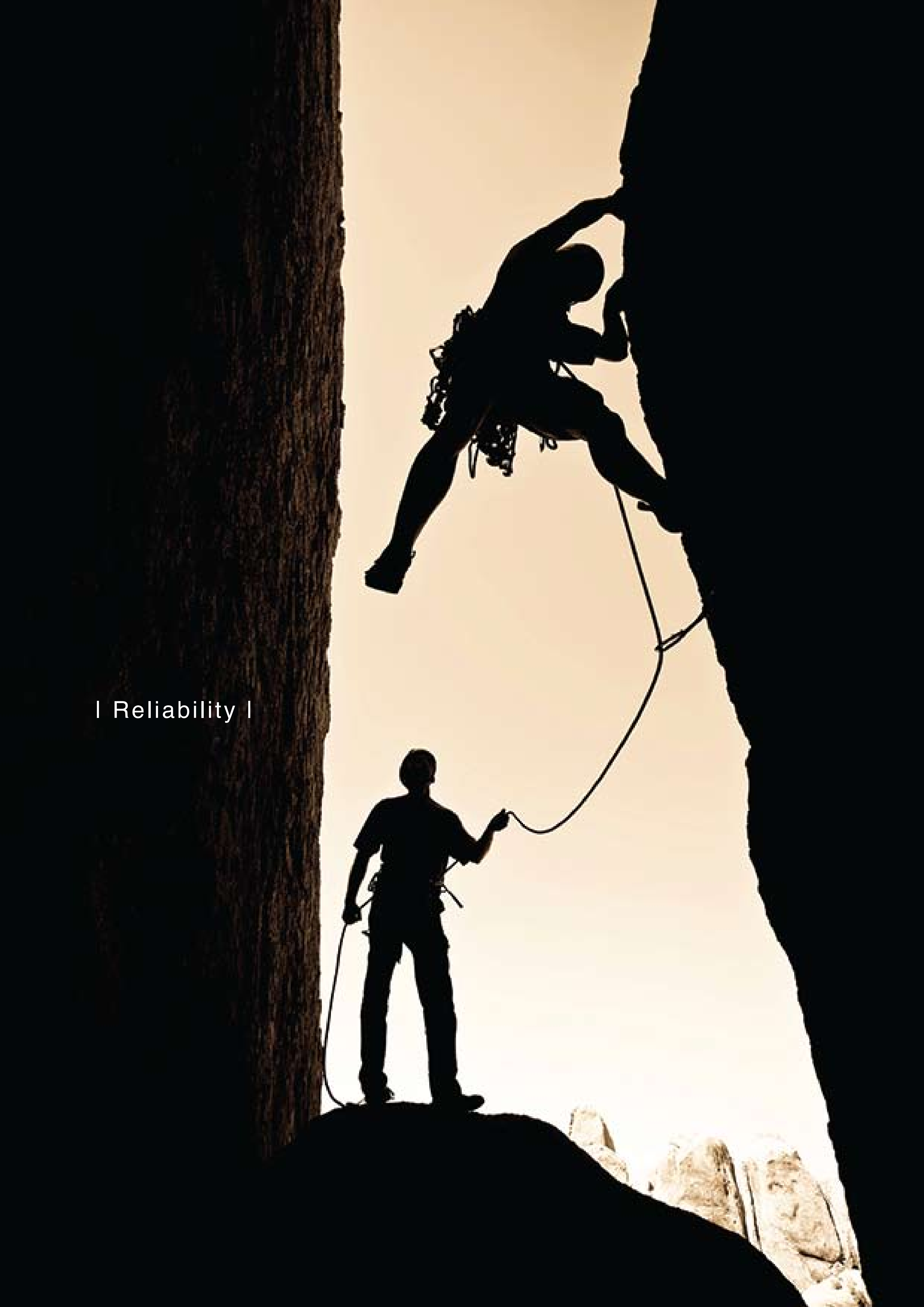
MAURITIUS UNION

ANNUAL

REPORT 2008


| Reliability |

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of the Mauritius Union Assurance Company Limited for the year ended December 31, 2008.

The report was approved by the Board of Directors on May 14, 2009.

