-	-
	At December 31,	-	365,828	365,828	268,301	-	397,561	397,561	282,290
	Total	377,899	596,867	974,766	624,419	377,899	628,600	1,006,499	638,408

10. INVESTMENTS IN FINANCIAL ASSETS (CONT'D)

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Analysed as follows :				
Non-current	797,849	545,452	829,582	559,441
Current	176,917	78,967	176,917	78,967
	974,766	624,419	1,006,499	638,408

	THE GROUP				THE COMPANY			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2012								
Available-for-sale	567,203	2,221	27,443	596,867	567,921	2,221	58,458	628,600
At December 31, 2011								
Available-for-sale	417,166	2,382	23,760	443,308	417,166	2,382	37,749	457,297

(c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and unquoted Debenture Stocks, Treasury Bills and deposits with interest rates varying from 4.16% to 12.25% (2011: 4.19% to 12.25%).

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

11. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	109,372	88,542	109,372	88,542
Mortgage loans granted	27,010	27,009	27,010	27,009
Loan to subsidiary	-	-	11,632	-
Mortgage loans recovered	(4,847)	(6,179)	(4,847)	(6,179)
At December 31,	131,535	109,372	143,167	109,372
Analysed as follows :				
Non-current	124,678	105,572	136,310	105,572
Current	6,857	3,800	6,857	3,800
	131,535	109,372	143,167	109,372

(a) The rates of interest on the above loans vary between 6% and 12% for 2012 (2011: 6.5% and 11.75%).
(b) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.
(c) At December 31, 2012 and 2011, the loans and receivables were not impaired and are fully secured.
(d) Currency analysis of loans and receivables is disclosed in note 3.2.1.
(e) The ageing of loans and receivables is disclosed in note 3.2.3.
(f) The fair value of loans and receivables approximate their amortised cost.

12. DEFERRED TAX ASSETS

(a) Deferred taxes are calculated on all temporary differences under the liability method at 15% (2011: 15%).

The movement on deferred tax account is as follows:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	3,812	4,005	3,812	4,005
Effect of amalgamation (note 29(a))	(358)	-	(677)	-
Income statement credit (note 21)	6,955	(193)	6,962	(193)
At December 31,	10,409	3,812	10,097	3,812

(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	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets	12,457	5,940	12,145	5,940
Deferred tax liabilities	(2,048)	(2,128)	(2,048)	(2,128)
Deferred tax assets	10,409	3,812	10,097	3,812

12. DEFERRED TAX ASSETS (CONT'D)

(c) Deferred tax assets and liabilities credited in the income statements are attributable to the following items:

	THE GROUP			
	At January 1, 2012	Amalgamation adjustment	Credited to income statement	At December 31, 2012
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets				
Retirement benefit obligations	5,396	(227)	4,769	9,938
Accelerated tax depreciation	544	(131)	2,106	2,519
	5,940	(358)	6,875	12,457
Deferred tax liabilities				
Unrealised exchange gain	(2,128)	-	80	(2,048)
Deferred tax assets	3,812	(358)	6,955	10,409

	THE COMPANY			
	At January 1, 2012	Amalgamation adjustment	Credited to income statement	At December 31, 2012
	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax assets				
Retirement benefit obligations	5,396	(227)	4,769	9,938
Accelerated tax depreciation	544	(450)	2,113	2,207
	5,940	(677)	6,882	12,145
Deferred tax liabilities				
Accelerated tax depreciation	-	-	-	-
Unrealised exchange gain	(2,128)	-	80	(2,048)
	(2,128)	-	80	(2,048)
Deferred tax assets	3,812	(677)	6,962	10,097

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

13. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Due from contract holders	294,766	204,778	294,766	204,778
Due from brokers and agents	273,569	136,134	273,569	136,134
Less impairment	(24,930)	(18,600)	(24,930)	(18,600)
Due from reinsurers				
- share of outstanding claims (note 22)	421,992	136,428	421,992	136,428
- share of unearned premiums (note 22)	376,845	265,969	376,845	265,969
- commission and other receivables	62,121	40,878	62,121	40,878
Receivable from subsidiaries	-	-	9,473	12,262
Finance lease receivable	15,819	-	-	-
Prepayments	8,337	-	8,337	-
Other receivables	124,496	81,692	101,731	66,213
	1,553,015	847,279	1,523,904	844,062
Share of Group's and non-controlling interests in Life Business Assets (note 14)	298,186	144,444	-	-
	1,851,201	991,723	1,523,904	844,062

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

(b) Movements on the impairment are as follows :

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs'000	Rs'000
At January 1,	18,600	18,600
Effect of amalgamation (note 29(a))	6,707	-
Release	(377)	-
At December 31,	24,930	18,600

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

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

(d) 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.

