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and PEFC (Programme for the Endorsement of Forest Certification Schemes).

Our vision

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

Our values

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

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corporate profile

The Anglo-Mauritius Assurance Society Limited, one of the market leaders in the life assurance, pensions, actuarial and investment business in Mauritius, has developed over the years a full range of insurance products and services to serve the needs of corporate and individual clients either directly or through its sales representatives' network.

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

Assets under the management of The Anglo-Mauritius amounted to Rs. 21.2 billion and the Life Assurance Fund reached Rs. 20.9 billion at 31st December 2010.

The Company manages both locally and internationally an investment portfolio which consists, inter alia, of equities at market value of Rs. 10.0 billion and debenture stocks at market value of Rs. 60 million at 31st December 2010.

Investments are made in key sectors of activity namely tourism, real estate, sugar, trade and financial services in Mauritius and in the region. The Company caters for the insurance requirements of its clients in the region.

The Company participates actively in the socio-economic development of the country by granting loans for the construction or purchase of residential and business properties. Residential loans granted to policyholders amounted to Rs. 2.0 billion and loans on business properties totalled Rs. 521 million at 31st December 2010.

Benefits paid to policyholders, beneficiaries and annuitants amounted to Rs. 1.1 billion at 31st December 2010.

Market capitalisation of the Company on the mauritian Stock Exchange at 31st December 2010 was Rs. 1,337 million.

notice of annual meeting to shareholders

Notice is hereby given that the Annual Meeting of the shareholders of **The Anglo-Mauritius Assurance Society Ltd.** will be held on **Wednesday 22nd June 2011 at 10.00 hours** on the 6th floor of the Swan Group Centre, Intendance Street, Port Louis to transact the following business:

1. To consider the Annual Report 2010 of the Company.
2. To receive the report of BDO & Co, the Auditors of the Company.
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2010.
4. To re-appoint BDO & Co as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005 until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.
5. To elect Mr. J. Jean-Pierre P. Dalais as Director of the Company.
6. To re-elect Me. M. F. I. Jean Hugues Maigrot, G.O.S.K. as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
7. To re-elect Mr. F. M. J. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
8. To re-elect Mr. M. D. Pierre Dinan, G.O.S.K. as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.

By order of the Board of Directors

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

3rd May 2011

Swan Group Centre
Port Louis
Mauritius

N.B. Members entitled to attend and vote at the meeting may appoint proxies, whether members of the Company or not, to attend and vote for them. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company not less than twenty-four hours before the day fixed for the meeting or else the instrument of proxy shall not be treated as valid.

annual report

DECEMBER 31, 2010

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of The Anglo-Mauritius Assurance Society Limited for the year ended December 31, 2010, contents of which are listed below:

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

M. E. Cyril Mayer	***M. A. Eric Espitalier-Noël***
Chairperson	***Director***

principal activities

DECEMBER 31, 2010

The principal activities of the Company consist of life assurance, pensions, actuarial and investment business. The principal activities of each subsidiary are shown hereunder and have remained unchanged during the year.

Manufacturers' Distributing Station Ltd.	Investment Company
Pension Consultants and Administrators Ltd.	Pension and Fund Administration
Swan Group Corporate Services Limited	Provision of Secretarial Services to Swan Group
Swan Group Foundation	Corporate Social Responsibility
Swan International Ltd.	Reinsurance Broking, Consultancy and Investment
The Anglo-Mauritius Financial Services Ltd.	Fund Management and Investment Consulting
Société de la Croix	Investment entity
Société de la Montagne	Investment entity
Société de la Rivière	Investment entity

directorate & management

DIRECTORS

Non-Executive

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

M. J. Cyril LAGESSE (up to 8 October 2010)

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

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

F. M. J. Pierre DOGER DE SPÉVILLE

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

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

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

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

M. F. I. Jean Hugues MAIGROT, G.O.S.K.

Independent Non-Executive

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

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

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

Executive

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

M. E. Cyril Mayer

J. Jean-Pierre P. DALAIS

F. M. J. Pierre Doger de Spéville

George J. Dumbell

M. A. Eric Espitalier-Noël

M. D. Henri Harel

M. F. I. Jean Hugues Maigrot

Group Chief Executive

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

Secretary

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

M. D. Pierre Dinan

P. Gopallen Mooroogen

Victor C. Seeyave

J. M. Louis Rivalland

directorate & management (cont'd)

DIRECTORS' PROFILE

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

Managing Director of Harel Frères Limited.

Positions presently held on

(a) *sugar sector private institutions:*
Member of the Selling and Executive Committee of the Mauritius Sugar Syndicate
President of the Mauritius Sugar Producers' Association and member of its Executive Committee

(b) *other institution:*
Board Member of the Mauritius Sugar Authority

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

Directorships of listed Companies:

- Harel Frères Limited
- Omnicane Limited (Up to 30/04/2010)
- Swan Insurance Company Limited (Non-executive Chairperson)
- United Docks Limited

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

Executive Director, CIEL Investment Limited
Chief Executive Officer, CIEL Capital Limited

Member of the Investment Committee of CIEL Group

Directorships of listed Companies:

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

F. M. J. Pierre DOGER DE SPÉVILLE

Notary Public from August 1965 to June 1997
Chairperson of the Médine Group of Companies

Directorships of listed Companies:

- Innodis Limited
- Swan Insurance Company Limited

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

Chairperson, Constance Group of Companies.

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

Directorships of listed Companies:

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

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

Chief Executive of ENL Commercial Limited

Directorships of listed Companies:

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

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

Group Chief Finance Officer of Harel Frères Ltd.

Directorships of listed Companies:

- Harel Frères Limited
- Swan Insurance Company Limited

Me. M. F. I. Jean Hugues MAIGROT, G.O.S.K.

Notary Public since 1971

Legal adviser to a number of listed large public and private companies.

Directorships of listed Companies:

- Harel Frères Limited (Non-executive Chairperson and Chairperson of its Corporate Governance Committee)
- Omnicane Limited (Chairperson of its Corporate Governance Committee)

directorate & management (cont'd)

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

Economic Consultant

Positions presently held:

- Member of the Monetary Policy Committee of the Bank of Mauritius
- Board member Mauritius Institute of Directors
- Board member and Audit Committee Chairperson of a few local companies or institutions in the manufacturing and financial services sectors

Former Senior Partner at De Chazal Du Mée
Former Chairperson of the Mauritius Employers' Federation

Directorship of listed Company:

- Swan Insurance Company Limited

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

Senior Executive – Mass Market – Mauritius Telecom
Director of The Stock Exchange of Mauritius Ltd. and Director of The Central Depository & Settlement Co. Ltd.

Directorship of listed Company:

- Swan Insurance Company Limited

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

Managing Director of Altima Limited

Directorships of listed Companies:

- Innodis Limited
- Swan Insurance Company Limited

MANAGEMENT TEAM

Group Chief Executive

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

Senior Managers

Robert GALLET - Individual Business Marketing & Development, Group Communication & Properties

Alan GODER - Pensions Consultants & Administrators Ltd, Claims, Fund Administration and Group Systems and Processes

Sattar JACKARIA, B.Sc. (Hons.), F.I.A. - Actuarial

Vincent LAMUSSE, M.S.G. - The Anglo-Mauritius Financial Services Ltd.

Vishnoo LUXIMAN, M.Sc. - Group Human Resources

Maxime REY - Group Finance, Loans and Legal

George SUI TIT TONG, A.C.I.I. - Individual Business Operations

Managers

Navindranath BHUGALOO, A.C.I.I. - Pension Consultants & Administrators Ltd. and Pensions (DC)

Mario BUTTIE, F.C.C.A. - Fund Administration

Paulette CHUNG FAT - Personal Assistant to Group Chief Executive (Up to 31st December 2010)

Edward CUNNIAH - Claims

Patrick DE MARCY CHELIN - Loans

Eric HOODMAN, M.B.C.S. - Systems & Processes

Bernard KISHTOO - Pensions (DB)

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

Karine MOREL, B.Com., F.C.C.A., M.I.P.A. (M) - Finance

Carlo POLIAH, Dip. (Bus. & Fin.) - Individual Business Marketing (Up to 31st December 2010)

senior management team profile 2010

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

Group Chief Executive

Louis Rivalland (40) holds a Bachelor's degree in Actuarial Science and Statistics and is a Fellow of the Institute of Actuaries (UK).

He is currently the Group Chief Executive of Swan Insurance and The Anglo-Mauritius Assurance.

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

In August 1999, he joined the Swan Group as Consultant to Group Chief Executive. He was involved in the review and setting up of processes and systems for the pensions, investments and life insurance operations and was responsible for the actuarial and consultancy work for the pension schemes.

From January 2002 to December 2004, he acted as Executive Manager of Anglo-Mauritius. In January 2005 he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance and Anglo-Mauritius, and member of the Executive Management Committee of the Swan Group. Since January 2007 he is the Group Chief Executive of the Swan Group.

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

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

Jean Paul CHASTEAU DE BALYON, F.MIoD

Swan Group Corporate Services Limited

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

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

He has been fully involved in the following key projects:

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

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

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

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

He is a Council Member of the Mauritius Chamber of Commerce and Industry (member of its Audit and Nomination Committees) and a Member of the Consultative Committee of the Stock Exchange of Mauritius. He also sits on the Board of Governors, Centre d'Etudes Commerciales (MCCI).

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

Directorship of Listed Company:
Naïade Resorts Limited

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

Robert GALLET

Senior Manager

Senior Management Course - Graduate School of Business Administration, South Africa (S.A.)
Diploma in Agency Management - Life Insurance Marketing and Research - Hartford, Connecticut
Diploma in Advanced Management Programme - Life Insurance Marketing and Research - Hartford, Connecticut

Robert Gallet (60) worked for eight years in the Pensions Business of Southern Life in South Africa. He held the position of assistant to Divisional Accountant responsible for the division's financial accounting function of the New Business, Underwriting, Claims, Commissions, Actuarial, Legal and IT departments, including budgeting, cost control and financial reporting, and general administration.

senior management team profile (cont'd)

He worked for six years in the Individual Life Business of Southern Life in South Africa. He held the position of Manager and Senior Manager responsible for providing financial and administrative services to the New Business, Premium Collection, Underwriting, Policy Servicing, Claims, Actuarial, IT departments within the Division and all sixteen Regional offices and branches across the Country with special emphasis on yearly and long-term financial planning and budgeting.

He joined The Anglo-Mauritius in March 1987 where he has spent eighteen years in Pensions and Individual Life Business. He holds the position of Senior Manager responsible for the marketing of the Individual Business including the overall responsibility of its sales force. He manages the communication and marketing support function of the Swan Group and is responsible for the administration of the immovable property portfolio of the Company and its subsidiaries.

His key areas of expertise are administration and marketing.

Alan GODER

Senior Manager

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

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

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

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

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

His key areas of specialisation are pensions administration and consulting.

Sattar JACKARIA, B.Sc. (Hons.), F.I.A.

Senior Manager

B.Sc. (Hons.) Mathematics, Operational Research, Statistics and Economics, UK
Fellow of the Institute of Actuaries (F.I.A.), UK

From September 1999 to September 2006, Sattar Jackaria (33) was working in the HR Services department of Towers Perrin in London, United Kingdom. Towers Perrin is a leading provider of HR consulting services worldwide.

He joined Towers Perrin as an actuarial trainee after completing a degree at Warwick University (UK). He qualified as an actuary and was promoted to consultant in 2004. During his time with Towers Perrin, he acquired a vast experience in the HR space dealing mainly with subsidiaries of large US multinational companies.

He joined the Actuarial Department of The Anglo-Mauritius as Actuary in October 2006 and is responsible for the day-to-day running of the department together with new product design and implementation. He has moreover been assigned the responsibility for the Group Credit Insurance with effect from January 2011 and offers technical assistance to the other departments of the Group.

His key areas of specialisation include pensions business and actuarial consulting. He has been involved in a wide range of client facing activities including funding and investment advice, preparation of various types of GAAP disclosures, design and implementation of new pension schemes, advice in respect of merger and/or acquisition and day-to-day consulting.

Vincent LAMUSSE, M.S.G.

Senior Manager

Diplôme Universitaire en Sciences Economiques
Maîtrise de Science de Gestion (Bordeaux, France)

Vincent Lamusse (43) manages The Anglo-Mauritius Financial Services Ltd., a leading provider of Investment Management services to Pension Funds, Insurance Funds, Investments Companies, and individuals in Mauritius.

He joined The Anglo-Mauritius Assurance Society Ltd in 1991 and was subsequently appointed Assistant Manager (Investments) in 1994, and Investments Manager in 1999. He was trained in England at Eagle Star Assurance, London Life, Teacher's Assurance, Mercantile & General Reinsurance, and contributed substantially to the development of the range of Unit Linked Funds of The Anglo-Mauritius Assurance Society Ltd. He was promoted Senior Manager in 2005, after having set up The Anglo-Mauritius Financial Services Ltd.

He is also a non-executive director in a number of companies in the financial and tourism sectors.

Vishnoo LUXIMAN, M.Sc.