Pierre de Chasteigner du Mée	Jacques de Navacelle
Chairperson	Managing Director

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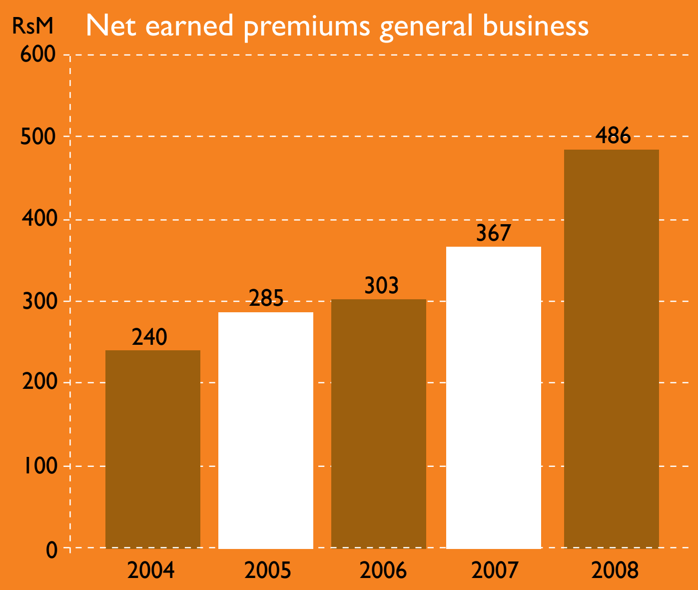
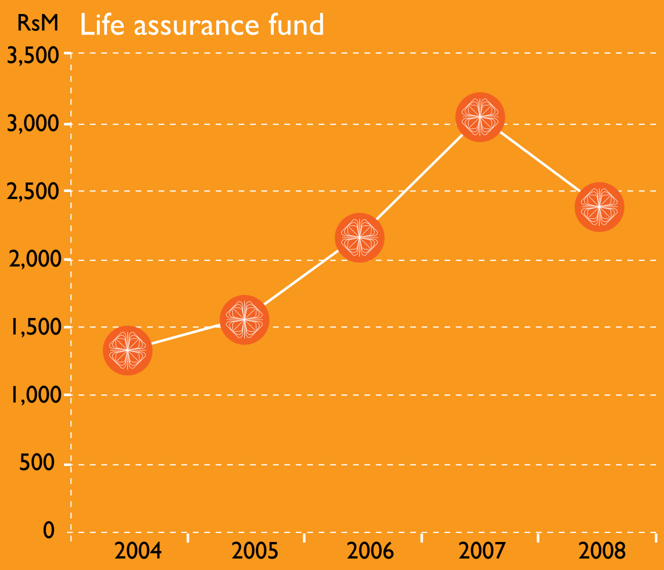
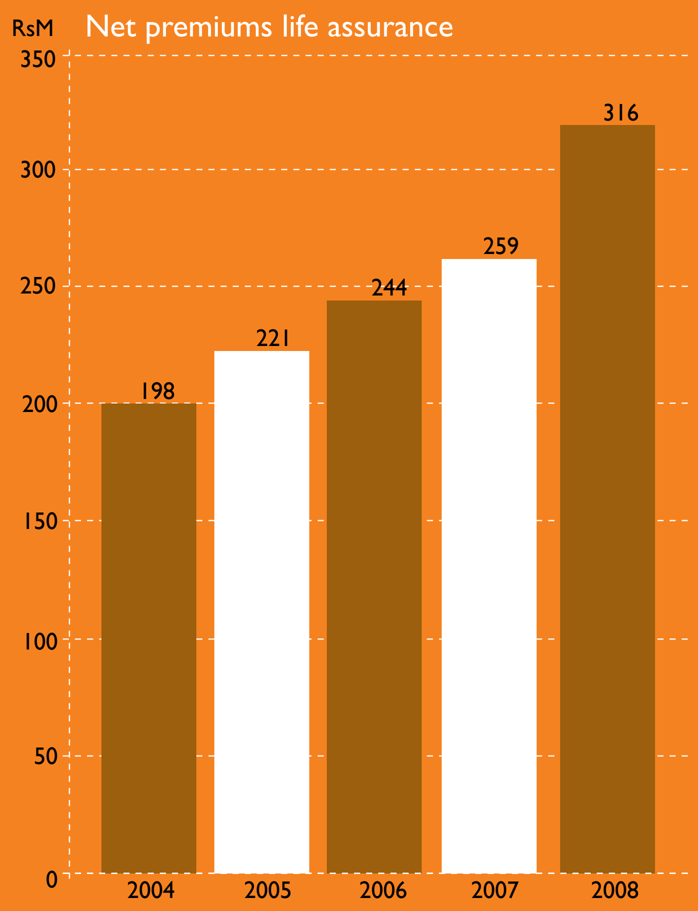
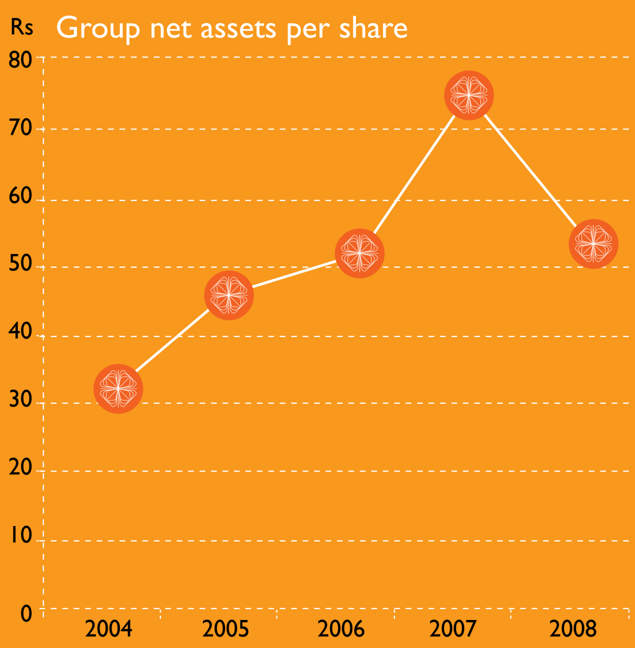
Financial highlights