14. LIFE BUSINESS ASSETS

	THE GROUP	
	2012	2011
	Rs'000	Rs'000
Life Business Assets comprise of the following items:		
Non-current assets		
Property and equipment	241,646	242,167
Investment properties	543,783	531,547
Intangible assets	142,684	56,816
Investments in associated companies	35,483	37,816
Investments in financial assets	15,873,374	13,162,053
Loans and receivables	3,497,483	2,741,414
Deferred tax assets	504	-
	20,334,957	16,771,813
Current assets		
Trade and other receivables	292,670	210,944
Investments in financial assets	2,081,368	1,766,475
Loans and receivables	349,372	310,328
Short term deposits	1,648,324	1,682,011
Cash and cash equivalents	472,008	369,811
	4,843,742	4,339,569
Current liabilities		
Trade and other payables	390,274	190,574
Dividend payable	80,019	62,750
Current tax liabilities	10,284	9,515
	480,577	262,839
Non current liabilities		
Gross Outstanding claims	27,322	18,547
Retirement benefit obligations	87,820	98,781
Deferred tax liabilities	-	6
	115,142	117,334
	24,582,980	20,731,209
Less Share of Group's and non-controlling-interest's (note 13)	(298,186)	(144,444)
Policyholders' share - Life Assurance Fund	24,284,794	20,586,765

15. SHARE CAPITAL

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs'000	Rs'000
At January 1,	35,857	35,857
Issue of share (note 29(a))	5,522	-
At December 31,	41,379	35,857

The total authorised number of share is 8,275,769 (2011: 7,171,346) with a par value of Rs.5 per share (2011: Rs.5 per share). All issued shares are fully paid.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

16. OTHER COMPREHENSIVE INCOME

THE GROUP	Fair value reserve	Other reserve	Proprietors' fund	Non controlling interests
	Rs'000	Rs'000	Rs'000	Rs'000
2012				
- 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)
	49,807	6,981	(25,843)	(2,688)
2011				
- Change in value of available-for-sale financial assets	(40,950)	-	-	-
- Release on disposal of available-for-sale financial assets	(7,384)	-	-	-
- Movement for the year	-	(7,403)	81,277	(1,628)
	(48,334)	(7,403)	81,277	(1,628)

Fair value reserve

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

Other reserve

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

Proprietors' fund

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

THE COMPANY

	Fair Value Reserve	Other Reserve
2012	Rs'000	Rs'000
- Change in value of available-for-sale financial assets	52,574	-
- Release on disposal of available-for-sale financial assets	(2,767)	-
	49,807	-
2011		
- Change in value of available-for-sale financial assets	(40,950)	-
- Release on disposal of available-for-sale financial assets	(7,384)	-
	(48,334)	-

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

17. NON-CONTROLLING INTERESTS

	THE GROUP	
	2012	2011
	Rs'000	Rs'000
At January 1,	64,924	50,853
Issue of share capital	8,795	-
Share of profit (page 63)	14,275	16,991
Share of dividend received	(20,228)	(17,131)
Consolidation adjustment	-	15,839
Non-controlling interest arising on amalgamation	14,330	-
Movement in other comprehensive income	(2,688)	(1,628)
Transaction with owners	(4,007)	-
Other movement	127,582	-
	202,983	64,924

18. BORROWINGS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
Non-current	Rs'000	Rs'000	Rs'000	Rs'000
Loan from shareholders (see note (b))	12,873	-	-	-
Finance lease liabilities (see note (e))	2,199	-	2,199	-
	15,072	-	2,199	-
Current				
Debentures (see note (c))	20,010	-	-	-
Finance lease liabilities (see note (e))	1,104	-	1,104	-
	21,114	-	1,104	-
Total Borrowings	36,186	-	3,303	-

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

18. BORROWINGS (CONT'D)

	THE GROUP AND THE COMPANY	
	2012	2011
(e) Finance lease liabilities - minimum lease payment:	Rs'000	Rs'000
Not later than 1 year	1,369	-
Later than one year and not later than two years	932	-
Later than two years and not later than five years	1,286	-
Later than five years	414	-
	4,001	-
Future finance charges on finance leases	(698)	-
Present value of finance lease liabilities	3,303	-
The present value of finance lease liabilities may be analysed as follows:		
Not later than 1 year	1,104	-
Later than one year and not later than two years	755	-
Later than two years and not later than five years	1,054	-
Later than five years	390	-
	3,303	-

19. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Amounts recognised in the statements of financial position:				
Pension benefits (note (a)(ii))	66,244	36,129	66,244	35,967
Analysed as follows:				
Non-current liabilities	66,244	36,129	66,244	35,967
Income statements				
- Pension benefits (note (a)(v))	38,974	9,871	39,136	9,855

(a) **Pension benefits**

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

(ii)

The amounts recognised in the statements of financial position are as follows:	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of funded obligations	120,278	128,861	120,278	128,373
Fair value of plan assets	(32,908)	(68,082)	(32,908)	(67,746)
	87,370	60,779	87,370	60,627
Unrecognised actuarial losses	(21,126)	(24,650)	(21,126)	(24,660)
Liability in the statements of financial position	66,244	36,129	66,244	35,967

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(iii)

The movement in the defined benefit obligation over the year is as follows:	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of defined obligation at January 1,	128,861	107,861	128,373	107,447
Effect of amalgamation (note 29(a))	21,301	-	21,301	-
Transfer	(488)	-	-	-
Current service cost	4,354	3,862	4,354	3,828
Interest cost	13,336	10,506	13,336	10,463
Past service cost	11,367	-	11,367	-
Effect of settlement/curtailment	12,274	-	12,274	-
Actuarial gains	(3,075)	8,892	(3,075)	8,895
Benefits paid	(67,652)	(2,260)	(67,652)	(2,260)
Present value of defined obligation at December 31,	120,278	128,861	120,278	128,373