Senior Manager

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

senior management team profile (cont'd)

Vishnoo Luximan (49) worked as Assistant Personnel & Public Relations Officer at the Constance & La Gaieté SE Company Ltd from 1983 to 1988. He joined Deep River-Beau Champ Ltd (DRBC) as Assistant Personnel Manager/Public Relations Officer in 1988. He was promoted to the position of Personnel Manager/Public Relations Officer with the same company in 1990.

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

He joined the Group in 2006.

He is a registered trainer, up to degree level, with the Mauritius Qualifications Authority and has been delivering courses in the field of human resource management since 1998.

His key areas of specialisation are labour legislation, employee resourcing, training & development, performance management, reward management and employee relations.

Maxime REY

Senior Manager

Maxime Rey (58) started an accounting career in 1973 in Mauritius, first in auditing, and then in the sugar industry. Immigrating to South Africa in 1981, he worked for Kuehne and Nagel (Pty) Ltd, part of a worldwide transport, travel consulting and insurance broking organization, and was appointed Group Financial Controller in 1989 and Director in 1992.

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

He is also a Director of Robert Le Maire Limited and Chairman of the Audit Committee of that Company, as well as Alternate Director of Mauritius Freeport Development Limited.

George SUI TIT TONG, A.C.I.I.

Senior Manager

Associate of the Chartered Insurance Institute - U.K
Chartered Insurer - U.K
A founder member of the Insurance Institute of Mauritius

George Sui Tit Tong (63) joined The Anglo-Mauritius in January 1968.

He is a Senior Manager since July 2004 and is responsible for the overall operations pertaining to Individual Business, Group Life Schemes and the medical organisation of the company.

He is also the responsible person for the reassurance portfolio of the company and is in constant touch with its main reinsurers, namely Swiss Re and Munich Re.

His key area of specialisation is the underwriting of life assurance business. He has acquired international exposure through his participations in workshops and attending conferences relating to life assurance and underwriting in London, Oxford, Singapore, Cape Town, Johannesburg, Geneva and Shanghai.

chairperson’s statement

M. E. Cyril Mayer
/ Chairperson

On behalf of the Board of Directors, I am pleased to submit the Annual Report and Audited Financial Statements of The Anglo-Mauritius Assurance Society Limited and of the Group, for the year ended 31st December 2010.

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

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

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

As for the Group’s operations, I am pleased to report that its performance has been very good with a satisfactory growth in the net premium income, especially in the life insurance segment. The fund’s equity portfolio, both locally and overseas, continued its recovery against the background of invigorated stock market’s indices. Overall, the Group’s performance has been very satisfactory especially since it was achieved in circumstances of a fragile economic recovery and euro zone crisis.

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

I would like, on behalf of my colleagues of the Board, to express my appreciation to the Group Chief Executive, to the management team and to the personnel at large, who, by their dedication and hard work, contributed to the commendable performance of the Group.

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

M. E. Cyril Mayer
Chairperson

group chief executive's review

J. M. Louis Rivalland
/ Group Chief Executive

STRATEGIC REVIEW

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

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

LONG TERM OPERATIONS

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

In terms of our operating result, following a challenging year in 2009, the performance of our long-term operations has been very good and exceeded our expectations. The total premium income net of reinsurance has experienced a strong growth of around 14% (13% excluding premiums from the acquisition of Sun Insurance). The life insurance business has been the biggest contributor to this growth with an increase in net premiums of around 22% (19% excluding premiums from the acquisition of Sun Insurance).

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

Individual Business

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

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

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

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

Corporate Business

At the end of 2010, Anglo-Mauritius provided administrative services to around 530 pension schemes – 330 defined benefit and 200 defined contribution schemes. The total active membership of these schemes exceeds 20,000 lives. Our pensions business is supported by a strong actuarial team consisting of 2 qualified actuaries and 8 actuarial analysts. Coupled with our subsidiaries, Pension Consultants and Administrators Limited (PCA) and Anglo-Mauritius Financial Services Ltd (AMFS), we provide the whole spectrum of pension services to corporate entities (i.e. actuarial, administration and fund management). We are widely recognised as the leader in this field due to our professional advice and excellent client service.

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

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

Career Counselling Session

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

Pension Consultants and Administrators Ltd (PCA)

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

In 2010, PCA has further reinforced its position as the market leader in the field of administration of self-administered pension schemes and process outsourcing for insurance companies. The reputation of PCA is well established and ever growing. This has impacted positively on our client base with turnover growing by 21% from last year whilst profitability has been very healthy for the third year in a row.

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

group chief executive's review (cont'd)

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

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

The Anglo-Mauritius Financial Services Ltd (AMFS)

AMFS provides investment management services to the Swan Group as well as other financial institutions, superannuation funds and private investors. Assets under management grew steadily during the year and exceeded the 20 billion rupees mark as at 31st December 2010, comprising investments in local equities, fixed income securities as well as foreign investments.

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

ECONOMIC HIGHLIGHTS

The World Economy

The global economy expanded by around 5% in 2010 as the recovery was engineered via accommodative fiscal and monetary policies. The US economy expanded by around 2.5% in 2010, while the average growth in other developed economies (Germany, Japan and the UK) has been between 3% and 4% in recent quarters. Emerging and developing countries substantially aided to pull the global economy out of depression, with China for instance revolving around 9.8% whilst India was near 9%.

Domestic Economy

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

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

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

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

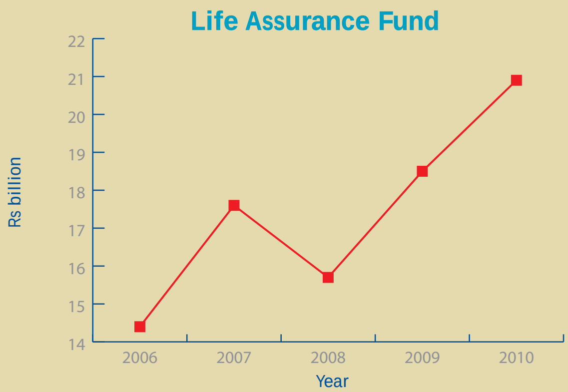
In the financial intermediation segment, 4.3% growth was noted in 2010 compared to 3.8% growth in 2009 essentially supported by higher growths of 3.9% and 4.5% in banks and insurance clusters respectively.

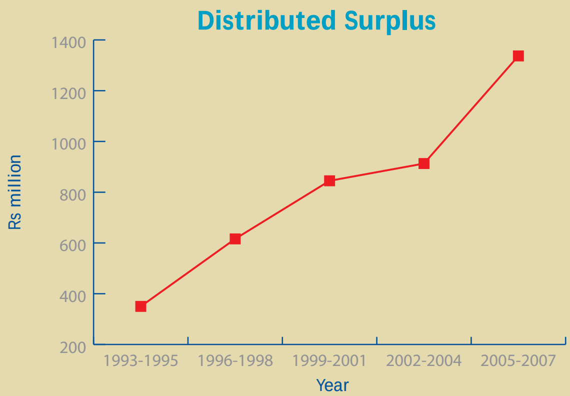
The unemployment rate stands at 7.5% as compared to 7.3% in 2009. The headline inflation rate for the twelve months ending December 2010 was 2.9% compared to 2.5% for the previous period. However, the investment rate dropped from 26.3% in 2009 to 24.6% over the year with the share of private sector investments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

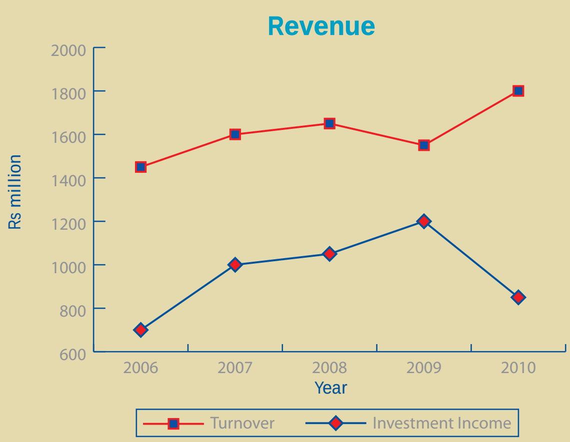
FINANCIAL HIGHLIGHTS

The Life Assurance Fund at 31st December 2010 amounted to Rs. 20.8 billion (Rs. 18.4 billion in 2009) increasing by Rs. 2.4 billion during the year (Rs. 2.7 billion increase in 2009).

The Life Assurance Fund includes a fair value reserve of Rs. 4.3 billion in 2010 (Rs. 3.6 billion in 2009). The increase in fair value reserve of Rs. 0.7 billion made during the year (Rs. 1.5 billion increase in 2009) is due to the unrealised profit of our equities portfolio on the stock exchange.







The premiums receivable net of re-assurances and annuity considerations amounted to Rs. 1.8 billion in 2010 (Rs. 1.6 billion in 2009), including Rs. 744.0 million for the linked business (Rs. 581.2 million in 2009).

The Company sustained during the year death and disablement claims of Rs. 76.2 million as compared to Rs. 64.9 million in 2009. Maturities paid amounted to Rs. 805.0 million as compared to Rs. 840.1 million last year.

During the year, surrenders increased from Rs. 194.1 million to Rs. 284.5 million.

Realised capital appreciation of Rs. 157.5 million was made on the non-linked account during the year as compared to Rs. 37.1 million in 2009, and realised capital appreciation of Rs. 11.0 million was made on the linked account in 2010 as compared to an appreciation of Rs. 15.2 million last year.

Loss on exchange of Rs. 22.7 million was made on the non-linked account in 2010 as compared to a loss of Rs. 38.7 million last year, and loss on exchange of Rs. 0.2 million was made on the linked account during the year as compared to a profit of Rs. 0.5 million in 2009.

Dividends paid in 2010 amounted to Rs. 57 million (Rs. 52 million in 2009).

INVESTMENTS

Equity Market

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

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

Fixed Income Market

On the fixed income side, the market was governed by excessive liquidity driving down treasury rates to rock

group chief executive's review (cont'd)

bottom levels. With inflation rate remaining on the low side at 2.9% at year end, interest rates were reduced over the last quarter by 100 bps to stimulate economic growth.

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

Performance of The Anglo-Mauritius Funds

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

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

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

LEGAL & REGULATORY FRAMEWORK

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

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

(1) The Securities (Takeover) Rules 2010 whose objectives are inter alia to help fill in an existing gap in our legislative framework with regard to takeovers whilst, at the same time, clarifying the concept of "effective control" and safeguarding the rights of minority shareholders and

(2) The Securities (Authorisation of Foreign Investment Dealers) Rules 2010 which apply to the authorisation of foreign investment dealers whose activities shall be restricted to trading on a securities exchange.

HUMAN RESOURCES & ORGANISATION STRUCTURE

We have been aggrieved by the demise, on 4th April 2010, of Dr. Raymond Avrillon, ex-Chief Medical Officer of The Anglo-Mauritius Assurance Society Ltd. I wish to place on record his contribution to the provision of an efficient in-house medical service to our customers and staff from 1995 to 2004.

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

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

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

One important landmark in 2010 has been the setting up of an International Department to market Swan Group's products and services internationally and to develop business opportunities for the Swan Group in selected foreign markets. In this context we have recruited two high profile professionals, namely, Mr. Patrice Bastide and Mr. Philippe Leonard as International Development

Consultants. Mr. Bastide holds a MSc. in Applied Mathematics from the Indiana University of Pennsylvania, U.S.A. He previously worked at Albatross Insurance Company Ltd. where he successively held the positions of Marketing Manager, Motor & Marine Manager, Head Life & Pension and General Manager, Business Development. Mr. Leonard is a senior french qualified Actuary with 19 years experience in Life and Employee benefits. He has gained international experience working for both consultancy companies as well as large European insurance groups.

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

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

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

J. M. Louis Rivalland
Group Chief Executive

corporate governance report

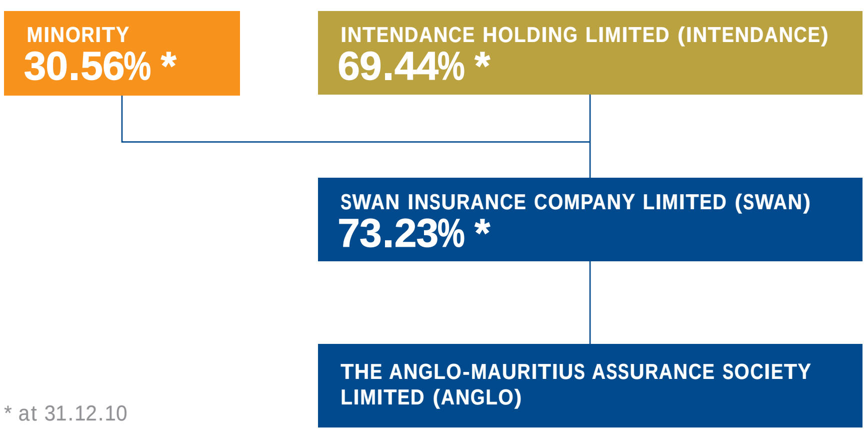
1. COMPLIANCE STATEMENT

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

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

The Board of directors ensures that the principles of good governance are followed and applied throughout the Group.