| Positivity |

Principal activities & administration

PRINCIPAL ACTIVITIES

The Company transacts all classes of insurance business, both Long term (Life Assurance) and Short-term (General Business). There has been no change in the nature of its business.

ADMINISTRATION

Registered office

4, Léoville L'Homme Street
Port Louis, Mauritius
Telephone: (230) 207-5500
Fax: (230) 212-2962
Email: info@mauritiusunion.com
Website: www.mauritiusunion.com

Auditors

BDO De Chazal Du Mée
(Chartered Accountants)

Independent Actuaries

Deloitte & Touche
Actuarial & Insurance Solutions
Cape Town, Republic of South Africa

Bankers

State Bank of Mauritius Ltd
The Mauritius Commercial Bank Limited
HSBC Limited
Barclays Bank Plc
Banque des Mascareignes

Secretary

A P Gilbert Poisson

Share Registry

Abax Corporate Administrators Ltd


I Professionalism I

Board of Directors

The following Directors were in office at December 31, 2008:

Vincent AH CHUEN

Priscilla BALGOBIN-BHOYRUL

Pierre DE CHASTEIGNER DU MÉE

Jacques DE NAVACELLE

Pierre-Yves POUGNET

Georges André ROBERT

Axel ROUSSETY

Directors' profile

Vincent Ah Chuen

Director - appointed in 1992

Vincent Ah Chuen, born in 1944, is the Managing Director of the ABC Group of Companies. He is a Director of Les Moulins de La Concorde Ltée, ABC Motors Co. Ltd, New Goodwill Investment Ltd and POLICY Ltd. Mr Ah Chuen is a member of the Audit & Risk Committee of The Mauritius Union Assurance Co. Ltd.