(iv)

The movement in the fair value of plan assets over the year is as follows:	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Fair value of plan assets at January 1,	68,082	56,275	67,746	55,957
Transfer	(336)	-	-	-
Expected return on plan assets	7,033	6,279	7,033	6,247
Actuarial losses	(2,811)	(2,246)	(2,811)	(2,235)
Employer contributions	30,160	11,500	30,160	11,500
Scheme expenses	(484)	(431)	(484)	(431)
Cost of insuring risks benefits	(1,084)	(1,035)	(1,084)	(1,032)
Benefits paid	(67,652)	(2,260)	(67,652)	(2,260)
Fair value of plan assets at December 31,	32,908	68,082	32,908	67,746

(v)

The amounts recognised in the statement of comprehensive income are as follows:	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost	4,354	3,862	4,354	3,828
Interest cost	13,336	10,506	13,336	10,463
Expected return on plan assets	(7,033)	(6,279)	(7,033)	(6,247)
Net actuarial losses recognised during the year	1,238	316	1,238	348
Scheme expenses	484	431	484	431
Cost of insuring risks benefits	922	1,035	1,084	1,032
Past service cost	11,367	-	11,367	-
Effect of settlement/curtailment	14,306	-	14,306	-
Total, included in employee benefit expense (note 25)	38,974	9,871	39,136	9,855
Actual return on plan assets	4,222	4,034	4,222	4,013

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vi)

The movement in the liability recognised in the statement of financial position are as follows:	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	36,129	37,726	35,967	37,612
Effect of amalgamation (note 29(a))	21,301	-	21,301	-
Total expenses as above	38,974	9,871	39,136	9,855
Employer contributions	(30,160)	(11,468)	(30,160)	(11,500)
At December 31,	66,244	36,129	66,244	35,967

(vii)

The assets in the plan and the expected rate of return were:	THE GROUP 2012		2011	
	Rs'000	%	Rs'000	%
Local Equities	12,341	12	25,531	13
Overseas Equities	7,404	12	15,319	13
Fixed Interest	11,518	9	23,829	10
Properties	1,645	6	3,403	7
Total Market value of assets	32,908		68,082	

	THE COMPANY 2012		2011	
	Rs'000	%	Rs'000	%
Local Equities	12,341	12	25,405	13
Overseas Equities	7,404	12	15,243	13
Fixed Interest	11,518	9	23,711	10
Properties	1,645	6	3,387	7
Total Market value of assets	32,908		67,746	

(viii) The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the end of the reporting period. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

(ix) Expected contributions to post-employment benefit plans for the year ending December 31, 2013 are Rs 20m.

19. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	2012	2011	2010	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	120,278	128,861	107,860	97,570	97,240
Fair value of plan assets	(32,908)	(68,082)	(56,275)	(42,793)	(47,546)
Deficit	87,370	60,779	51,585	54,777	49,694
Experience adjustments on plan liabilities	(2,614)	8,892	(2,944)	(3,241)	13,271
Experience adjustments on plan assets	(2,811)	(2,246)	(1,792)	(1,903)	(1,718)

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

	2012	2011	2010	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	120,278	128,373	107,447	97,216	96,923
Fair value of plan assets	(32,908)	(67,746)	(55,957)	(42,493)	(47,291)
Deficit	87,370	60,627	51,490	54,723	49,632
Experience adjustments on plan liabilities	(2,619)	8,895	(2,932)	(3,211)	13,239
Experience adjustments on plan assets	(2,811)	(2,235)	(1,782)	(1,890)	(1,707)

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

	THE GROUP AND THE COMPANY 2012	2011
	%	%
Discount rate	8.50	9.50
Expected return on plan assets	8.50	10.00
Future salary increases	6.50	7.50
Future pension increases	-	-

20. TRADE AND OTHER PAYABLES

	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
	Rs'000	Rs'000	Rs'000	Rs'000
Reinsurance liabilities	81,511	39,794	81,511	39,794
Accrued expenses	29,597	7,043	29,597	7,043
Amount payable to subsidiary companies	-	-	769	7,289
Other payables	87,426	42,622	50,939	32,416
	198,534	89,459	162,816	86,542

(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, 2012

21. INCOME TAX

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Current tax liabilities				
Balance at January 1,	6,119	8,544	6,115	8,539
Effect of amalgamation (note 29(a))	1,029	-	902	-
Amount paid during the year	(7,003)	(8,682)	(6,999)	(8,551)
Current tax on the adjusted profit				
for the year at 15% (2011:15%)	23,147	25,039	22,513	24,897
Payment under Advance Payment System (APS)	(18,650)	(18,729)	(18,638)	(18,717)
Tax deducted at source	(35)	(68)	(35)	(68)
(Over)/under provision in prior year	(26)	15	(19)	15
Balance at December 31,	4,581	6,119	3,839	6,115
Income Statement Charge				
Current tax on the adjusted profit				
for the year at 15% (2011:15%)	23,147	25,039	22,513	24,897
Deferred tax (note 12)	(6,955)	193	(6,962)	193
(Over)/under provision in prior year	(26)	15	(19)	15
	16,166	25,247	15,532	25,105