2. ULTIMATE HOLDING COMPANY



* at 31.12.10

3. COMMON DIRECTORS (at 31.12.2010)

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

4. MAJOR SHAREHOLDERS

At April 30, 2011, the following shareholders held more than 5% of the ordinary share capital of the Company.

	Direct		Indirect
	No. of shares	% of voting rights	% of voting rights
Swan Insurance Company Limited	1,830,730	73.23	-
Intendance Holding Limited	-	-	50.85

5. DIVIDEND POLICY

Every three years, an actuarial valuation report is made by our Consulting Actuaries in accordance with the Insurance Act. The purpose of this valuation is to determine the surplus (deficiency) of the Life Assurance Fund for the period under review.
The surplus is distributed as follows:

- 90% to policyholders as bonuses on policies.
- 10% to shareholders through a transfer to Proprietors' Fund.

The above transfer to Proprietors' Fund is used for the payment of dividends over the next three years and Directors ensure that dividends are authorised and paid out only if the Company shall, upon the distribution being made, satisfy the solvency test.

6. THE BOARD OF DIRECTORS

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

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

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

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

(a) Role of the Board

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

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

(b) Election of Directors

The Code of Corporate Governance provides for directors to be elected (or re-elected as the case may be) every year at the annual meeting of shareholders. However, the Board does not consider this recommendation to be appropriate within the context of the Group. In addition, the constitution of the Company does not make any provision for such a procedure. The Board believes that the complexity of the Group's operations is such that sufficient time should be allowed for an independent director to be reasonably conversant with its technicalities. This applies particularly to those Directors who are members of the Audit and Risks Committee.

(c) Evaluation

1) The Board is composed of Directors coming from a wide cross section of the sectors of our economy. Every Director has drawn from his professional background and competence in positively contributing to the Board's activities; especially those who are members of the Board Committees.

2) The Board is undertaking a process by which Directors will be appraised collectively.

corporate governance report (cont'd)

THE BOARD OF DIRECTORS (cont'd)

(d) Interests in shares at 31.12.2010

(i) Directors

Directors	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
M. E. Cyril Mayer	-	-	200	0.008
F. M. J. Pierre Doger de Spéville	70	0.003	-	-
J. M. Louis Rivalland	9,200	0.368	-	-
	9,270	0.371	200	0.008

(ii) Senior Officers other than Directors : NIL

(e) **Directors' dealing in shares of the Company**

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

7. REMUNERATION POLICY

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

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

- Provide a remuneration package that attracts, retains and motivates staff and help 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 and annual fee for their knowledge, experience and insight given to the Board and Committees.

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

8. BOARD COMMITTEES

(a) The Audit and Risks Committee

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

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

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

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

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

The Audit and Risks Committee's focus is on:

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

(b) The Corporate Governance Committee

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

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

The Corporate Governance Committee's terms of reference (which comprise areas covered by a Nomination and Remuneration Committee) include but are not limited to:

- Determining, agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;
- Assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;
- Putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;
- Making recommendations to the Board on all new Board appointments; and
- Determining the level of emoluments of executive, non-executive, Independent non-executive directors and Board Committees members.

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

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

corporate governance report (cont'd)

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

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

(b) DIRECTORS' REMUNERATION IN 2010

	From the Company	From Subsidiary Companies
	Rs.	Rs.
Non- Executives	983,000	41,000
Executive	3,798,536	2,969,417

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

10. COMPANY SECRETARY

All directors have access to the services of the Company Secretary who is responsible for ensuring that Board procedures are followed and plays an active role in the facilitation and induction of new directors and the improvement and monitoring of corporate governance processes.

11. RELATED PARTY TRANSACTIONS

For related party transactions, please refer to Note 31 to the financial statements.

12. CONSTITUTION

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

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year under review.

14. INTERNAL AUDIT

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

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

- **Role and Responsibilities**
  The Internal Auditors are responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management.
- **Reporting and disclosure**
  - Structure and Organisation
    The internal audit charter, which is reviewed and approved every three years by the Audit and Risks Committee, establishes the composition, role, scope, authority, independence, reporting procedures, auditing standards and responsibilities of the Internal Auditors.
  - Reporting lines
    The Internal Auditors have a direct reporting line to the Audit and Risks Committee and maintain an open and constructive communication with executive management. They also have direct access to the Chairperson of the Committees and of the Board. This reporting structure allows the Internal Auditors to remain independent and report all items of significance to the Board and the Audit and Risks Committee.
- **Coverage and Risk Management**
  The annual internal audit plan, which is approved by the Audit and Risks Committee, is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited.
- **Accessibility**
  The Internal Auditors have unrestricted access to the records, management or employees of the Group.
  The Internal Auditors act as a source of constructive advice and best practice, assisting the Audit and Risks Committee in its responsibility to improve the processes by which risks are identified and managed and to report and advise on the proper and effective use of resources.

15. RISK MANAGEMENT

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

corporate governance report (cont'd)

15. RISK MANAGEMENT (cont'd)

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

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

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

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

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

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

  The Claims department closely monitors claims development. The Management of the underwriting and claims risks 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 makes 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 to the financial statements.

16. INTERNAL CONTROLS

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

The system of internal controls has been designed to safeguard assets of the Group from unauthorised use. The Group maintains proper accounting records to ensure effective operation of its business and compliance with laws and regulations. Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Group activities, including the operation of the internal control system. The system of internal

corporate governance report (cont'd)

16. INTERNAL CONTROLS (cont'd)

controls is, however, designed to provide, assurance against material misstatement or loss, and manage risks of failure in operational systems.

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

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

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

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

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

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

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

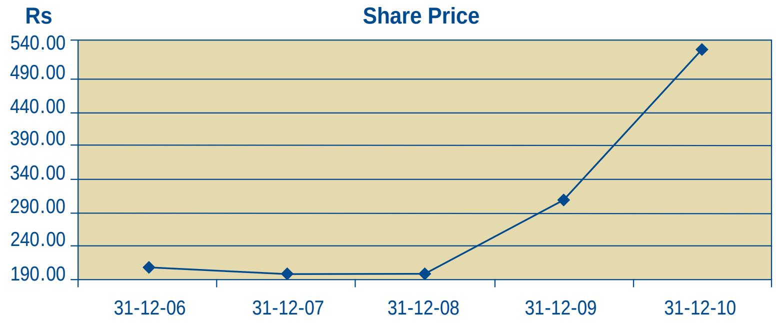
7) Management has put in place appropriate operational and compliance controls at all operating units.

17. SHARE OPTION

The Group has no share option plan.

18. SHARE PRICE INFORMATION

Share Price of the Company increased by 155% over the last five years, from Rs. 210.- per share at December 31, 2006 to Rs. 535.- per share in 2010.



19. SHAREHOLDERS' PROFILE

The Company's shareholders' profile at year-end was as follows:

(a)

Range of shares	No. of shareholders	No. of shares	% holding
1 - 500	228	25,540	1.02
501 - 1,000	35	26,662	1.07
1,001 - 5,000	56	114,011	4.56
5,001 - 10,000	14	100,938	4.04
10,001 - 50,000	4	90,336	3.61
50,001 - 100,000	5	311,783	12.47
100,001 - 250,000	-	-	-
250,001 - 500,000	-	-	-
Over 500,000	1	1,830,730	73.23
TOTAL	**343**	**2,500,000**	**100.00**

(b)

Category	No. of Shareholders	No. of shares	% holding
Individuals	275	218,489	8.74
Insurance and Assurance Companies	4	7,346	0.29
Pension & Provident Funds	9	15,746	0.63
Investment and Trust Companies	8	99,735	3.99
Other Corporate Bodies	46	327,954	13.12
The Holding Company	1	1,830,730	73.23
TOTAL	**343**	**2,500,000**	**100.00**

20. CHARITABLE DONATIONS, CORPORATE SOCIAL RESPONSIBILITY AND POLITICAL CONTRIBUTIONS.

Please refer to 'Other Statutory Disclosures', on page 88.

21. STAKEHOLDERS' RELATIONS AND COMMUNICATION

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

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

corporate governance report (cont'd)

22. CODE OF ETHICS

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

23. SUSTAINABILITY REPORTING

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

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

24. TIME-TABLE OF IMPORTANT FORTHCOMING EVENTS

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

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

statement of directors' responsibilities

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;

(ii) the preparation of financial statements which fairly present the state of affairs of the 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 judgements.

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

The directors report that:

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

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

(iii) applicable accounting standards have been adhered to. Any departure in 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.

M. E. Cyril Mayer
Chairperson

M. A. Eric Espitalier-Noël
Director

independent auditors' report to the members

This report is made solely to the members of The Anglo-Mauritius Assurance Society 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 The Anglo-Mauritius Assurance Society Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 42 to 86 which comprise the statements of financial position at December 31, 2010 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 notes to financial statements.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements on pages 42 to 86 give a true and fair view of the financial position of the Group and of the Company at December 31, 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Insurance Act 2005

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

Financial Reporting Act 2004

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

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

BDO & CO
Chartered Accountants

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

Port Louis,
Mauritius

30th March 2011

statements of financial position

DECEMBER 31, 2010

	Notes	THE GROUP 2010 Rs'000	THE GROUP 2009 Rs'000	THE COMPANY 2010 Rs'000	THE COMPANY 2009 Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	**131,633**	128,382	**106,025**	103,714
Investment properties	6	**448,298**	416,286	**408,533**	376,521
Intangible assets	7	**66,127**	43,865	**42,790**	20,116
Investments in subsidiary companies	8	**-**	-	**72,126**	72,125
Investment in associated company	9	**58,317**	63,748	**-**	-
Investment in financial assets	10	**12,873,202**	12,184,890	**12,873,202**	12,184,890
Loans and receivables	11	**2,465,976**	2,149,335	**2,465,976**	2,149,335
		16,043,553	14,986,506	**15,968,652**	14,906,701
Current assets					
Trade and other receivables	12	**193,453**	193,255	**201,836**	179,471
Investment in financial assets	10	**2,910,975**	1,877,950	**2,910,975**	1,877,950
Loans and receivables	11	**290,094**	259,998	**290,094**	259,998
Short term deposits	13/27(b)	**1,656,293**	1,444,910	**1,656,293**	1,444,910
Cash in hand and at bank	27(b)	**122,072**	80,608	**79,927**	58,393
		5,172,887	3,856,721	**5,139,125**	3,820,722
Total assets		**21,216,440**	18,843,227	**21,107,777**	18,727,423
EQUITY AND LIABILITIES					
Capital and reserves (attributable to owners of the parent)					
Share capital	14	**25,000**	25,000	**25,000**	25,000
Proprietors' fund		**8,256**	60,702	**8,256**	60,702
Owners' interest		**33,256**	85,702	**33,256**	85,702
Non-controlling interest	15	**24,661**	22,523	**-**	-
Total equity		**57,917**	108,225	**33,256**	85,702
Technical Provisions					
Life Assurance Fund	2(i)/16	**20,888,758**	18,507,136	**20,811,302**	18,427,307
Gross outstanding claims	3.1(a)(iii)	**18,747**	13,982	**18,747**	13,982
		20,907,505	18,521,118	**20,830,049**	18,441,289
Non-current liabilities					
Deferred tax liabilities	17	**137**	189	**-**	-
Retirement benefit obligations	18	**87,368**	76,240	**86,749**	76,019
		87,505	76,429	**86,749**	76,019
Current liabilities					
Trade and other payables	19	**158,491**	128,891	**157,396**	118,211
Current tax liabilities		**5,022**	8,564	**327**	6,202
		163,513	137,455	**157,723**	124,413
Total equity and liabilities		**21,216,440**	18,843,227	**21,107,777**	18,727,423

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

M. E. Cyril Mayer
Chairperson

M. A. Eric Espitalier-Noël
Director

The notes on pages 46 to 86 form an integral part of these financial statements.
Auditors' report on pages 40 and 41.