Priscilla Balgobin-Bhoyrul

Director - appointed in 2008

Priscilla Balgobin-Bhoyrul, born in 1975, was called to the Bar of England and Wales in 1998 and to the Mauritian Bar in 1999. She is presently practising as a barrister at law and her main areas of practice are industrial, civil and commercial law. She was appointed to the Board in August 2008 and is a member of the Audit & Risk Committee. Priscilla is also presently the Chairperson of the Sugar Investment Trust Property Development Ltd and the National President for the World Jurist Association.

Pierre de Chasteigner du Mée

Executive Director - appointed in 2003

Pierre de Chasteigner du Mée, born in 1953, is the Estate General Manager of Constance La Gaieté Co. Ltd., which is mainly involved in sugar cane and other agricultural activities. He is an active Stockbroker on the Stock Exchange of Mauritius, a licensed Company Secretary and a member of the Chartered Management Institute (England). He is also a member of the National Pensions Board, National Savings Fund Technical Committee, National Pension / National Savings Fund Investment Committee and of the Advisory Council of the Mauritius Sugar Authority. He is a Director of POLICY Ltd. and Investec Bank (Mauritius) Ltd. Since completion of his Chartered Accountancy Studies in the U.K., he has served in various positions as Group Financial Controller of Constance Group and Executive Director of Constance Hotels Services Ltd.

Jacques de Navacelle

Executive Director - appointed in 2006

Jacques de Navacelle, born in 1946, started a banking career in Paris in 1971. In 1978, he joined Barclays Bank with whom he worked for twenty years, occupying various managerial positions with increasing responsibilities within the bank in Europe. In 1998, he was appointed Managing Director of Barclays Bank PLC, Mauritius. Mr. de Navacelle joined The Mauritius Union Assurance Co. Ltd on May 1, 2005 as Chief Executive Officer, and was appointed Managing Director in May 2006. He is presently the Chairman of Transparency Mauritius, Chairman of Compagnie de Beau Vallon Ltée and a Director of Mon Trésor Mon Désert and United Basalt Products Ltd.

Directors' profile

Pierre - Yves Pougnet
Director - appointed in 1982

Pierre-Yves Pougnet, born in 1943, accountant by profession, is the Vice-Chairman of the Food and Allied Group of companies. He was appointed to the Board of The Mauritius Union Assurance Co. Ltd in 1982 and is the Chairman of its Audit & Risk Committee. Mr. Pougnet also sits on the board of Livestock Feed Ltd, Tropical Paradise Co Ltd, POLICY Ltd and is the Chairman of Les Moulins de la Concorde Ltée.

Georges André Robert
Director – appointed in 2001

Georges André Robert, born in 1939, has practised as Attorney at Law between 1966 and 2008, when he retired. His main areas of practice were in civil and commercial matters. He has advised sugar estates, banks, insurance, trading and offshore companies. He was made Senior Attorney in 1995 and was awarded an honorary O.B.E. in 2004. He is a member of the Corporate Governance Committee. Me. Robert is the Chairman of Policy Ltd and is also a director of IPRO Growth Fund and Robert Le Maire Ltd.

Axel Roussety
Director – appointed in 2008

Axel Roussety, born in 1944, has been the Marketing Manager of The Mauritius Union Assurance Co. Ltd from June 1992 to December 2005, when he retired. He is currently the director of Four Sights Financial Planning Co Ltd, a family-owned insurance agency working exclusively with The Mauritius Union Assurance Co. Ltd. Axel was appointed to the Board in August 2008 and is a member of the Audit & Risk Committee.


I Teamwork I

Senior management team

Jacques **DE NAVACELLE**
(Maîtrise en philosophie, Diplômé de l'Institut Technique de Banque)
Managing Director

Dominique **AUTARD**
(MBA Dip Fin Serv. (Ins Brok) ANZIIF (Snr.Assoc.) CIP)
Head of Life

Gilbert **POISSON**
(FCCA, ACII)
Head of Finance & Planning, Assistant to the Managing Director,
Company Secretary