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	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	199,643	238,086	195,216	221,420
Less share of results of associate and joint venture	(9,662)	(1,235)	-	-
	189,981	236,851	195,216	221,420
Tax calculated at rate of 15% (2011:15%)	28,497	35,528	29,282	33,213
Income not subject to tax	(14,334)	(11,086)	(15,760)	(8,826)
Expenses not deductible for tax purposes	2,029	790	2,029	703
(Over)/under provision in prior year	(26)	15	(19)	15
Tax charge for the year	16,166	25,247	15,532	25,105

22. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	THE GROUP AND THE COMPANY	
	2012	2011
	Rs'000	Rs'000
Gross		
- Claims reported and loss adjustment expenses	683,811	301,779
- Unearned premiums (page 62/note 31(b))	771,871	523,488
Total gross insurance liabilities	1,455,682	825,267
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses (note 13)	421,992	136,428
- Unearned premiums (notes 13,31(b))	376,845	265,969
Total reinsurers' share of insurance liabilities	798,837	402,397
Net		
- Claims reported and loss adjustment expenses (notes 3.1 (iv), 31(a))	261,819	165,351
- Unearned premiums (note 31(b))	395,026	257,519
	656,845	422,870
Claims incurred but not reported IBNR (note 31(a))	31,854	21,500
Total net insurance liabilities	688,699	444,370

23. INVESTMENT INCOME

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Interest income	46,950	34,407	43,950	34,407
Dividend income	86,663	68,479	69,488	52,026
	133,613	102,886	113,438	86,433
Total Investment income:				
Non-controlling interests - dividend income	18,732	16,798	-	-
Interest and investment income	114,881	86,088	113,438	86,433
	133,613	102,886	113,438	86,433

24. OTHER INCOME

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Profit/(loss) on disposal of available-for-sale				
financial assets	513	(1,542)	513	(1,542)
Reclassification adjustment from				
fair value reserve	2,767	7,384	2,767	7,384
Profit on disposal of property and				
equipment	233	177	233	177
Others	10,646	825	7,071	420
	14,159	6,844	10,584	6,439
Rent	1,100	1,100	1,430	1,430
Net foreign exchange gains/(losses)	792	(1,041)	738	(1,041)
	1,892	59	2,168	389
Total	16,051	6,903	12,752	6,828

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

25. MARKETING AND ADMINISTRATIVE EXPENSES

(a) Marketing and administrative expenses include:

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
- Contributions in respect of Corporate Social Responsibility	3,321	3,594	3,319	3,592
- Internal auditors' fees	311	1,121	311	1,121
- Staff costs (see note (b) below)	193,472	122,639	182,814	121,267

(b) Analysis of staff costs

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
- Salaries and wages	152,485	94,086	141,968	93,446
- Retirement benefit obligation costs (note 19(v))	38,974	9,871	39,136	9,855
- Other costs	2,013	18,682	1,710	17,966
	193,472	122,639	182,814	121,267

26. DIVIDEND PAYABLE

	THE COMPANY	
	2012	2011
Declared and payable	Rs'000	Rs'000
Final dividend of Rs 8.50 payable per ordinary share. (2011: Rs 8.50)	70,344	60,956

27. EARNINGS PER SHARE

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
Earnings per share				
Profit attributable to equity holders of the Company (Rs'000)	169,202	195,848	179,684	196,315
Weighted average number of shares in issue	7,726,575	7,171,346	7,726,575	7,171,346
Earnings per share (Rs/cs)	21.90	27.31	23.26	27.37

28. TERMINATION BENEFITS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Termination benefits	41,393	-	41,393	-

The Group has implemented a Voluntary Retirement Scheme (''VRS'') during the year 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.

29. BUSINESS COMBINATIONS

(a) Amalgamation

(i) On 7 June 2012 the shareholders of Swan Insurance Company Limited ("Swan") approved the Amalgamation of Cim Insurance Ltd ("CIL") with and into Swan as from 30 June 2012. In consideration for the amalgamation, Swan has issued 908,087 new ordinary shares of Rs.5 each to Rogers and Company Limited ("RCL") by applying a share exchange ratio of 0.344 share of Swan for every share held by RCL in CIL. The share exchange ratio has been determined from the appraisal value of each company by the independent valuers, Deloitte and Touche, Actuarial and insurance Solutions (South Africa). The valuation report describes the valuation method used for the share exchange ratio.

The Amalgamation forms part of a series of transactions namely:

a) the amalgamation of Cim Life Ltd with and into The Anglo Mauritius Assurance Society Limited ("AMAS"),

b) the contribution by RCL of its shares in AMAS to Swan in exchange for 196,336 additional shares of Swan of Rs.5 each,

c) the contribution by RCL of the new and additional shares of Swan to Intendance Holding Limited ("IHL"), the ultimate holding company, in exchange for 6,653 ordinary shares in IHL.