life assurance fund

FOR THE YEAR ENDED DECEMBER 31, 2010

		THE GROUP		THE COMPANY					
				NON-LINKED	LINKED	TOTAL	NON-LINKED	LINKED	TOTAL
	Notes	2010	2009		2010			2009	
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross Premiums		1,674,938	1,475,053	930,910	744,028	1,674,938	893,895	581,158	1,475,053
Ceded to Reinsurers		(83,778)	(74,010)	(83,778)	-	(83,778)	(74,010)	-	(74,010)
Net insurance premiums		1,591,160	1,401,043	847,132	744,028	1,591,160	819,885	581,158	1,401,043
Consideration for annuities		235,757	202,656	235,757	-	235,757	202,656	-	202,656
Fee income on insurance and investment contracts		147,782	116,878	101,917	-	101,917	81,349	-	81,349
Investment income	21	933,056	1,186,852	755,098	205,553	960,651	991,563	207,191	1,198,754
Other income	22	170,023	52,277	158,771	11,022	169,793	37,087	15,190	52,277
Gain on exchange		311	538	-	-	-	-	538	538
Other operating income - rent		18,857	20,859	14,913	-	14,913	16,321	-	16,321
Share of results of associated company	9	6,472	7,677	-	-	-	-	-	-
		3,103,418	2,988,780	2,113,588	960,603	3,074,191	2,148,861	804,077	2,952,938
Gross death and disablement insurance claims		90,748	89,398	87,496	3,252	90,748	84,442	4,956	89,398
Recoverable from reinsurers		(14,587)	(24,495)	(14,587)	-	(14,587)	(24,495)	-	(24,495)
Net death and disablement insurance claims		76,161	64,903	72,909	3,252	76,161	59,947	4,956	64,903
Maturity claims		804,962	840,148	695,336	109,626	804,962	765,665	74,483	840,148
Surrenders		284,511	194,051	145,117	139,394	284,511	111,716	82,335	194,051
Annuities		231,417	217,474	192,507	38,910	231,417	183,048	34,426	217,474
Commissions payable to agents and brokers		85,536	106,332	85,536	-	85,536	106,332	-	106,332
Fees payable		87,288	57,973	44,519	63,123	107,642	22,688	43,009	65,697
Depreciation of property and equipment	5	9,851	9,139	9,206	-	9,206	8,603	-	8,603
Depreciation of investment property	6	8,206	7,400	8,206	-	8,206	7,400	-	7,400
Amortisation of intangible assets	7	9,011	6,507	8,600	-	8,600	6,100	-	6,100
Computer development expenses		3,140	3,202	3,140	-	3,140	3,202	-	3,202
Bad debts		1,934	2,005	1,934	-	1,934	2,005	-	2,005
Marketing and administrative expenses	23	166,319	162,798	138,073	-	138,073	137,580	-	137,580
Loss on exchange		22,888	38,738	22,700	188	22,888	38,738	-	38,738
		1,791,224	1,710,670	1,427,783	354,493	1,782,276	1,453,024	239,209	1,692,233
Surplus for the year before taxation		1,312,194	1,278,110	685,805	606,110	1,291,915	695,837	564,868	1,260,705
Taxation	20	(319)	(10,600)	5,875	-	5,875	(7,277)	-	(7,277)
Surplus for the year		1,311,875	1,267,510	691,680	606,110	1,297,790	688,560	564,868	1,253,428
Surplus transferred as follows:									
- Life Assurance Fund	16	1,308,516	1,261,453	692,922	606,110	1,299,032	688,560	564,868	1,253,428
- Proprietors' Fund		(1,242)	-	(1,242)	-	(1,242)	-	-	-
- Non-controlling interest	15	4,601	6,057	-	-	-	-	-	-
		1,311,875	1,267,510	691,680	606,110	1,297,790	688,560	564,868	1,253,428

The notes on pages 46 to 86 form an integral part of these financial statements.
Auditors' report on pages 40 and 41.

statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2010

THE GROUP	Notes	Attributable to owners of the parent Share capital	Proprietors' fund	Total	Non-controlling interest	Total equity
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2010		**25,000**	**60,702**	**85,702**	**22,523**	**108,225**
Interest allocated		**-**	**5,796**	**5,796**	**-**	**5,796**
Transfer to Life Assurance Fund		**-**	**(1,242)**	**(1,242)**	**-**	**(1,242)**
Net movement for the year	**15**	**-**	**-**	**-**	**2,138**	**2,138**
Dividends	**24**	**-**	**(57,000)**	**(57,000)**	**-**	**(57,000)**
Balance at December 31, 2010		**25,000**	**8,256**	**33,256**	**24,661**	**57,917**
Balance at January 1, 2009		25,000	103,206	128,206	16,466	144,672
Interest allocated		-	9,496	9,496	-	9,496
Net movement for the year	15	-	-	-	6,057	6,057
Dividends	24	-	(52,000)	(52,000)	-	(52,000)
Balance at December 31, 2009		25,000	60,702	85,702	22,523	108,225

THE COMPANY		Share Capital	Proprietors' Fund	Total Equity
		Rs'000	Rs'000	Rs'000
Balance at January 1, 2010		**25,000**	**60,702**	**85,702**
Interest and finance income allocated		**-**	**5,796**	**5,796**
Transfer to Life Assurance Fund		**-**	**(1,242)**	**(1,242)**
Dividend paid	**24**	**-**	**(57,000)**	**(57,000)**
Balance at December 31, 2010		**25,000**	**8,256**	**33,256**
Balance at January 1, 2009		25,000	103,206	128,206
Interest allocated		-	9,496	9,496
Dividends	24	-	(52,000)	(52,000)
Balance at December 31, 2009		25,000	60,702	85,702

The notes on pages 46 to 86 form an integral part of these financial statements.
Auditors' report on pages 40 and 41.

statements of cash flows

FOR THE YEAR ENDED DECEMBER 31, 2010

	Notes	THE GROUP 2010	THE GROUP 2009	THE COMPANY 2010	THE COMPANY 2009
		Rs'000	Rs'000	Rs'000	Rs'000
Cash flows from operating activities					
Cash generated from operations	27(a)	**332,297**	127,996	**280,073**	111,095
Investment income received		**933,056**	1,186,852	**960,651**	1,198,754
Tax paid		**(3,861)**	(10,188)	**-**	(7,277)
Net cash generated from operating activities		**1,261,492**	1,304,660	**1,240,724**	1,302,572
Cash flows from investing activities					
Purchase of property and equipment	5	**(13,408)**	(8,465)	**(11,744)**	(8,246)
Purchase of investment property	6	**(53,053)**	(878)	**(53,053)**	(878)
Purchase of intangible assets/life segment	7	**(31,274)**	(25,633)	**(31,274)**	(25,458)
Purchase of financial assets	10	**(3,946,820)**	(4,942,460)	**(3,946,820)**	(4,942,460)
Loans granted		**(682,400)**	(233,627)	**(682,400)**	(233,627)
Redemption/disposal of financial assets		**3,366,354**	3,179,127	**3,366,354**	3,179,127
Disposal of property and equipment		**877**	1,300	**568**	1,300
Disposal of investment properties		**16,112**	-	**16,112**	-
Loans received		**374,302**	352,672	**374,302**	352,672
Acquisition of subsidiary	8	**-**	-	**(1)**	-
Net cash used in investing activities		**(969,310)**	(1,677,964)	**(967,956)**	(1,677,570)
Cash flows from financing activities					
Loan repayment from subsidiary		**-**	-	**-**	2,175
Dividends paid	24	**(57,000)**	(52,000)	**(57,000)**	(52,000)
Net cash used in financing activities		**(57,000)**	(52,000)	**(57,000)**	(49,825)
Decrease in cash and cash equivalents		**235,182**	(425,304)	**215,768**	(424,823)
Movement in cash and cash equivalents					
At January 1,		**1,525,518**	1,989,503	**1,503,303**	1,966,326
Increase/(decrease)		**235,182**	(425,304)	**215,768**	(424,823)
Cash from acquisition of life business segment	26	**40,037**	-	**40,037**	-
Effects of exchange rate changes		**(22,372)**	(38,681)	**(22,888)**	(38,200)
At December 31,	27(c)	**1,778,365**	1,525,518	**1,736,220**	1,503,303

The notes on pages 46 to 86 form an integral part of these financial statements.
Auditors' report on pages 40 and 41.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2010

1. GENERAL INFORMATION

The Anglo-Mauritius Assurance Society 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 activities of the Company consist of life assurance, pensions, actuarial and investment business and have remained unchanged during the year. The activities of the subsidiary companies are detailed in note 8.

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

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

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

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

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

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

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

IFRIC 18, 'Transfers of Assets from Customers', addresses the treatment for assets transferred from a customer in return for connection to a network or ongoing access to goods or services, or both. It requires the transferred assets to be recognised initially at fair value and the related revenue to be recognised immediately; or, if there is a future service obligation,

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

revenue is deferred and recognised over the relevant service period. This IFRIC will not have any impact on the Group's financial statements.

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

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

Improvements to IFRSs (issued May 22, 2008)

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

Improvements to IFRSs (issued April 16, 2009)

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

IAS 7 (Amendment), 'Statement of Cash Flows', clarifies that only expenditure that results in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

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

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

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

IAS 38 (Amendment), 'Intangible Assets', clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment removes the exceptions from recognising intangible assets on the basis that their fair values cannot be reliably measured. Intangible assets acquired in a business combination that are separable or arise from contractual or other legal rights should be recognised. The amendment specifies different valuation techniques that may be used to value intangible assets where there is no active market. The amendment is unlikely to have an impact on the Group's financial statements. The Company acquired a life segment during the year, disclosed in note 7 and 26.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

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

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

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

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

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

IFRIC 16 (Amendment), 'Hedges of a Net Investment in a Foreign Operation', clarifies that hedging instruments may be held by any entity or entities within the group. This includes a foreign operation that itself is being hedged. This amendment is unlikely to have an impact on the Group's financial statements.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2011 or later periods, but which the Group has not early adopted.

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

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

Improvements to IFRSs (issued May 6, 2010)

IFRS 1 First-time Adoption of International Financial Reporting Standards
IFRS 3 Business Combinations (Effective July 1, 2010)
IFRS 7 Financial Instruments: Disclosures

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)

IAS 1 Presentation of Financial Statements
IAS 27 Consolidated and Separate Financial Statements (Effective July 1, 2010)
IAS 34 Interim Financial Reporting
IFRIC 13 Customer Loyalty Programmes

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

(b) Property and Equipment

All property and equipment 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 in and the cost of the item can be measured reliably.

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

Buildings	2%
Furniture, fixtures and fittings	10%
Computer equipment	15% - 33.3%
Electrical equipment	10%
Motor vehicles	20%

Land is not depreciated.

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

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

Gains and losses on disposal of property and equipment are determined by comparing proceeds with their carrying amount and are included in the Life Assurance Fund.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in the Life Assurance Fund. Decreases that offset previous increases of the same asset are charged against Life Assurance Fund.

(c) Intangible assets

Intangible assets consist of the following :

(i) Goodwill

Goodwill represents the excess of cost of acquisition over the Group's interest in the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Any net excess of the Group's interest in the net fair value of acquiree's net identifiable assets over cost is recognised in the Life Assurance Fund.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Intangible assets (cont'd)

(i) Goodwill (cont'd)

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(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.

(iv) Value of business acquired (VOBA)
This represents the value of the customer lists and customer relationships reflecting the expectation of future contracts that are not part of the contractual insurance rights and contractual insurance obligations that existed at the date of the business acquisition. The intangible asset is amortised over the estimated life of the contracts i.e 15 years.

(d) Investment Property

Property held to earn rentals or capital appreciation or both and not occupied by the Group is classified as investment property.

Investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight line method to write off the cost of each asset, to its residual value over its estimated useful life. The principal annual rate used is:-

Buildings 2%

Land is not depreciated.

Gains and losses on disposal of investment property are determined by reference to their carrying amount and are taken into account in determining the surplus on the Life Assurance Fund.

(e) 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 assets' 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).

(f) Investment in subsidiaries

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

Consolidated financial statements
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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Investment in subsidiaries (cont'd)

Consolidated financial statements (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 either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

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.

(g) Investment in associate

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

Consolidated financial statements
An associate is an entity over which the Group has significant influence but not control, or joint control. Investments in associates are accounted for by the equity method except when classified as held-for-sale. The Group's investment in associates may include goodwill, net of any accumulated impairment loss identified on acquisition. 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.

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.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments

(i) Financial assets

A. Categories of financial assets

The Group classifies its financial assets into the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the investments at initial recognition and re-evaluates this at every reporting date.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable. They are included in current assets when maturity is within twelve months after the end of the reporting period or non-current assets for maturities greater than twelve months.

(b) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity.

(c) Available-for-sale financial assets

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

(d) Trade and other receivables and payables

Trade receivables and payables relate to insurance contracts and are recognised when due. These include amounts due to and from reinsurers, agents, brokers and insurance contract holders.

B. Recognition and measurement

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

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

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

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

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity of the subsidiaries and in the Life Assurance Fund for the company, until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in equity 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 Life Assurance Fund as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices (Level 1). The fair values of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined by using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as on entity specific estimates (Level 2). If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and net assets basis (Level 3) (see note 10(b)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (cont'd)

(i) Financial assets (cont'd)

C. Impairment of financial assets

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

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

(ii) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of provision is recognised in the Life Assurance Fund.

(iii) Trade payables

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

The carrying amounts of trade receivables and payables and other receivables and payables are assumed to approximate their fair values.

(iv) Cash and cash equivalents

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

(i) 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 name of the Life Assurance Fund.

(j) 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Retirement Benefit Obligations (cont'd)

(i) Defined Benefit Plan (cont'd)

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

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

(ii) Defined Contribution Plan

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

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

(iii) The Company

The Company, 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.

(k) Deferred Income Tax

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

Deferred income tax is determined using tax rates that have been enacted by the end of the reporting period and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

(l) Insurance contracts - The Company

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 Company considers that virtually all its long-term products are insurance contracts.