Imrith **RAMTOHUL**
(FCCA, CFA)
Head of Investment

Rishi **SEWNUNDUN**
(B.Tech., MBA)
Head of Information Systems

Senior management profile

Dominique Autard, Head of Life

Dominique, born in 1971, has been in the Life insurance industry since 1989 and joined The Mauritius Union Assurance Co. Ltd in October 2008 as Head of Life. He is responsible for the strategic development and distribution of the long term insurance business. Dominique has a wide-ranged international experience, which includes administration management, underwriting, product development, product research, technical and strategic advice and distribution. He has held positions with a number of reputable companies namely AXA, AMP, Commonwealth Bank of Australia and until September 2008, was providing consulting services to ING Australia, Westpac Banking Corporation and Suncorp. Dominique holds a Master of Business Administration from Charles Sturt University (Australia), a Diploma of Financial Services and is a Senior Associate and a Certified Insurance Professional of the Australian & New Zealand Institute of Insurance and Finance.

Gilbert Poisson, Head of Finance & Planning, Assistant to the Managing Director, Company Secretary

Gilbert, born in 1953, became a Fellow Member of the Association of Chartered Certified Accountants UK in 1979 and an Associate Member of the Chartered Insurance Institute UK in 1986. He was formerly an auditor with De Chazal Du Mée & Co, Chartered Accountants until 1978 and assistant audit manager on Lloyds Syndicate audit with Futcher, Head & Gilberts, Chartered Accountants in UK until 1981. He joined the Company in 1981 as Accountant and became Group Finance Manager in 1998. He was appointed Head of Finance & Planning /Assistant to the CEO in July 2005 and is the Company Secretary since 31 July 2006. Gilbert was awarded the title of Chartered Insurer by the Chartered Insurance Institute in March 2008.

Imrith Ramtohul, FCCA, CFA, Head of Investment

Imrith, born in 1975, holds the Chartered Financial Analyst designation. He is also a Fellow Member of the Association of Chartered Certified Accountants UK and holds a Bachelor of Business Science (Honours) degree from the University of Cape Town. He has 10 years of investment and banking experience. Prior to joining The Mauritius Union Assurance Co. Ltd as Head of Investment, he was with local subsidiaries of South African banking groups, Rand Merchant Bank and Nedbank. He also worked for Capital Asset Management Ltd and The Stock Exchange of Mauritius Ltd, whereby he was involved in research and financial analysis. Imrith is actually a board member of the National Investment Trust Ltd (NIT) and is the Vice- President of the Society of Financial Analysts of Mauritius.

Rishi Sewnundun, Head of Information Systems

Rishi, born in 1974, graduated in Computer Science & Engineering at the University of Mauritius. He also holds an MBA in Marketing from the same university. He joined J. Kalachand & Co. Ltd in 1998 where he worked as Systems Manager and later as Sales Manager. He was recruited in May 2005 as Head of Information Systems and was appointed Senior Manager in January 2008.

Chairperson's review

Dear Shareholder

On behalf of the Board, it is my pleasure to report on the performance of the Group during the year ended 31st December 2008.

Despite the prevailing slowing down of the economy, the Group has fared well and has gone a long way towards improving the profitability of its insurance business. Through the contributive effort of one and all under the dedicated impulse of a supportive management team, the ambitious general insurance budget, set for the year, has been exceeded. Net profit after tax stands at Rs 146M. NAV has reached Rs 1 billion, which represents 33% less than last year.

The Life Assurance Fund for its part sustained a fall in value of approximately 20% of its portfolio, as a result of the negative performance of the equity market, thus necessitating a reallocation of some Rs150M from the General Fund. In spite of this, the Board has been able, upon the recommendation of its actuaries, to declare a reversionary bonus of 4% to policy holders.

Underwriting profits, enhanced by higher investment and other income and the realization of substantial profits on disposal of financial assets have enabled the Board to pay a total dividend for the year of Rs 3.90 per share.

The admission of Compagnie d'Investissement et de Développement Ltée as a shareholder to the Company, which had been announced last year, was not approved by the regulator. Subsequently new shareholders, I&P Capital (II) Ltd, a private equity fund, through Newins Holding Ltd. and the ABC Group, through Devlin Investments Ltd. have been sanctioned by the Board. It is believed that these new members, who possess regional and international ramifications and a long relationship with our company respectively, will positively contribute to the furthering of the Group's activities, especially when the separation of Life Insurance and General Business becomes effective, with the application of the new Insurance Act 2005.