At 30 June 2012	2012
Recognised amounts of identifiable assets acquired and liabilities assumed	Rs'000
Property and equipment	8,383
Intangible assets	791
Investments in subsidiary	5,112
Investments in financial assets	192,023
Trade and other receivables	934,069
Cash and cash equivalents	100,978
Gross unearned premiums	(297,235)
Outstanding claims & IBNR	(591,752)
Retirement benefit obligations	(21,301)
Borrowings	(5,811)
Deferred tax liabilities	(677)
Trade and other payables	(98,885)
Current tax liabilities	(902)
Total identifiable net assets	224,793
Contribution received of shares in AMAS	1,322
	226,115
Satisfied by:	
Share exchange (1,104,423 shares issued)	5,522
Amalgamation reserve	220,593

(ii) Upon the amalgamation, Swan has obtained interest in the following companies which were subsidiaries of Cim Insurance Ltd:

Name of company	Date acquired	Effective holding (%)
Brugassur (Madagascar) SA	30.06.2012	100
Swan Risk Finance (PTY) Ltd (formerly known as Cim Asset Finance (SA))	30.06.2012	51
Albatross Courtage (Madagascar) SA	30.06.2012	100

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

29. BUSINESS COMBINATIONS (CONT'D)

(a) Amalgamation (cont'd)	2012
At 30 June 2012	Rs'000
Cost of investments*	5,212
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property and equipment	350
Intangible assets	20
Deferred tax assets	319
Investments in financial assets	1,024
Trade and other receivables	16,600
Cash and cash equivalents	4,534
Borrowings	(14,026)
Trade and other payables	(10,009)
Current tax liabilities	(127)
Total identifiable net liabilities	(1,315)
Non controlling interest	23
	(1,292)
Goodwill	6,504

* Cost of investments include Rs 0.1m of investment impaired.

(b) Acquisition of subsidiary

On 31 March 2012, Swan International Co Ltd ("SIL"), a 51% owned subsidiary of SWAN, acquired 60% of the share capital of Confiance Assurances Ocean Indien ("CAOI"), a company incorporated in Reunion island. On 8 November 2012, an additional of 5% of the share capital of CAOI was acquired by SIL.

	THE GROUP
	2012
Consideration	Rs'000
Cash	15,675
Contingent consideration	7,640
Total consideration	23,315
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property and equipment	2,520
Trade and other receivables	667
Cash and cash equivalents	260
Borrowings	(3,309)
Trade and other payables	(3,116)
Total identifiable net asset	(2,978)
Non-controlling interest	1,042
Goodwill	25,251
	23,315
Net cash outflow on acquisition	Rs'000
Consideration paid in cash	15,675
Less: Cash and cash equivalent balances acquired	(260)
	15,415

30. NOTES TO THE STATEMENTS OF CASH FLOWS

		Notes	THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
			Rs'000	Rs'000	Rs'000	Rs'000
(a)	Cash generated from operations					
	Profit before taxation		199,643	238,086	195,216	221,420
	Adjustments for:					
	Depreciation	5	10,390	6,720	9,979	6,690
	Amortisation	6	3,588	4,263	3,585	4,263
	Foreign exchange (gains)/losses	24	(792)	1,041	(738)	1,041
	Profit on sale of property and equipment	24	(233)	(177)	(233)	(177)
	Release from fair value reserve on					
	disposal of financial assets	24	(2,767)	(7,384)	(2,767)	(7,384)
	(Profit)/loss on disposal of financial assets	24	(513)	1,542	(513)	1,542
	Investment income	23	(114,881)	(86,088)	(113,438)	(86,433)
	Retirement benefit obligations	19(vi)	8,814	(1,597)	8,976	(1,645)
	Change in gross unearned premiums	22/31(b)	(48,852)	24,469	(48,852)	24,469
	Share of profit of associated company and joint venture	8/9	(9,662)	(1,235)	-	-
	Changes in working capital:					
	- Trade and other receivables		263,852	(62,099)	241,861	(60,409)
	- Trade and other payables		(10,985)	9,652	10,481	6,332
	- Outstanding claims		(199,366)	35,461	(199,366)	35,461
	Cash generated from operating activities		98,236	162,654	104,191	145,170

(b) Non cash transactions

The principal non cash transactions result from:
- The amalgamation during the year satisfied by issue of shares (see note 29).
- A goodwill of Rs 16.3m (see note 6).
- Borrowings of Rs 7.5m (see note 18).

		THE GROUP 2012	THE GROUP 2011	THE COMPANY 2012	THE COMPANY 2011
(c)	Cash and cash equivalents	Rs'000	Rs'000	Rs'000	Rs'000
	Short term deposits	103,535	309,432	103,535	309,431
	Bank balances and cash	279,479	71,815	21,092	43,641
	Cash and cash equivalents	383,014	381,247	124,627	353,072

The interest rates on short-term foreign deposits ranged from 0.01% to 0.01% (2011: 0.01% to 0.58%) and on local deposits from 4.29% to 8% (2011: average of 2.00% to 6.75%).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

31. MOVEMENTS IN INSURANCE LIABILITIES AND REINSURANCE ASSETS

(i) THE GROUP AND THE COMPANY

(a) Outstanding claims

	2012			2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,						
Notified claims	301,779	(136,428)	165,351	266,318	(119,376)	146,942
Effect of amalgamation	581,398	(522,111)	59,287	-	-	-
Increase in liabilities	529,484	(94,292)	435,192	669,195	(381,019)	288,176
Cash paid for claims settled in the year (Page 63)	(728,850)	330,839	(398,011)	(633,734)	363,967	(269,767)
	683,811	(421,992)	261,819	301,779	(136,428)	165,351
Incurred but not reported (IBNR) (note 22)	31,854	-	31,854	21,500	-	21,500
At December 31,	715,665	(421,992)	293,673	323,279	(136,428)	186,851