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

Insurance contracts issued by the Company are classified into the following main categories:

(i) Long-term insurance contracts without fixed terms and with discretionary participating feature (DPF)

This type of contracts entitles the contract holders to a minimum guaranteed amount. The Discretionary Participating Feature (DPF) component gives the contract holders contractual rights to bonuses in addition to the minimum guaranteed amounts. A bonus is declared when the actual return on backing assets is higher than the expected return

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Insurance contracts - The Company (cont'd)

(i) Long-term insurance contracts without fixed terms and with discretionary participating feature (DPF) (cont'd)

at inception of the contract. The amount and timing of the settlement of the DPF element is however at the discretion of the Company. The bonus is derived from the DPF eligible surplus available arising mainly from upon revaluation of backing assets. Revaluation of long-term business assets is carried out by independent Actuaries on a triennial basis.

The Company has legal obligation to eventually pay to contract holders at least 90% of the DPF eligible surplus. Any portion of the DPF eligible surplus that is not declared as a bonus rate and not credited to individual contract holders accounts is retained as a liability for the benefit of all contract holders until declared and credited to them individually in future periods. Equity holders' share of the DPF eligible surplus, equal to 10%, is transferred from the Life Assurance Fund to the Proprietors' funds on a triennial basis when bonuses are declared.

(ii) Long-term insurance contracts with fixed and guaranteed terms
These contracts insure events with human life (for example death or survival) over a long duration. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is based on assumptions such as mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

(iii) Unit-Linked
A unit-linked insurance contract includes an embedded derivative linking payments on the contract to units of investment (unitised) funds set up by the Company with consideration received from contract holders. This embedded derivative meets the definition of an insurance contract and is therefore not accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

(m) Revenue recognition - Premiums Earned

(i) The Group
Revenue comprises the fair value for services rendered and after eliminating revenue within the Group.

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

(n) Liability adequacy test

The Company's independent Actuaries review contract liabilities and carry out a liability adequacy test using current estimates of future contractual cash flows after taking into account the investment return expected on assets relating to the relevant long-term business. Any deficiency is immediately recognised to the Life Assurance Fund by establishing a provision for the losses arising from liability adequacy test (the unexpired risk provision).

(o) Reinsurance contracts

Contracts entered into by the Company with Reinsurers under which it is compensated for losses are classified as reinsurance contracts held. The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company's reinsurance assets arise from 'First Surplus Obligatory' treaty arrangements. Reinsurance assets are assessed for impairment on a regular basis. If ever there is objective evidence that the assets are impaired, the carrying amounts are reduced to the recoverable amounts and impairments recognised in the Life Assurance Fund.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Other revenue recognition

(i) Consideration for annuities - upon maturity of insurance contracts.
(ii) Rental income - as it accrues based on the terms of the rental contract.
(iii) Interest income - on a time-proportion basis using the effective interest method.
(iv) Dividend income - when the shareholder's right to receive payment is established.

(q) Foreign Currencies

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

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement or Life Assurance Fund. 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 the Life Assurance Fund.

(iii) Group companies
The results and financial position of the subsidiary, Swan International Co. Limited holding a Global Business 1 Licence (GBL 1),which has a functional currency different from that of the presentation currency of the Company, are translated as follows:
(a) assets and liabilities are translated at the end of the reporting period rate;
(b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(c) the resulting exchange differences are recognised in the 'Translation Reserve', as a separate component of equity.

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

(r) Provisions

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

(s) Dividend distribution

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

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

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

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

3.1 Insurance risk

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 random and therefore 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 benefit 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) Concentration, frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. Insurance risk is therefore subject to contract holders' behaviours and the impact of contract holders' behaviours have been factored into the assumptions used to measure insurance liabilities.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating items and conditions that reduce the insurance risk accepted.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Company balances death risk and survival risk across its portfolio. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company has defined group-wide retention limit on any single life insured and reinsures the excess of the insured benefit over its retention limit. The retention limit is further reinsured through a Catastrophe Risk Reinsurance treaty. The Company does not have any reinsurance covers for contracts that insure survival risk.

(ii) Sources of uncertainty in the estimation of future payments and premium receipts

Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holders' behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written and statistical data are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. When data is not sufficient to be statistically credible, the best estimate of future mortality is based on standard industry tables adjusted for the Company's experience.

(iii) Claims development

The claims relates to death claims of the Company. The table below illustrates the outstanding claims at the end of the previous five years appearing in the statement of financial position:

	2006	2007	2008	2009	2010
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross outstanding claims	10,101	18,072	21,286	13,982	18,747

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

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 interest rates, equity prices, property prices and foreign currency exchange rates.

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 Company levels.

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

(i) Currency risk

<u>The Group :</u>
The Company has an investment in a Global Business Licence ('GBL') company which in turn holds an equity investment in Seychelles. The net assets of the GBL company is exposed to currency translation risk.

<u>The Company :</u>
The Company purchases reinsurance contracts internationally, thereby exposing it to foreign currency fluctuations. The Company's primary exposures are with respect to the Euro, US Dollar and UK pound sterling. The Company also has a number of investments in foreign currencies, namely Euro, US Dollar, Seychelles Rupee SCR and Swiss Franc CHF, 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.

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

3.2.1 Market risk (cont'd)

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

At December 31, 2010	Rs.	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
- Financial assets	**11,851,608**	**2,339**	**3,129,717**	**647,118**	**153,395**	**15,784,177**
- Loans and receivable	**2,756,070**	**-**	**-**	**-**	**-**	**2,756,070**
- Other non-current assets	**704,375**	**-**	**-**	**-**	**-**	**704,375**
- Current assets						
• Trade and other receivables	**193,453**	**-**	**-**	**-**	**-**	**193,453**
• Bank balances, deposits and cash	**688,613**	**6,482**	**488,541**	**296,005**	**298,724**	**1,778,365**
TOTAL ASSETS	**16,194,119**	**8,821**	**3,618,258**	**943,123**	**452,119**	**21,216,440**
Liabilities						
- Technical Provisions :						
• Life assurance fund	**20,888,758**	**-**	**-**	**-**	**-**	**20,888,758**
• Outstanding claims and IBNR	**18,747**	**-**	**-**	**-**	**-**	**18,747**
- Non-current liabilities	**87,505**	**-**	**-**	**-**	**-**	**87,505**
- Current liabilities	**163,513**	**-**	**-**	**-**	**-**	**163,513**
TOTAL LIABILITIES	**21,158,523**	**-**	**-**	**-**	**-**	**21,158,523**

At December 31, 2009	Rs.	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
- Financial assets	**10,699,284**	23,590	2,608,397	568,325	163,244	14,062,840
- Loans and receivable	**2,409,333**	-	-	-	-	2,409,333
- Other non-current assets	**652,281**	-	-	-	-	652,281
- Current assets						
• Trade and other receivables	**193,255**	-	-	-	-	193,255
• Bank balances, deposits and cash	**540,161**	10,836	400,172	573,611	738	1,525,518
TOTAL ASSETS	**14,494,314**	34,426	3,008,569	1,141,936	163,982	18,843,227
Liabilities						
- Technical Provisions :						
• Life assurance fund	**18,507,136**	-	-	-	-	18,507,136
• Outstanding claims and IBNR	**13,982**	-	-	-	-	13,982
- Non-current liabilities	**76,429**	-	-	-	-	76,429
- Current liabilities	**137,455**	-	-	-	-	137,455
TOTAL LIABILITIES	**18,735,002**	-	-	-	-	18,735,002

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

3.2.1 Market risk (cont'd)

(i) Currency risk

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		OTHERS	
	+5%	-5%	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Life Assurance Fund :								
- At December 31, 2010								
- Financial assets	**117**	**(117)**	**156,486**	**(156,486)**	**32,356**	**(32,356)**	**7,670**	**(7,670)**
- Bank balances, deposits and cash	**324**	**(324)**	**24,427**	**(24,427)**	**14,800**	**(14,800)**	**14,936**	**(14,936)**
- At December 31, 2009								
- Financial assets	1,180	(1,180)	130,420	(130,420)	28,416	(28,416)	8,162	(8,162)
- Bank balances, deposits and cash	542	(542)	20,009	(20,009)	28,681	(28,681)	37	(37)

(ii) Interest rate risk

The Group :

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.

The interest rate profiles of the financial assets of the Group as at December 31, were as follows:

	2010	2009
	%	%
Held-to-Maturity investments	**2.00 - 8.00**	4.65 - 8.00
Loans and receivables	**6.00 - 14.00**	6.00 - 14.00
Short-term deposits	**3.50 - 4.50**	4.50 - 5.50
Bank balances	**0.00 - 4.50**	0.00 - 5.50

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended December 31, 2010 would increase/decrease by Rs.60.1m(2009: Rs.59.6m)

The Company :

For liabilities under long-term insurance contracts with fixed and guaranteed terms, changes in interest rate will not cause a change to the amount of liability because their carrying amounts are not affected by the level of market interest rates.

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

3.2.1 Market risk (cont'd)

(ii) Interest rate risk (cont'd)

For unit linked contracts, the Company matches all the assets on which the unit prices are based with assets in the portfolio. There is therefore no price, currency or interest risk on these contracts.

However for insurance contracts with DPF, the DPF element liabilities are directly affected by changes in the level of interest rates to the extent that they affect the carrying amount of underlying assets.
An increase in the value of the assets would require all other assumptions being equal, an increase in the DPF liability and vice versa.

Management regularly monitors the sensitivity of reported interest rate movements.

Sensitivity

A change of 50 basis point in interest rates has no material impact on the DPF eligible surplus of the life fund.

(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 investment concentration as part as overall prudent portfolio investment policy.

The Group does not have material holdings in unquoted equity securities. The Investment Committee actively monitors equity assets owned directly by the Company 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 Life Assurance Fund had the equity market values increased/decreased by 1% with other assumptions left unchanged would have been as follows :

	Impact on Shareholders' equity	
	+1%	-1%
At December 31, 2010	Rs'm	Rs'm
- Available for sale financial assets	**100**	**(100)**
At December 31, 2009		
- Available for sale financial assets	87	(87)

3.2.2 Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Group's credit risk is primarily attributable to :
— reinsurer's share of insurance liabilities;
— amounts due from reinsurers in respect of claims already paid;
— amounts due from insurance contract holders, and
— amounts due from insurance intermediaries.

The amounts presented in the balance sheets 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.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

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

3.2.2 Credit risk (cont'd)

Reinsurance credit exposures - The Company

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

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk. The Company's largest reinsurance counterparty is Swiss Re. At December 31, 2010, the reinsurance assets recoverable was Rs 6.9m (2009 : Rs.21m).

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 Company will arise.

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

The following table provides information regarding the carrying value of loans and receivables that have been impaired and the ageing of financial assets that are past due but not impaired. Financial assets and trade and other receivables of the Group are neither past due nor impaired.

	Neither past due nor impaired Rs'000	Financial assets that have been impaired Rs'000	Carrying amount at year end Rs'000
2010			
- Loans and receivables	**2,738,070**	**18,000**	**2,756,070**
- Trade and other receivables	**193,453**	**-**	**193,453**
2009			
- Loans and receivables	2,393,333	16,000	2,409,333
- Trade and other receivables	193,255	-	193,255

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 tables below analyse the Group's financial assets and liabilities to the relevant maturity groupings based on the remaining years of repayment.

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

3.2.3 Liquidity risk (cont'd)

Maturities of financial assets and liabilities:

At December 31, 2010	< 1 year	1 to 5 years	>5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Financial assets	**12,916,364**	**1,625,877**	**1,241,936**	**15,784,177**
- Loans and receivable	**290,094**	**2,465,976**	**-**	**2,756,070**
- Other non-current assets	**704,375**	**-**	**-**	**704,375**
- Current assets				
• Trade and other receivables	**193,453**	**-**	**-**	**193,453**
• Bank balances, deposits and cash	**1,778,365**	**-**	**-**	**1,778,365**
TOTAL ASSETS	**15,882,651**	**4,091,853**	**1,241,936**	**21,216,440**
Liabilities				
- Technical Provisions :				
• Life assurance fund	**20,888,758**	**-**	**-**	**20,888,758**
• Outstanding claims and IBNR	**18,747**	**-**	**-**	**18,747**
- Non-current liabilities	**-**	**87,505**	**-**	**87,505**
- Current liabilities	**163,513**	**-**	**-**	**163,513**
TOTAL LIABILITIES	**21,071,018**	**87,505**	**-**	**21,158,523**

At December 31, 2009	< 1 year	1 to 5 years	> 5 years	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Assets				
- Financial assets	10,628,348	2,071,732	1,362,760	14,062,840
- Loans and receivable	259,998	2,149,335	-	2,409,333
- Other non-current assets	652,281	-	-	652,281
- Current assets				
• Trade and other receivables	193,255	-	-	193,255
• Bank balances, deposits and cash	1,525,518	-	-	1,525,518
TOTAL ASSETS	13,259,400	4,221,067	1,362,760	18,843,227
Liabilities				
- Technical Provisions :				
• Life assurance fund	18,507,136	-	-	18,507,136
• Outstanding claims and IBNR	13,982	-	-	13,982
- Non-current liabilities	-	76,429	-	76,429
- Current liabilities	137,455	-	-	137,455
TOTAL LIABILITIES	18,658,573	76,429	-	18,735,002

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

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 maintain at all times the Minimum Capital Requirement as required by the Insurance Act 2005, i.e as determined by the company's actuary at the higher of :

  (a) a stress test requirement determined in accordance with guidelines issued by the Commission or
  (b) the higher of an amount of Rs.25m or an amount representing 13 weeks' operating expenses.