I wish to thank my fellow directors for their continuous support and, on behalf of the Board, I would also like to convey to the Managing Director, our staff members, agents and patrons, our appreciation for the hard work that they have put in and without which these good results could never have been achieved.

P.A. de C

Pierre de Chasteigner du Mée
Chairperson


| Focusing |

Managing director's report

Dear Shareholder,

It is with great pleasure that I report to you on our company's performance in 2008.
The group profit after tax reached Rs 145,5 M which represent an increase of 50% over previous year.
The turnover for 2008 amounted to Rs 953.1 M compared to Rs 796.6 M in 2007 representing an increase of 20% over 2007.
The most significant move in 2008 was the tremendous improvement of the underwriting surplus of our General Insurance Business. In 2007 such surplus was Rs 47 M and we had budgeted Rs 75 M for 2008. In fact we managed to produce an underwriting surplus of Rs 86 M for 2008 i.e. 15% over budget and 83% over previous year.
This is also the first time in many years that the underwriting surplus exceeds management expenses. This is extremely important as it does show that our core business which is general insurance stands now on its own feet and is not any more subsidised by the revenues from our investment portfolio. This is even more important at a time when financial market suffers from the international crisis. Our total assets are down by 19% following the significant drop in the financial markets in Mauritius and abroad in 2008.
However the revenue from our investment portfolio has increased by 11% in 2008.
As a consequence our earnings per share has increased from Rs 4.80 to Rs 7.21.

Life Insurance

2008 has seen a strong increase in the premium volume to Rs 335 M up 21% on 2007. The new unit linked product has performed as expected with positive returns on the underlying investments on the secured fund with unit prices increasing by 11.71% to 1.33551 during the 12 months to December 2008. The equity fund fluctuated during the year in line with the fund's benchmark. During the last quarter of 2008, the MUA equity-based fund performed better than the benchmark to finish the year down 27.25% from last year compared to the benchmark index down by 31.92%.

Despite the global financial crisis, we have been able to sustain a relatively good performance of the Life Funds hence enabling us to declare interim bonuses of 4% to policyholders. This is directly attributable to the strength of our asset management team who has taken a prudent and calculated approach.

Towards the end of 2008, we have had a renewed focus for the life insurance department by developing a customer centric strategy in order to drive long term sustainable growth for our customers and shareholders. We have been able to make reasonable investments towards recruitment and infrastructure in order to continue to build a robust foundation for our life insurance business. The early indicators show that the outlook for the next 12 months is positive whilst it will be necessary to be vigilant in view of the overall economic situation.

We have also started a thorough review of our information system in order to support our ambition in reporting, product development, and sales.

General Insurance

• 2008 has been a very good year where the General Branch has achieved a total turnover of Rs 618 M with an underwriting profit of Rs 85.9M. This represents a growth of 19% and 83% respectively.

• The Motor business has done exceptionally well in 2008 with an underwriting profit of Rs 32.7 M compared to Rs 6.2 M last year. This confirms the effectiveness of the corrective actions we have taken since 2006 to improve the performance of the Motor Business.

• Launching of Diamond Cover for new private motor vehicles in February 2008 has helped to renew our Motor Fleet and has also contributed in the profits of the Motor Business.

• Our Non-Motor insurance business has also performed very well with a growth of Rs 37.1 M more specifically in the household insurance as well as medical insurance Bonne Santé which after two years in operation is now profitable.

• The setting up in 2008 of a central sales team has produced very encouraging results. The team, made of 12 staff has been extremely active in the various general insurance market and, in addition to our branches and sales agents has managed to position our company very strongly in products and customers segments with very strong potential. I can mention more specifically Professional indemnity, foreign currencies insurance for expatriates and livestock insurance.

Managing director's report

Asset Management

Portfolio Return and Asset Allocation

In 2008, performance of both Life and General Business investment portfolios proved superior to benchmarks such as SEMTRI and MSCI AC World. This is in spite of the fact that the MUA equity portfolios were negatively affected by the downturn in stock market prices. Overall Group equity portfolio return was -20%, compared to -33.6% for SEMTRI and -35.5% for MSCI AC World (in Rupee terms). Total assets under management by MUA reached Rs 3.7 billion.