(b) Provision for unearned premiums

	2012			2011		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	523,488	(265,969)	257,519	499,019	(251,762)	247,257
Effect of amalgamation	297,235	(172,570)	124,665	-	-	-
Decrease during the year	(48,852)	61,694	12,842	24,469	(14,207)	10,262
At December 31,(note 22)	771,871	(376,845)	395,026	523,488	(265,969)	257,519

32. FINANCIAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
Outstanding commitments for the following:	Rs'000	Rs'000	Rs'000	Rs'000
Loans to be granted	454,400	565,200	-	-
Subordinated bonds	-	75,000	-	-
Investments in freehold properties	70,500	37,500	-	-
Operating lease agreement	35,216	-	17,923	-
	560,116	677,700	17,923	-

33. SEGMENT INFORMATION - THE GROUP

(a) Operating segment

		General		2012
	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				(304,793)
Share of profit of associated company and joint venture				9,662
Termination Benefits				(41,393)
Depreciation				(10,390)
Amortisation				(3,588)
Profit before taxation				199,643
Taxation				(16,166)
Profit for the year				183,477

		General			2012
	Life	Casualty	Property	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	24,284,794	980,263	761,940	1,846,711	27,873,708
Segment liabilities	(24,284,794)	(128,741)	(396,775)	(1,337,909)	(26,148,219)
Equity holders' interest					1,725,489
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

(i) Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Executive Officer.
(ii) The operating segments are strategic business units offering services under:
- Life: long term insurance undertaken by The Anglo Mauritius Assurance Society Limited.
- General: short term insurance undertaken by Swan Insurance Company Limited.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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

(a) Operating Segment

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

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

34. HOLDING COMPANY

The Directors regard Intendance Holding Limited which owns 73.52% (2011: 69.44%) of the Company's share capital, as the Holding Company. The remaining shares are widely held. Both the Company and the Holding Company are incorporated in Mauritius and their registered offices are situated at Swan Group Centre, Intendance Street, Port-Louis.

35. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Sale of services	Investment Income	Claims paid	Financial assets	Borrowings	Debtors	Claims Outstanding	Amount owed (to)/ by related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2012								
Shareholders with significant influence	**242,802**	**-**	**42,456**	**446,923**	**32,883**	**38,041**	**37,989**	**-**
Enterprises on which the Company and Subsidiaries exert significant influence	**2,710**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Key Management Personnel	**1,080**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	246,592	**-**	**42,456**	**446,923**	**32,883**	**38,041**	**37,989**	**-**
2011								
Shareholders with significant influence	146,944	306	7,443	162,246	-	16,353	33,548	-
Enterprises that have a number of directors in common	8,297	-	-	990	-	7	6,064	-
Enterprises on which the Company and Subsidiaries exert significant influence	13,909	-	-	1,166,121	-	-	-	-
Key Management Personnel	1,317	-	111	-	-	444	35	-
	170,467	306	7,554	1,329,357	-	16,804	39,647	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

35. 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
2012									
Subsidiary companies	**13,997**	**63,321**	**2,471**	**5,231**	**352,014**	**43,399**	**1,252**	**7,637**	**769**
Shareholders with significant influence	**242,802**	**509**	**-**	**42,456**	**39,080**	**-**	**37,989**	**38,041**	**-**
Enterprises on which the Company exerts significant influence	**1,552**	**2,360**	**-**	**792**	**19,500**	**-**	**1,928**	**24,685**	**-**
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**
2011									
Subsidiary companies	11,266	46,297	5,934	1,083	80,720	13,987	434	12,262	7,289
Shareholders with significant influence	146,944	8	-	7,443	298	-	33,548	16,353	-
Enterprises that have a number of Directors in common	8,297	-	-	990	-	-	6,064	7	-
Enterprises on which the Company exerts significant influence	-	-	-	-	-	-	-	546	-
Key Management Personnel	1,317	-	-	111	-	-	35	444	-
	167,824	46,305	5,934	9,627	81,018	13,987	40,081	29,612	7,289

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	
	2012	2011	**2012**	2011
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short-term employee benefits	**64,739**	54,931	**37,465**	28,100
Post-employment benefits	**2,894**	2,864	**1,711**	1,699
	67,633	57,795	**39,176**	29,799

(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.