- 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 Company is required to maintain at all times a solvency margin that is at least equal to the Minimum Capital Requirement.

The Company's capital and solvency margins are above the minimums required by the Insurance Act 2005 and proper internal controls are in place to ensure that they remain so.

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.

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.

4.1 Insurance contracts - The Company

(i) Estimates of future benefit payments
Long-term business technical provisions are computed using statistical or mathematical methods. The computations are made by the Company's Actuaries on the basis of recognised actuarial methods, with due regard to the actuarial principles laid down by the law and by actuarial best practices. The methodology takes into account the risks and uncertainties of the particular classes of long-term business written and the results are certified by the professionals undertaking the valuations.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Company. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Company is exposed to longevity risk.

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

4.1 Insurance contracts (cont'd)

For contracts without fixed terms, it is assumed that the Company will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Under certain contracts, where the Company has offered guaranteed annuity options, estimates are made based on the percentage of contract holders that will exercise them. Changes in investment conditions could result in significantly more contract holders exercising their options than has been assumed.

Estimates are also made as to the future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates are made in two stages. Estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract. New estimates are made each subsequent year in order to determine whether the previous liabilities are adequate in the light of these latest estimates. If the liabilities are considered adequate, the assumptions are not altered. If they are not adequate, the assumptions are altered ('unlocked') to reflect the best estimate assumptions.

(ii) Sensitivity

The reasonableness of the estimation process of future benefit payments is tested by an analysis of sensitivity under several different scenarios. This analysis enables the Company to assess the most significant assumptions and monitor the emerging variations accordingly.

4.2 Reinsurance - The Company

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by their Reinsurers. The Company monitors the financial strength of their Reinsurers. Allowance is made in the financial statements for non-recoverability due to Reinsurer's default as required.

4.3 Held-to-maturity investments

The Group applies International Accounting Standard (IAS) 39 - Financial Instruments "Recognition and Measurement" on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making their judgement for classification, 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 and not amortised cost.

4.4 Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when a financial asset is permanently 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, sector performance, changes in operations and technology.

4.5 Impairment of other assets

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

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

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 Limitation of sensitivity analysis

The sensitivity analyses demonstrate 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.

The sensitivity analyses do 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 - 2010	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Electrical Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) COST/DEEMED COST						
At January 1, 2010	129,736	79,254	39,522	2,248	17,875	268,635
Additions	571	4,152	3,610	-	5,075	13,408
Disposals	-	-	(269)	-	(2,413)	(2,682)
At December 31, 2010	**130,307**	**83,406**	**42,863**	**2,248**	**20,537**	**279,361**
DEPRECIATION						
At January 1, 2010	17,205	73,128	34,640	2,248	13,032	140,253
Charge for the year	2,124	1,900	4,154	-	1,673	9,851
Disposal adjustment	-	-	(269)	-	(2,107)	(2,376)
At December 31, 2010	**19,329**	**75,028**	**38,525**	**2,248**	**12,598**	**147,728**
NET BOOK VALUE						
At December 31, 2010	**110,978**	**8,378**	**4,338**	**-**	**7,939**	**131,633**

5. PROPERTY AND EQUIPMENT (CONT'D)

THE GROUP - 2009	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Electrical Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(b) COST/DEEMED COST						
At January 1, 2009	151,954	73,993	34,014	2,248	23,026	285,235
Additions	-	2,946	5,519	-	-	8,465
Consolidation adjustment	(7,343)	9,605	(11)	-	-	2,251
Transfer	(14,875)	(7,290)	-	-	-	(22,165)
Disposals	-	-	-	-	(5,151)	(5,151)
At December 31, 2009	**129,736**	**79,254**	**39,522**	**2,248**	**17,875**	**268,635**
DEPRECIATION						
At January 1, 2009	17,025	69,407	31,053	2,166	15,124	134,775
Charge for the year	2,113	1,613	3,590	82	1,741	9,139
Consolidation adjustment	150	2,108	(3)	-	(5)	2,251
Transfer	(2,083)	-	-	-	-	(2,083)
Disposal adjustment	-	-	-	-	(3,828)	(3,828)
At December 31, 2009	**17,205**	**73,128**	**34,640**	**2,248**	**13,032**	**140,253**
NET BOOK VALUE						
At December 31, 2009	**112,531**	**6,126**	**4,882**	**-**	**4,843**	**128,382**

THE COMPANY - 2010	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(c) COST					
At January 1, 2010	105,637	78,327	37,977	16,074	238,015
Additions	571	3,967	3,411	3,795	11,744
Disposals	-	-	(269)	(1,587)	(1,856)
At December 31, 2010	**106,208**	**82,294**	**41,119**	**18,282**	**247,903**
DEPRECIATION					
At January 1, 2010	16,683	72,690	33,294	11,634	134,301
Charge for the year	2,124	1,643	4,036	1,403	9,206
Disposal adjustment	-	-	(269)	(1,360)	(1,629)
At December 31, 2010	**18,807**	**74,333**	**37,061**	**11,677**	**141,878**
NET BOOK VALUE					
At December 31, 2010	**87,401**	**7,961**	**4,058**	**6,605**	**106,025**

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY - 2009	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(d) COST					
At January 1, 2009	120,512	80,410	32,631	21,225	254,778
Additions	-	2,900	5,346	-	8,246
Adjustment		2,307			2,307
Transfers	(14,875)	(7,290)	-	-	(22,165)
Disposals	-	-	-	(5,151)	(5,151)
At December 31, 2009	**105,637**	**78,327**	**37,977**	**16,074**	**238,015**
DEPRECIATION					
At January 1, 2009	16,653	68,852	29,837	13,960	129,302
Charge for the year	2,113	1,531	3,457	1,502	8,603
Adjustment	-	2,307	-	-	2,307
Transfers	(2,083)	-	-	-	(2,083)
Disposal adjustment	-	-	-	(3,828)	(3,828)
At December 31, 2009	**16,683**	**72,690**	**33,294**	**11,634**	**134,301**
NET BOOK VALUE					
At December 31, 2009	**88,954**	**5,637**	**4,683**	**4,440**	**103,714**

6. INVESTMENT PROPERTY - LAND AND BUILDINGS

	THE GROUP	THE COMPANY
2010	Rs'000	Rs'000
COST		
At January 1, 2010	464,776	424,763
Additions	53,053	53,053
Disposal	(14,477)	(14,477)
At December 31, 2010	**503,352**	**463,339**
DEPRECIATION		
At January 1, 2010	48,490	48,242
Charge for the year	8,206	8,206
Disposal	(1,642)	(1,642)
At December 31, 2010	**55,054**	**54,806**
NET BOOK VALUE	**448,298**	**408,533**
2009		
COST		
At January 1, 2009	441,733	400,683
Additions	878	878
Transfer	22,165	23,202
At December 31, 2009	**464,776**	**424,763**
DEPRECIATION		
At January 1, 2009	39,007	38,759
Charge for the year	7,400	7,400
Transfer	2,083	2,083
At December 31, 2009	**48,490**	**48,242**
NET BOOK VALUE	**416,286**	**376,521**

6. INVESTMENT PROPERTY - LAND AND BUILDINGS (CONT'D)

(a) The fair value of investment property is estimated as follows:

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
At December 31,	**975,397**	975,397	**908,897**	908,897

The investment property were revalued in December 2008 by International Valuers Limited, on an open market value basis and is performed every 3 years.

The following have been recognised in the Life Assurance Fund.

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rental income	**38,627**	39,031	**34,683**	34,897
Direct operating expenses	**19,770**	18,264	**19,770**	18,264

7. INTANGIBLE ASSETS

THE GROUP - 2010	Goodwill	Computer Softwares	Development Cost	VOBA	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1,	22,128	10,410	21,975	-	54,513
Additions	-	2,797	-	28,477	31,274
Acquisition of life business assets (note 26)	-	-	-	-	-
At December 31,	**22,128**	**13,207**	**21,975**	**28,477**	**85,787**
AMORTISATION					
At January 1,	-	6,254	4,395	-	10,649
Charge for the year	-	2,718	4,395	1,898	9,011
At December 31,	-	8,972	8,790	1,898	19,660
NET BOOK VALUE	**22,128**	**4,235**	**13,185**	**26,579**	**66,127**

THE GROUP - 2009	Goodwill	Computer Softwares	Development Cost	VOBA	Total
COST					
At January 1,	22,128	6,752	-	-	28,880
Additions	-	3,658	21,975	-	25,633
At December 31,	**22,128**	**10,410**	**21,975**	**-**	**54,513**
AMORTISATION					
At January 1,	-	4,142	-	-	4,142
Charge for the year	-	2,112	4,395	-	6,507
At December 31,	-	6,254	4,395	-	10,649
NET BOOK VALUE	**22,128**	**4,156**	**17,580**	**-**	**43,865**

7. INTANGIBLE ASSETS (CONT'D)

THE COMPANY - 2010	Computer Softwares	Development Cost	VOBA	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	6,640	21,975	-	28,615
Additions	2,797	-	28,477	31,274
At December 31,	**9,437**	**21,975**	**28,477**	**59,889**
AMORTISATION				
At January 1,	4,104	4,395	-	8,499
Charge for the year	2,307	4,395	1,898	8,600
At December 31,	**6,411**	**8,790**	**1,898**	**17,099**
NET BOOK VALUE	**3,026**	**13,185**	**26,579**	**42,790**

THE COMPANY - 2009	Computer Softwares	Development Cost	VOBA	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	4,194	-	-	4,194
Additions	3,483	21,975	-	25,458
Transfer	(1,037)	-	-	(1,037)
At December 31,	**6,640**	**21,975**	**-**	**28,615**
AMORTISATION				
At January 1,	2,399	-	-	2,399
Charge for the year	1,705	4,395	-	6,100
At December 31,	**4,104**	**4,395**	**-**	**8,499**
NET BOOK VALUE	**2,536**	**17,580**	**-**	**20,116**

The Value of Business Acquired (VOBA) relates to the acquisition of the life segment of Sun Insurance Co Ltd during the year, disclosed in note 26.

8. INVESTMENTS IN SUBSIDIARY COMPANIES

	THE COMPANY	
	2010	2009
	Rs'000	Rs'000
(a) UNQUOTED		
At January 1,	**72,125**	74,300
Additions	**1**	-
Refund of loan	**-**	(2,175)
At December 31,	**72,126**	72,125
Made up as follows:		
Investments	**72,126**	72,125
Loan to subsidiary company	**-**	-
	72,126	72,125

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

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

Name of subsidiary	Class of shares held	Stated Capital		Nominal value of investment		Proportion of ownership interest and voting power held		Main business
		2010	2009	2010	2009	2010	2009	
		Rs'000	Rs'000	Rs'000	Rs'000	%	%	
• Manufacturers' Distributing Station Limited	Ordinary	961	961	47,686	47,686	99.80%	99.80%	• Investment Company
• Pension Consultant and Administration Limited **	Ordinary	4,100	4,100	22,825	22,825	100%	100%	• Pension and fund administration
• The Anglo-Mauritius Financial Services Limited **	Ordinary	1,000	1,000	1,000	1,000	100%	100%	• Fund management and investment consulting
• Swan Group Corporate Services Ltd	Ordinary	1,000	1,000	500	500	50%	50%	• Provide secretarial services to Swan Group
• Société de la Croix *	Parts	2,500	2,500	-	-	100%	100%	• Investment entity
• Société de la Montagne *	Parts	45,654	45,654	-	-	100%	100%	• Investment entity
• Société de la Rivière *	Parts	2,500	2,500	-	-	100%	100%	• Investment entity
• Swan Group Foundation	Limited by guarantee	1	-	1	-	50%	0%	• Management of Swan Group CSR fund (not consolidated)
		USD	USD					
• Swan International Ltd	Ordinary	7,000	7,000	114	114	49%	49%	• Reinsurance brokers and consultants

(c) * The Company owns 100% of the three above-named sociétés through Manufacturers' Distributing Station Limited.
(d) ** As from 1st May 2010, an agreement has been reached whereby the proprietors' will have a right to dividend of the company.

