

Swan Insurance Company Limited.

Condensed Audited Financial Statements - Year ended December 31, 2005

(continued)

3. Condensed Audited Statements of Changes in Equity

Attributable to the equity holders of the Parent Company

(b) THE GROUP

	REVALUATION						TOTAL Rs'000	MINORITY INTEREST Rs'000	TOTAL Rs'000
	SHARE CAPITAL Rs'000	FAIR VALUE RESERVES Rs'000	& OTHER RESERVES Rs'000	PROPRIETORS FUND Rs'000	RETAINED EARNINGS Rs'000	STATUTORY RESERVE FUND Rs'000			
Balance at January 1, 2005	35,857	79,325	39,364	(9,445)	351,386	66,811	563,298	8,867	572,165
Movement for the year	-	(13,398)	15	42,570	48,034	4,425	81,646	17,405	99,051
Balance at December 31, 2005	35,857	65,927	39,379	33,125	399,420	71,236	644,944	26,272	671,216
Balance at January 1, 2004	35,857	54,396	39,315	14,950	333,058	64,068	541,644	18,819	560,463
Movement for year	-	24,929	49	(24,395)	18,328	2,743	21,654	(9,952)	11,702
Balance at December 31, 2004	35,857	79,325	39,364	(9,445)	351,386	66,811	563,298	8,867	572,165

4. Condensed Audited Cash Flow Statements

	THE COMPANY		THE GROUP	
	AUDITED YEAR ENDED DEC 31 2005 Rs. '000	AUDITED YEAR ENDED DEC 31 2004 Rs. '000	AUDITED YEAR ENDED DEC 31 2005 Rs. '000	AUDITED YEAR ENDED DEC 31 2004 Rs. '000
Net cash from / (used in) operating activities	67,316	(26,137)	78,373	(15,073)
Net cash (used in)/ from investing activities	(10,732)	59,670	(10,732)	59,670
Net cash (used in)/ from financing activities	(35,857)	(32,271)	(47,027)	(43,441)
Increase in cash and cash equivalents	20,727	1,262	20,614	1,156
Movement in cash and cash equivalents				
At January 1,	205,570	189,945	206,081	190,476
Increase	20,727	1,262	20,614	1,156
Effect of exchange rate changes	226	14,363	177	14,449
AT DECEMBER 31,	226,523	205,570	226,872	206,081

6. Comments

(i) AUDITED FINANCIAL STATEMENTS

The Directors are pleased to present the Audited Financial Statements of the Group and the Company for the year ended December 31, 2005

(ii) BASIS OF ACCOUNTING

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

- land and buildings of certain subsidiaries are at revalued amounts
- available-for-sale financial assets are stated at fair value
- held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

(iii) INCOME TAX

Current tax rate on the profit for the period is at 25%.

(iv) SHORT TERM OPERATIONS

The gross and net earned premiums rose by 16.0% and 12.3% to reach Rs 676.7M and Rs 236.5M respectively in the year under review. The company has been able to achieve satisfactory results both in respect of commercial and personal lines business.

The good underwriting performance was largely due to the absence of major catastrophes and the disciplined underwriting approach followed by the company.

(v) LONG TERM OPERATIONS

Premiums income has grown in line with our expectations in 2005. Net of reinsurance, total premiums grew by 17.5% between 2004 and 2005. Within this figure there was particular growth in our unit-linked range of products. Unit-linked premiums grew by 65.8% over the year net of reinsurance, largely reflecting an increase in pensions premiums.

5. Segment information - (Group)

Year ended December 31, 2005

	Life			General		
	Fire&Allied Perils Rs'000	Motor Rs'000	Health Rs'000	Others Rs'000	Total Rs'000	
Gross premiums	1,102,019	161,485	128,881	100,072	286,274	1,778,732
Net earned premiums	1,056,168	23,725	95,933	45,155	71,655	1,292,636
Underwriting surplus	-	28,280	9,597	6,548	67,180	111,605

Year ended December 31, 2004

	Life			General		
	Fire&Allied Perils Rs'000	Motor Rs'000	Health Rs'000	Others Rs'000	Total Rs'000	
Gross premiums	947,869	164,602	107,260	81,817	229,930	1,531,478
Net earned premiums	898,487	25,895	85,230	39,071	60,379	1,109,062
Underwriting surplus	-	30,804	2,935	6,524	48,567	88,830

(vi) INVESTMENTS

Short Term Business

Sale of shares continued during the year to better diversify the investment portfolio. This restructuring exercise generated substantial capital gains, thus boosting income derived from investment.

Long Term Business

The funds performed very satisfactorily during the year especially as regards to the returns derived from both the local and foreign equity portfolios. Also, our fixed income portfolio, although operating in an environment of low interest rates, generated attractive yields.

For and on behalf of the board of Directors

Jean Paul Chateau de Balyon

Group Company Secretary

Copies of these condensed audited financial statements are available to the public free of charge at the company's registered office, Swan Group Centre, Port Louis. This communiqué is issued pursuant to Listing Rule 12.20. The Board of Directors of Swan Insurance Company Limited accepts full responsibility for the accuracy of the information contained in this communiqué

AUDIT OPINION

We have obtained all such information and explanations which we considered necessary. In our opinion:

- proper accounting records have been kept by the Group and the Company as far as it appears from our examination of those records.
- the financial statements give a true and fair view of the state of affairs of the Group and the Company as at December 31, 2005 and of their results and cash flows for the year then ended, comply with the Companies Act 2001 and the Insurance Act 1987 and have been prepared in accordance with International Financial Reporting Standards.