Income from our investment portfolio increased by 11% during 2008, thanks to the active management strategy pursued by the in-house Investment team. The latter moreover engaged in profit taking of local equities during the early months of 2008 and sizeable profits were earned from this strategy.

The general investment philosophy in 2008 was to seize opportunities arising from the financial crisis. During the final months of the year, we chose to increase our exposure to loans, several undervalued and defensive local equities and certain foreign corporate bonds following the massive decline in prices. We also chose not to hold excessive amounts of cash given negative real interest rates.

The portfolios were actively managed and further rebalanced in order to optimize returns, with greater allocation to foreign investments, loans, local equities in which MUA had limited exposure, corporate bonds and other fixed income investments offering interesting yield.

MUA also opted to become a more active shareholder in investee companies. It successfully secured board representation in a number of companies and this is expected to unlock value for MUA investors in the medium to long term.

Investment Plus

Both the 'Investment Plus' unit-linked Equity and Secure Funds proved very popular during 2008. Assets under management for the Equity Fund more than doubled over the year, while that of the Secure fund increased nearly four fold. This tendency was mainly due to the good relative performance of the funds coupled with a revamped sales strategy. We should highlight that the returns generated by these two funds exceeded their respective benchmarks. The Secure Fund moreover delivered an annual return way ahead of inflation in 2008.

Marketing and Communication

2008 has been a special year since we have been celebrating our diamond jubilee – 60 years. Our focus in 2008 has also been on our branches. We revamped Flacq & Trianon branches. We also opened two new branches at Chemin Vingt-Pieds, Grand-Bay and Royal Road, Rose-Hill in order to be close to our client base.

Human Resources

The focus in 2008 has been on recruitment due to the re-structuring of some departments as well as the creation of a Sales Department. The workforce has increased from 152 in December 2007 to 192 in December 2008, representing an increase of 26.3%.

In our quest to position MUA as an equal opportunity employer, a salary structure, aligned to market salaries, has also been implemented. The structure is competency-based, i.e salaries are defined as per academic qualifications, work experience and skills of job incumbent. This approach directly links career development opportunities to personal development and hence fosters a learning culture in the organisation.

Our aim is to improve our customer service level by enhancing the technical expertise of our employees as well as their customer service skills. We have therefore maintained our effort towards employee development; training in Customer Service was provided and staff motivated to acquire qualifications in the Insurance field.

We believe that Customer Satisfaction is greatly linked to Employee Satisfaction and all HR initiatives are directed towards making the MUA an employer of choice!

Managing director's report

The Community

During 2008, we maintained our dedication to the Mauritian Society's welfare by extending our support to Fondation Georges Charles and CEDEM, amongst others.

Reinsurance

In 2008 we reviewed our reinsurance arrangements and entered into an agreement with Africa Re to lead our annual treaty. This move was beneficial to our company since it generated a significant saving in our reinsurance costs whilst at the same time securing a strong relationship with a very reputable reinsurer.
We have also recruited a new head of reinsurance which will allow our company to have better control over our reinsurance strategy.

IT

During 2008 we maintained our effort towards a continuous improvement of our IT system with a view to increase operations efficiency.
After significant changes in the general insurance information system, we have engaged in a significant upgrading of our life insurance processing tools.
All those efforts have also the effect of freeing staff away from processing to customer services.

Conclusion

I sincerely believe that those excellent results could have never been achieved without the enthusiasm of all employees of our company. Our most valuable assets are our people and I would like to thank them for their efforts and commitment.

Jacques de Navacelle
Managing Director


| Future |

Statement of Compliance

The Code of Corporate Governance for Mauritius encourages all companies to apply, where appropriate the principles contained in the Report and the Code.

The Board of The Mauritius Union Assurance Company Limited recognises that the Code is seen as best practice and ensures that its operations are conducted in a way that displays characteristics of good governance, namely discipline, transparency, independence, accountability, fairness and social responsibility.