9. INVESTMENTS IN ASSOCIATED COMPANY

(a) Group's share of net assets

		2010	2009
		Rs '000	Rs '000
At January 1,		63,748	35,323
Share of results of associated company (page 43)		6,472	7,677
Dividends		-	(6,391)
Other equity movements		(953)	4,011
Exchange difference		(10,950)	23,128
At December 31,	Rs.	58,317	63,748

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

Name	Year end	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest Indirect
		Rs '000	Rs '000	Rs '000	Rs '000	%
2010						
State Assurance Co. Ltd (SACL)	December 31,	354,543	227,335	259,560	35,697	18.13%
2009						
State Assurance Co. Ltd (SACL)	December 31,	614,712	268,585	183,788	42,345	18.13%

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

10. FINANCIAL ASSETS

	THE GROUP AND THE COMPANY			
	2010			2009
	Held-to-maturity	Available-for-sale	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Local Securities				
At January 1,	5,312,442	5,375,598	10,688,040	8,994,575
Additions	3,197,368	248,040	3,445,408	3,753,371
Increase in fair value	-	504,492	504,492	929,869
Disposals	(2,774,571)	(101,070)	(2,875,641)	(2,940,054)
Accrued interest	43,549	-	43,549	(49,721)
At December 31,	5,778,788	6,027,060	11,805,848	10,688,040

(b) Foreign Securities	Held-to-maturity	Available-for-sale	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	-	3,374,800	3,374,800	1,772,230
Additions	-	802,559	802,559	1,189,089
Increase in fair value	-	200,942	200,942	601,899
Disposals	-	(399,972)	(399,972)	(188,418)
At December 31,	-	3,978,329	3,978,329	3,374,800
Total	5,778,788	10,005,389	15,784,177	14,062,840

Analysed as follows:	2010	2009
	Rs'000	Rs'000
Non-current	12,873,202	12,184,890
Current	2,910,975	1,877,950
	15,784,177	14,062,840

	Level 1	Level 2	Level 3	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At December 31, 2010				
Available-for-sale	9,652,651	51,676	301,062	10,005,389
At December 31, 2009				
Available-for-sale	8,284,755	49,087	416,556	8,750,398

(c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and Unquoted Debenture Stocks and Treasury Bills with interest rates varying from 4.45% to 5.0% (2009: 4.65 % to 6.0%).

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

(e) The Directors do not consider the investee companies with a shareholding in excess of 20% to be "Associated Companies" as The Anglo-Mauritius Assurance Society Limited does not exercise significant influence over these companies.

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

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

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

11. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2010	2009
	Rs'000	Rs'000
Loans on policies	**92,755**	94,824
Loans on residential properties	**2,035,764**	1,865,017
Loans on business properties	**520,893**	344,025
Cumulative accrued interest	**104,178**	98,810
Less impairment provision (see note (a) below)	**(18,000)**	(16,000)
	2,735,590	2,386,676
Loans to related corporations	**20,480**	22,657
	2,756,070	2,409,333
Analysed as follows:-		
Non-current	**2,465,976**	2,149,335
Current	**290,094**	259,998
	2,756,070	2,409,333

(a) Movements on the provisions for impairments of loans and receivables are as follows :

	THE GROUP AND THE COMPANY	
	2010	2009
	Rs'000	Rs'000
At January 1,	**16,000**	14,000
Impairment	**2,000**	2,000
At December 31,	**18,000**	16,000

(b) The rate of interest on loans vary from 6% to 14% (2009: 6% to 14%).
(c) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.
(d) Loans and receivables are secured by guarantees. Impairment provision has been booked where recovery was estimated as doubtful.
(e) The ageing of loans and receivables is disclosed in note 3.2.2.
(f) The fair value of loans asset receivable approximate their amount cost.

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
• Receivables arising from insurance and reinsurance contracts:				
- Due from contract holders - Individuals	**46,118**	17,965	**46,118**	17,965
- Schemes	**36,947**	41,661	**36,947**	41,661
• Claims recoverable from Reinsurers	**6,855**	21,070	**6,855**	21,070
• Interest and other receivables	**85,010**	81,789	**85,504**	62,382
• Receivables from related parties:				
- Holding Company	**18,523**	30,770	**18,523**	30,770
- Subsidiary Companies	**-**	-	**7,889**	5,623
	193,453	193,255	**201,836**	179,471

(a) The ageing of trade and other receivables is disclosed in note 3.2.2.
(b) The other classes within trade and other receivables do not include impaired assets.
(c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.
(d) Trade and other receivables are neither past due nor impaired and the Group does not hold any collateral security for trade and other receivables.
(e) The carrying amounts of trade and other receivables have been assumed to approximate their fair values.

13. SHORT TERM DEPOSITS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term deposits (see note (a) & 27(b))	**1,656,293**	1,444,910	**1,656,293**	1,444,910

(a) Short term deposits comprise of foreign deposits, moneys-at-call and savings accounts. The rates of interest vary between 3.5% to 4.5%. (2009: 4.5% to 5.5%).

14. SHARE CAPITAL

	Authorised	**Issued and fully paid**
	2010 & 2009	**2010 & 2009**
	Rs'000	**Rs'000**
2,500,000 ordinary shares of Rs 10.- each	25,000	25,000

15. MINORITY INTEREST

	THE GROUP	
	2010	2009
	Rs'000	Rs'000
At January 1,	**22,523**	16,466
Share of net surplus for the year	**4,601**	6,057
Share of dividends of subsidiary companies	**(2,463)**	-
At December 31,	**24,661**	22,523

16. LIFE ASSURANCE FUND

(a) THE GROUP

	2010				2009
	Surplus	Fair value reserve	Associate's reserve	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	14,857,471	3,626,081	23,584	18,507,136	15,701,377
Surplus on Life Assurance Fund for the year (page 43)	1,308,516	-	-	1,308,516	1,261,453
Acquisition of life business portfolio (note 26)	379,529	-	-	379,529	-
Fair value changes on available-for-sale financial assets	-	735,763	-	735,763	1,558,180
Release from fair value reserve	-	(30,329)	-	(30,329)	(26,888)
Share of reserves of associated company	-	-	(11,857)	(11,857)	13,014
At December 31,	16,545,516	4,331,515	11,727	20,888,758	18,507,136

(b) THE COMPANY

	2010				2009			
	Non-Linked	Linked	Fair value reserve	Total	Non-Linked	Linked	Fair value reserve	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	11,517,895	3,283,331	3,626,081	18,427,307	10,829,335	2,718,463	2,094,789	15,642,587
Amalgamation adjustment	-	-	-	-	-	-	-	-
Surplus on Life Assurance Fund for the year (page 43)	692,922	606,110	-	1,299,032	688,560	564,868	-	1,253,428
Acquisition of life business portfolio (note 26)	379,529	-	-	379,529	-	-	-	-
Release from fair value reserve	-	-	(30,329)	(30,329)	-	-	(26,888)	(26,888)
Fair value changes on available-for-sale financial assets	-	-	735,763	735,763	-	-	1,558,180	1,558,180
At December 31,	12,590,346	3,889,441	4,331,515	20,811,302	11,517,895	3,283,331	3,626,081	18,427,307

(c) The liability component of the Discretionary Participating Feature (DPF) within the Life Assurance Fund is included in the Non-Linked Account.

16. LIFE ASSURANCE FUND ((CONT'D)

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 Life Assurance Fund until the investments are derecognised or impaired.

Associate reserves

Associate reserves 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.

17. DEFERRED TAX LIABILITIES

Deferred taxes are calculated on all temporary differences under the liability method at 15% (2009: 15%).
The movement on the deferred tax account is as follows:

	THE GROUP	
	2010	2009
	Rs'000	Rs'000
At January 1,	**189**	240
Movement for the year	**(52)**	(51)
At December 31,	**137**	189

Deferred tax liabilities and deferred tax charge in the Life Assurance Fund are attributable to accelerated tax depreciation and retirement benefit obligations.

18. RETIREMENT BENEFIT OBLIGATIONS

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
Amounts recognised in the statements of financial position:				
Pension benefits (note (a)(ii))	**87,368**	76,240	**86,749**	76,019
Analysed as follows:				
Non-current assets	**87,368**	76,240	**86,749**	76,019
Life assurance fund charge:				
- Pension benefits (note (a)(v))	**15,457**	15,629	**15,059**	15,290

(a) Pension benefits

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

	THE GROUP		THE COMPANY	
(ii) The amounts recognised in the statement of financial	**2010**	2009	**2010**	2009
position are as follows:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**107,177**	99,697	**102,993**	96,072
Fair value of plan assets	**(3,190)**	(3,004)	**-**	-
	103,987	96,693	**102,993**	96,072
Unrecognised actuarial losses	**(16,619)**	(20,453)	**(16,244)**	(20,053)
Liability in the statement of financial position	**87,368**	76,240	**86,749**	76,019

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
(iii) The movement in the defined benefit obligation over the year is as follows:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At January 1,	**99,697**	97,968	**96,072**	94,801
Current service cost	**4,377**	4,451	**4,093**	4,196
Interest cost	**10,408**	9,952	**10,016**	9,611
Actuarial losses	**(2,976)**	(4,398)	**(2,859)**	(4,260)
Benefits paid	**(4,329)**	(8,276)	**(4,329)**	(8,276)
At December 31,	**107,177**	99,697	**102,993**	96,072

	THE GROUP		THE COMPANY	
(iv) The movement in the fair value of plan assets of	**2010**	2009	**2010**	2009
the year is as follows:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At January 1,	**3,004**	2,773	**-**	-
Expected return on plan assets	**316**	298	**-**	-
Actuarial losses	**(98)**	(128)	**-**	-
Employer contributions	**4,329**	8,370	**4,329**	8,276
Scheme expenses	**-**	(3)	**-**	-
Cost of insuring risks benefits	**(32)**	(30)	**-**	-
Benefits paid	**(4,329)**	(8,276)	**(4,329)**	(8,276)
At December 31,	**3,190**	3,004	**-**	-

(v) The amounts recognised in Life Assurance Fund	**2010**	2009	**2010**	2009
are as follows:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Current service cost	**4,377**	4,451	**4,093**	4,196
Interest cost	**10,408**	9,952	**10,016**	9,611
Expected return on plan assets	**(316)**	(298)	**-**	-
Net actuarial losses recognised during the year	**956**	1,491	**950**	1,483
Scheme expenses	**-**	3	**-**	-
Cost of insuring risks benefits	**32**	30	**-**	-
Total included in employee benefit expense (note 23)	**15,457**	15,629	**15,059**	15,290

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vi) The movement in the liability recognised in Statement Of Financial Position.

	2010	2009	2010	2009
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	76,240	68,981	76,019	69,005
Total expenses as above	15,457	15,629	15,059	15,290
Employer contributions	(4,329)	(8,370)	(4,329)	(8,276)
At December 31,	87,368	76,240	86,749	76,019
Actual return on plan assets	218	170	-	-

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

	THE GROUP			
	2010		2009	
	Rs'000	%	Rs'000	%
Local Equities	1,196	12.5%	1,127	13%
Overseas Equities	718	12.5%	675	13%
Fixed Interest	1,116	9.5%	1,052	10%
Properties	160	7%	150	6-8%
Total Market value of assets	3,190		3,004	

(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 balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

(ix) The company is not expected to make any contributions to the pension scheme for the year ending December 31, 2011 while for the Group is Rs 335,000.

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

	2010	2009	2008	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	102,993	96,072	94,801	82,825	100,465
Experience adjustments on plan liabilities	(2,858)	(4,260)	7,286	8,425	(2,237)

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

	THE GROUP AND THE COMPANY	
	2010	2009
	%	%
Discount rate	9.5	10.0
Expected return on plan assets	10.5	10.5
Future salary increases	7.5	8.0
Future pension increases	-	-

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
• Trade payables:				
- Insurance contracts	**20,192**	15,095	**20,192**	15,095
• Other payables and accruals	**131,357**	111,496	**130,262**	100,479
• Amounts due to related parties:				
- Holding company	**6,942**	2,300	**6,942**	2,300
- Subsidiary companies	**-**	-	**-**	337
	158,491	128,891	**157,396**	118,211

(a) Currency analysis of trade and other payables is disclosed in note 3.2.1.
(b) The carrying amounts of trade and other payables have been assumed to approximate their fair values.

20. CURRENT TAX LIABILITIES

	THE GROUP		THE COMPANY	
Income tax charge	**2010**	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax on the adjusted profit for the year at 15% (2009: 15%)	**6,246**	9,576	**-**	6,202
Alternative minimum tax (ATM)	**327**	-	**327**	-
Reversal of provision of previous years	**(6,202)**	-	**(6,202)**	-
Under/(over) provision in previous year	**-**	1,075	**-**	1,075
Movement in deferred tax	**(52)**	(51)	**-**	-
Tax charge/(credit) for the year	**319**	10,600	**(5,875)**	7,277

21. INVESTMENT INCOME

	THE GROUP		THE COMPANY			
	2010	2009		**2010**		2009
			Non-Linked	**Linked**	**Total**	Total
	Rs'000	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	Rs'000
Interest income	**768,124**	756,706	**593,192**	**174,073**	**767,265**	756,706
Dividend income	**164,932**	430,146	**161,906**	**31,480**	**193,386**	442,048
	933,056	1,186,852	**755,098**	**205,553**	**960,651**	1,198,754

22. OTHER INCOME

	THE GROUP		THE COMPANY			
	2010	2009		**2010**		2009
			Non-Linked	**Linked**	**Total**	Total
	Rs'000	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	Rs'000
Profit on disposal of financial assets	**90,741**	51,132	**79,719**	**11,022**	**90,741**	51,132
Miscellaneous Income	**75,434**	1,167	**75,434**	**-**	**75,434**	1,167
Profit/(loss) on disposal of property and equipment	**3,848**	(22)	**3,618**	**-**	**3,618**	(22)
	170,023	52,277	**158,771**	**11,022**	**169,793**	52,277

23. MARKETING AND ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
Marketing and administrative expenses include:				
- Expenses in respect of Corporate Social Responsibility	**1,296**	692	**1,081**	587
- Internal auditors' fees	**368**	470	**368**	470
- Staff costs (see note (a) below)	**120,842**	116,171	**108,670**	105,695
(a) Analysis of staff costs:				
Salaries and wages	**74,647**	75,460	**65,518**	67,592
Retirement benefit obligations:				
- defined benefit plan (note 18(v))	**15,457**	15,629	**15,059**	15,290
- defined contribution plan	**505**	465	**291**	225
Other costs	**30,233**	24,617	**27,802**	22,588
	120,842	116,171	**108,670**	105,695

24. DIVIDEND PER SHARE

	THE GROUP AND THE COMPANY	
	2010	2009
	Rs'000	Rs'000
Final dividend for the year ended December 31, 2010 of Rs.22.80 per ordinary share (2009 - Rs.20.80)	**57,000**	52,000

25. EARNINGS PER SHARE

		THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
		Rs'000	Rs'000	**Rs'000**	Rs'000
Earnings attributable to shareholders is based on:					
- Amount transferred from Life Assurance Fund		**44,561**	44,561	**44,561**	44,561
- Interest and finance income allocated		**5,796**	9,496	**5,796**	9,496
- Amount transferred to Life Assurance Fund		**(1,242)**	-	**(1,242)**	-
		49,115	54,057	**49,115**	54,057
Number of ordinary shares in issue				**2,500,000**	2,500,000
Earnings per share	Rs.	**19.65**	21.62	**19.65**	21.62

The above amount of **Rs. 44.6m** (2009: Rs.44.6m) represents one-third of the total amount transferred from the Life Assurance Fund to the Proprietors' Fund following the actuarial valuation at December 31, 2007.