36. FIVE YEAR SUMMARY

	2012	2011	2010	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) THE GROUP					
INCOME STATEMENTS					
Gross premiums	**3,967,855**	3,344,050	2,920,258	2,565,091	2,500,254
Net earned premiums	**2,954,153**	2,463,299	2,078,735	1,834,173	1,871,766
Underwriting surplus	**400,481**	317,980	293,369	249,395	203,212
Operating profit	**534,094**	420,866	393,821	344,109	287,469
Profit before taxation	**199,643**	238,086	229,191	213,361	159,775
Taxation	**16,166**	25,247	25,468	19,638	16,643
Profit for the year	**183,477**	212,839	203,723	193,723	143,132
STATEMENTS OF COMPREHENSIVE INCOME					
Profit for the year	**183,477**	212,839	203,723	193,723	143,132
Other comprehensive income for the year	**28,257**	23,912	(43,989)	5,417	(40,938)
Total comprehensive income	**211,734**	236,751	159,734	199,140	102,194
Attributable to:					
Owners of the parent	**200,147**	221,388	152,538	199,595	63,785
Non-controlling interest	**11,587**	15,363	7,196	(455)	38,409
	211,734	236,751	159,734	199,140	102,194
STATEMENTS OF FINANCIAL POSITION					
Non-current assets	**1,170,925**	792,472	844,382	680,844	591,796
Current assets	**2,417,989**	1,455,737	1,132,636	1,098,072	1,095,381
Life Business Assets	**24,284,794**	20,586,765	20,888,758	18,507,136	15,701,377
	27,873,708	22,834,974	22,865,776	20,286,052	17,388,554
Owners' interest	**1,522,506**	1,143,855	1,013,251	914,004	764,608
Non-controlling interest	**202,983**	64,924	50,853	60,844	61,299
Life Assurance Fund	**24,284,794**	20,586,765	20,888,758	18,507,136	15,701,377
Gross unearned premiums	**771,871**	523,488	499,019	424,147	376,540
Outstanding claims & IBNR	**715,665**	323,279	287,818	250,112	302,487
Non-current liabilities	**81,316**	36,129	37,726	39,165	31,934
Current liabilities	**294,573**	156,534	88,351	90,644	150,309
	27,873,708	22,834,974	22,865,776	20,286,052	17,388,554
Dividends per share (rupees and cents)	**8.50**	8.50	7.70	7.00	6.00
Earnings per share (rupees and cents)	**21.90**	27.31	25.66	24.10	17.71
Net assets value per share (rupees and cents)	**183.97**	159.50	141.29	127.45	106.62
Weighted average number of shares used in calculation	**7,726,575**	7,171,346	7,171,346	7,171,346	7,171,346

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

36. FIVE YEAR SUMMARY (CONT'D)

	2012	2011	2010	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(b) THE COMPANY					
INCOME STATEMENTS					
Gross premiums	**1,679,298**	1,339,600	1,245,321	1,090,038	954,607
Net earned premiums	**788,342**	540,420	487,575	433,130	400,981
Underwriting surplus	**397,536**	317,980	293,369	249,395	203,212
Operating profit	**510,974**	404,413	379,165	329,021	274,412
Profit before taxation	**195,216**	221,420	205,475	185,828	140,334
Taxation	**15,532**	25,105	25,452	18,843	16,577
Profit for the year	**179,684**	196,315	180,023	166,985	123,757
STATEMENTS OF COMPREHENSIVE INCOME					
Profit for the year	**179,684**	196,315	180,023	166,985	123,757
Other comprehensive income for the year	**49,807**	(48,334)	42,517	43,923	(116,537)
Total comprehensive income	**229,491**	147,981	222,540	210,908	7,220
STATEMENTS OF FINANCIAL POSITION					
Non-current assets	**1,432,764**	842,171	841,253	648,656	587,802
Current assets	**1,832,305**	1,279,901	1,070,645	980,186	940,999
	3,265,069	2,122,072	1,911,898	1,628,842	1,528,801
Owners' interest	**1,470,987**	1,085,725	998,700	831,379	670,670
Gross unearned premiums	**771,871**	523,488	499,019	424,147	376,540
Outstanding claims and IBNR	**715,665**	323,279	287,818	250,112	302,487
Non-current liabilities	**68,443**	35,967	37,612	39,093	31,872
Current liabilities	**238,103**	153,613	88,749	84,111	147,232
	3,265,069	2,122,072	1,911,898	1,628,842	1,528,801
Dividends per share (rupees and cents)	**8.50**	8.50	7.70	7.00	6.00
Earnings per share (rupees and cents)	**23.26**	27.37	25.10	23.29	17.26
Net assets value per share (rupees and cents)	**177.75**	151.40	139.26	115.93	93.52
Weighted average number of shares used in calculation	**7,726,575**	7,171,346	7,171,346	7,171,346	7,171,346

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2012(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Cyril MAYER - Chairperson
Mr. J. Jean-Pierre P. DALAIS (until 30 June 2012)
Mr. M.D. Pierre DINAN
Mr. George J. DUMBELL (until 30 June 2012)
Mr. M.A. Eric ESPITALIER-NOËL (until 27 September 2012)
Mr M.M Hector ESPITALIER-NOËL (appointed on 27 September 2012)
Mr M.H Philippe ESPITALIER-NOËL (appointed on 30 June 2012)
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 SUBSIDIARY COMPANIES

The Anglo-Mauritius Assurance Society Limited

Mr J.M Louis RIVALLAND - Group Chief Executive
Mr. M.E. Cyril MAYER
Mr. J. Jean-Pierre P. DALAIS (until 30 June 2012)
Mr. M.D. Pierre DINAN
Mr. George J. DUMBELL (until 30 June 2012)
Mr. M.A. Eric ESPITALIER-NOËL (until 27 September 2012)
Mr M.M Hector ESPITALIER-NOËL (appointed on 27 September 2012)
Mr M.H Philippe ESPITALIER-NOËL (appointed on 30 June 2012)
Mr. M.D. Henri HAREL
Mr. J.M. René LECLÉZIO
Me. M.F.I. Jean Hugues MAIGROT
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 Limited

Mr. M.E. Cyril MAYER
Mr. J.M. Louis RIVALLAND
Mr. Gerald E.R. J. LINCOLN
Mr. M. J. Jean Paul CHASTEAU DE BALYON (until 1 July 2012)

Pension Consultants and Administrators Ltd.