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

26. VALUE OF BUSINESS ACQUIRED

On 1st August 2010, the Company acquired the life segment of Sun Insurance Company Ltd for a total consideration of Rs 28.5 m (see note 7). The asset and liabilities arising from the acquisition of the life segment has been included in the accounts of the Company and are detailed below:

	Rs'000
Non current assets	
Loan and receivables	35,271
Investment in financial assets	301,147
	336,418
Current assets	
Receivables and prepayment	7,283
Amount due by reinsurers	798
Reinsurance contracts	71
Bank balances	40,037
	48,189
Total assets	384,607
Technical provisions	
Life assurance fund	379,529
Outstanding claims	1,212
	380,741
Current liabilities	
Taxation	1,013
Trade and other payables	2,853
	3,866
Total liabilities	384,607

	Rs'm
Purchase consideration	28.5
Fair value of net assets acquired	-
VOBA (note 7)	28.5

27. NOTES TO THE STATEMENTS OF CASH FLOWS

	Notes	THE GROUP		THE COMPANY	
		2010	2009	**2010**	2009
		Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Cash generated from operations					
Surplus on Life Assurance Fund		**1,312,194**	1,278,110	**1,291,915**	1,260,705
Adjustments for:					
Depreciation on property and equipment	5	**9,851**	9,139	**9,206**	8,603
Depreciation on investment property	6	**8,206**	7,400	**8,206**	7,400
Amortisation of intangible assets	7	**9,011**	6,507	**8,600**	6,100
(Profit)/loss on sale of property and equipment	22	**(571)**	22	**(341)**	22
Profit on sale of investment properties	22	**(3,277)**	-	**(3,277)**	-
Interest allocated to Proprietors' Fund		**5,796**	9,496	**5,796**	9,496
Investment income	21	**(933,056)**	(1,186,852)	**(960,651)**	(1,198,754)
Net loss on exchange		**22,577**	38,200	**22,888**	38,200
Profit on sale of financial assets	22	**(90,741)**	(51,132)	**(90,741)**	(51,132)
Change in accrued interest		**(46,917)**	52,156	**(46,917)**	52,156
Changes in working capital (excluding the effects of acquisition and disposal):					
- Trade and other receivables		**7,955**	(43,504)	**(14,213)**	(37,149)
- Trade and other payables		**26,613**	8,872	**38,872**	8,434
- Retirement benefit obligations		**11,128**	7,259	**10,730**	7,014
Share of results of associated company		**(6,472)**	(7,677)	**-**	-
Cash generated from operations		**332,297**	127,996	**280,073**	111,095

(b) Non cash transactions

Non cash transactions relating to the acquisition of the life segment are disclosed in Note 26.

(c) Cash and cash equivalents

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term deposits (note 13)	**1,656,293**	1,444,910	**1,656,293**	1,444,910
Cash at bank and in hand	**122,072**	80,608	**79,927**	58,393
	1,778,365	1,525,518	**1,736,220**	1,503,303

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

28. FINANCIAL COMMITMENTS

	THE GROUP AND THE COMPANY	
	2010	2009
	Rs'000	Rs'000
Outstanding commitments approved by the Board of Directors for the following:-		
Loans to be granted	**227,100**	130,700
Investments in freehold properties	**84,700**	124,200
	311,800	254,900

29. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The Directors regard Swan Insurance Company Limited which owns 73.23% (2009: 70.98%) of the Company's share capital,as the Holding Company. The remaining shares are widely held. The Ultimate Holding Company is Intendance Holding Limited which owns 69.44% of the Holding Company with the remaining shares also widely held. The Companies are incorporated in Mauritius and their registered offices are situated at Swan Group Centre, Intendance Street, Port Louis.

30. SEGMENT INFORMATION

The Company is in itself an operating segment and strategic business unit of the Swan Group. It carries exclusively long-term insurance business, which is reported to the Chief Executive Officer.

31. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Sales of services	Investment income	Financial assets	Loans/ Debentures	Amount receivable from related parties	Amount payable to related parties
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2010						
Holding company	**-**	**-**	**-**	**-**	**18,523**	**6,942**
Shareholders with significant influence	**-**	**610**	**42,840**	**2,400**	**-**	**-**
Enterprises on which the Company and Subsidiaries exert significant influence	**25,577**	**-**	**1,544,292**	**-**	**325**	**-**
Key management personnel	**1,063**	**-**	**-**	**7,066**	**7**	**12**
	26,640	**610**	**1,587,132**	**9,466**	**18,855**	**6,954**

	Sales of services	Investment income	Financial assets	Loans/ Debentures	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2009						
Holding company	-	-	-	-	30,770	2,300
Shareholders with significant influence	2,403	918	122,230	4,800	-	-
Enterprises on which the Company and Subsidiaries exert significant influence	40,535	1,906	798,373	16,500	52,784	-
Key management personnel	969	-	-	5,444	-	39
	43,907	2,824	920,603	26,744	83,554	2,339

31. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Sales of services Rs'000	Investment Income Rs'000	Management fees paid Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
2010							
Holding company	-	-	-	-	-	18,523	6,942
Subsidiary companies	-	-	19,452	72,125	16,447	7,889	-
Shareholders with significant influence	-	610	-	42,840	2,400	-	-
Enterprises on which the Company exerts significant influence	25,577	-	-	1,544,292	-	325	-
Key management personnel	1,063	-	-	-	7,066	7	12
	26,640	610	19,452	1,659,257	25,913	26,744	6,954

	Sales of services Rs'000	Investment Income Rs'000	Management fees paid Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
2009							
Holding company	-	-	-	-	-	30,770	2,300
Subsidiary companies	-	-	6,433	72,125	16,447	5,623	337
Shareholders with significant influence	2,403	918	-	122,230	4,800	-	-
Enterprises on which the Company exerts significant influence	40,535	1,906	-	798,373	16,500	52,784	-
Key management personnel	969	-	-	-	5,444	-	39
	43,907	2,824	6,433	992,728	43,191	89,177	2,676

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

notes to the financial statements (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010

31. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short-term employee benefits	**26,890**	25,717	**20,262**	21,283
Post-employment benefits - current service cost	**1,136**	1,094	**789**	868
- others	**56**	53	**43**	44
Termination benefits	**-**	-	**-**	-
	28,082	26,864	**21,094**	22,195

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

32. THREE YEAR FINANCIAL REVIEW

	THE GROUP			THE COMPANY		
	2010	2009	2008	**2010**	2009	2008
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Issued and paid up Share Capital	**25,000**	25,000	25,000	**25,000**	25,000	25,000
Proprietors' Fund	**8,256**	60,702	103,206	**8,256**	60,702	103,206
Life Assurance Fund	**20,888,758**	18,507,136	15,701,377	**20,811,302**	18,427,307	15,642,587
Dividends	**57,000**	52,000	45,000	**57,000**	52,000	45,000
Earnings attributable to shareholders	**49,115**	54,057	58,790	**49,115**	54,057	58,790

other statutory disclosures

FOR THE YEAR ENDED DECEMBER 31, 2010 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M. E. Cyril MAYER / B. Com., C.A. (SA) - Chairperson
Mr. M. J. Cyril LAGESSE (Up to 8 October 2010)
Mr. L. J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A. (UK) (Up to 8 October 2010)
Mr. J. Jean-Pierre P. DALAIS / M.B.A. (USA) (As from 19 November 2010)
Mr. M. D. Pierre DINAN, G.O.S.K. / B.Sc. Economics (LSE), F.C.A. (England)
Mr. F. M. J. Pierre DOGER DE SPÉVILLE
Mr. George J. DUMBELL / A.C.I.B. (UK)
Mr. M. A. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), M.B.A. (UK)
Mr. M. D. Henri HAREL / A.C.I.S.
Mr. P. J. M. Thierry LAGESSE / M.B.A. (France) (Up to 8 October 2010)
Me. M. F. I. Jean Hugues MAIGROT, G.O.S.K.
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Mr. J. M. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Victor C. SEEYAVE / M.B.A. (USA), B.A. Economics (UK)

DIRECTORS OF THE SUBSIDARY COMPANIES

Manufacturers' Distributing Station Limited

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

Pension Consultants and Administrators Ltd.

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

Swan Group Corporate Services Limited

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

The Anglo-Mauritius Financial Services Ltd.

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

Swan Group Foundation

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

other statutory disclosures (cont'd)

FOR THE YEAR ENDED DECEMBER 31, 2010 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received, or due and receivable:

- Directors of The Anglo-Mauritius Assurance Society Limited

	From the Company		From Subsidiaries	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive Directors				
- Full-time	**3,798**	3,972	**2,969**	1,963
Non-executive Directors	**983**	1,028	**41**	41
	4,781	5,000	**3,010**	2,004

	From the Subsidiaries	
	2010	2009
	Rs'000	Rs'000
- Directors of subsidiary companies who are not directors of the Company		
- Non-executive Director	**10**	10

DONATIONS	THE GROUP		THE COMPANY	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
Political contributions	**750**	-	**750**	-
Charitable donations	**111**	298	**111**	298
Corporate social responsibility	**1,296**	692	**1,081**	587

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' FEES

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

	From the Company		From Subsidiaries	
	2010	2009	**2010**	2009
	Rs'000	Rs'000	**Rs'000**	Rs'000
Audit fees paid to:				
- BDO & Co	**920**	834	**187**	143
- Other firms	**-**	-	**72**	64
	920	834	**259**	207
Fees paid for other services:				
- Review of consolidated financial statements	**230**	317	**-**	-
- Review of statutory return	**86**	80	**-**	-
	316	397	**-**	-

secretary's certificate

FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

30th March 2011

Auditors:	BDO & Co.
Bankers:	AfrAsia Bank Ltd. Bank of Baroda Bank One Banque des Mascareignes Barclays Bank PLC Bramer Banking Co Ltd. Habib Bank Ltd. Mauritius Post and Cooperative Bank SBI (Mauritius) Ltd. Standard Bank Ltd. State Bank of Mauritius Ltd. The HongKong and Shanghai Banking Corporation Ltd. The Mauritius Commercial Bank Ltd.
Consulting Actuaries:	Actuarial and Insurance Solutions Department of Deloitte & Touche
Legal Advisers:	De Comarmond-Koenig Me. Maxime Sauzier
Main Reinsurers:	Swiss Re Life & Health Ltd. Munich Mauritius Reinsurance Co. Ltd.

THE ANGLO-MAURITIUS ASSURANCE SOCIETY LIMITED

proxy form

I/We ....

of ....

being a member/s of THE ANGLO-MAURITIUS ASSURANCE SOCIETY LTD.

hereby appoint ....

of ....

or failing him ....

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

Annual Meeting of the Company to be held on Wednesday 22nd June, 2011 at 10.00 hours and at any adjournment thereof.

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

	FOR	AGAINST	ABSTAIN
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2010.			
4. To re-appoint BDO & Co as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.			
5. To elect Mr. J. Jean-Pierre P. Dalais as Director of the Company.			
6. To re-elect Me. M. F. I. Jean Hugues Maigrot, G.O.S.K. as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
7. To re-elect Mr. F. M. J. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
8. To re-elect Mr. M. D. Pierre Dinan, G.O.S.K. as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			

Dated this .... day of .... 2011.

(S) ....

Notes:

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice (whether a member or not) to attend and vote on his/her behalf.
2. Please mark in the appropriate space how you wish to vote. If no specific instruction as to voting is given, the proxy will exercise his/her discretion as how he/she votes.
3. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company not less than twenty-four hours before the day fixed for the meeting or else the instrument of proxy shall not be treated as valid.