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

OTHER STATUTORY DISCLOSURES

FOR THE YEAR ENDED DECEMBER 31, 2012(PURSUANT TO SECTION 221 OF THE COMPANIES ACT 2001)

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. A.C.A. Sattar JACKARIA
Mr. T.K. Philippe LO FAN HIN
Mr. M.D. Pierre DINAN
Mr. Victor C. SEEYAVE

Swan Group Corporate Services Limited
Mr. J.M. Louis RIVALLAND
Mr Jaiyansing SOOBAH (appointed on 14 September 2012)
Mr. M. J. Jean Paul CHASTEAU DE BALYON (until 1 July 2012)

Swan Group Foundation
Mr. M. E. Cyril MAYER
Mr. J. M. Louis RIVALLAND

Anglo Mauritius Investment Managers Limited (formerly known as The Anglo Mauritius Financial Services Ltd)
Mr. M. E. Cyril MAYER
Mr. Peroomal Gopallen MOOROOGEN
Mr. J. M. Louis RIVALLAND

Anglo Mauritius Stockbrokers Limited (formerly known CIM Stockbrokers Ltd)
Mr M.H Philippe ESPITALIER-NOËL
Mr. D.P. A. Maxime REY (appointed on 12 November 2012)
Mr Damien MAMET

Anglo Mauritius Financial Solutions Limited (formerly Anglo (Mauritius) Investments Ltd)
Mr. J. M. Louis RIVALLAND (appointed on 8 October 2012)
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 (appointed on 1 July 2012)
Mr David MURRAY
Hennie FOURIE (appointed on on 1 July 2012)
Mr André TAIT (Until 1 July 2012)

Brugassur (SA)
Mr Andre TAIT
Mr Hennie FOURIE
Veenaye BUSGEETH (representing Swan Insurance Company Limited)

Albatross Courtage Madagascar
Mr Andre TAIT
Mr Hennie FOURIE

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	
	2012	2011	2012	2011
Executive Directors	Rs'000	Rs'000	Rs'000	Rs'000
- Full-time	11,289	10,232	8,601	7,526
Non-executive Directors	931	939	1,043	973
	12,220	11,171	9,644	8,499

- Directors of subsidiary companies who are not directors of the Company	From the Subsidiaries	
	2012	2011
Executive Directors	Rs'000	Rs'000
- Full-time	-	-
Non-executive Director	85	85
	85	85

DONATIONS	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
	Rs'000	Rs'000	Rs'000	Rs'000
Political donations	150	-	-	-
Charitable donations	173	70	8	13
Corporate social responsibility	6,136	4,830	3,319	3,592

AUDITORS' FEES AND FEES FOR OTHER SERVICES

	THE GROUP		THE COMPANY	
	2012	2011	2012	2011
Audit fees paid to:	Rs'000	Rs'000	Rs'000	Rs'000
- BDO & Co	3,237	2,497	1,497	1,060
- Other firms	154	78	-	-
	3,391	2,575	1,497	1,060
Fees paid for other services to BDO & Co:				
- Review of statutory return	200	190	95	90
- Other services	650	160	325	160
	850	350	420	250

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

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 Department of Deloitte & Touche

LEGAL ADVISERS

DCK Chambers

Me. Maxime Sauzier SC

Me. Marie Catherine Nalletamby

Me. Patrice Doger de Speville SC

REINSURANCE BROKER

AON Limited

NOTICE OF ANNUAL MEETING TO SHAREHOLDERS

Notice is hereby given that the Annual Meeting (the "Meeting") of Shareholders of **Swan Insurance Company Limited** (the "Company") will be held on 26 June 2013 at 10.00 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 Annual Report 2012 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 2012.
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 elect as Director of the Company Mr. Hector Espitalier-Noël who has been nominated by the Board of Directors on 27 September 2012 and who offers himself for election.
6. 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.
7. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2012.

By order of the Board of Directors

Nathalie Gallet, ACIS
Per Navitas Corporate Services Ltd
For and on behalf of Swan Group Corporate Services Limited
Company Secretary

6 May 2013

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 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 31st May 2013.*

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 Chairperson 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 26 June 2013 at 10.00 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 Annual Report 2012 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 2012.			
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 elect as Director of the Company Mr. Hector Espitalier Noël who has been nominated by the Board of Directors on 27 September 2012 and who offers himself for election.			
6. 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.			
7. To ratify the remuneration paid to the auditors for the financial year ended 31st December 2012.			

Signed this day of 2013.

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. *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 by 25 June 2013 at 10.00 hours and in default, the instrument of proxy shall not be treated as valid.*