1. Shareholding

- In accordance with the Constitution of the Company, no shareholder can hold more than 5% of the issued share capital of the Company without the previous authorisation of the Board of Directors.
- As at December 31, 2008, the following shareholders owned more than 5% of the issued share capital:
- Collatina Ltée – 5.19%
- Flaminia Ltée – 5.15%
- Tiburtina Ltée – 7.64%
- There are no restrictions on the transfer of fully paid-up shares.
- There are no pre-emptive rights attached to the shares.

Analysis of shareholders at December 31, 2008

No. of shareholders	No. of shares	No. of shares owned	% of total issued shares
786	1 – 5,000	997,387	4.98%
259	5,001 – 50,000	3,907,524	19.50%
27	50,001 – 100,000	1,932,892	9.65%
29	100,001 – 250,000	4,061,171	20.27%
2	250,001 – 500,000	554,953	2.77%
9	Above 500,000	8,586,073	42.85%
1,112	TOTAL	20,040,000	100.00%

2. Common Directors at December 31, 2008

	The Mauritius Union Assurance Company Limited	MUA Commercial Vehicles Agency Ltd.	Associated Brokers Ltd.
Vincent Ah Chuen	*	*	*
Pierre de Chasteigner du Mée	*		*
Jacques de Navacelle	*	*	*
Pierre-Yves Pougnet	*	*	*
Georges A. Robert	*	*	*

3. Shareholders' Agreement

The Company is not aware of any shareholders' agreement.

4. Management Agreement

The Group has not entered into any management agreement with third parties.

5. Dividend Policy

The Company has no formal dividend policy. Payment of dividends is subject to the profitability of the Company, its cash flow and its capital expenditure requirements.

6. Board of Directors

At December 31, 2008, the Board was composed of seven directors, two of whom are executives and five are independent non-executives.

The Board met on ten occasions during the year under review.

There is a clear separation between the roles of the Chairperson and those of the Managing Director. The Chairperson leads the Board, ensuring that all directors participate fully and constructively in the functioning and decision-making process of the Board. He monitors, with the participation of the Secretary, the information submitted to the Board to ensure that the directors are able to reach informed decisions. The Managing Director is responsible for the day-to-day management of the Company, and the implementation of strategies and policies agreed by the Board.

The independent non-executive directors bring to the Board a wide range of experience and skills. They are free from any business or other relationships, which could materially affect their ability to exercise independent judgment.

Board members' profiles are set out on pages 9 and 10.

As recommended by the Code of Corporate Governance, all directors will have to stand for re-election at the annual meeting of shareholders.

6.1 Executive Directors' Service Contracts

- Jacques de Navacelle's fixed term contract has been renewed up to April 30, 2010.
- Pierre de Chasteigner du Mée has no fixed term contract.

6.2 Contracts of Significance

There was no contract of significance subsisting during the year to which the Company, or one of its subsidiaries, was a party to and in which a director was materially interested, either directly or indirectly.

6.3 Changes in Directorship

- Robert Bigaignon, Jean-Paul de Chazal, Ravi Kalachand and Bernard Mayer resigned on May 27, 2008.
- Priscilla Balgobin-Bhoyrul and Axel Roussety were appointed to the Board on August 6, 2008.

6.4 Directorships in Other Listed Companies

The directorships held by the Board Members of MUA in other listed companies as at December 31, 2008 are shown below:

Vincent Ah Chuen	POLICY Ltd	Les Moulins de La Concorde Ltée	ABC Motors Co Ltd	
Pierre de Chasteigner du Mée	POLICY Ltd			
Jacques de Navacelle	Harel Frères Ltd	Mon Trésor Mon Désert Ltd	United Basalt Products Ltd	Southern Cross Tourist Co Ltd
Pierre-Yves Pougnet	POLICY Ltd	Les Moulins de La Concorde Ltée	Livestock Feed Ltd	Tropical Paradise Co. Ltd
Georges A. Robert	POLICY Ltd	IPRO Growth Fund	Robert Le Maire Ltd	

Priscilla Balgobin-Bhoyrul and Axel Roussety are not directors of other listed companies.

6.5 Directors' Interests in Shares of the Company

The direct and indirect interests of the directors in the ordinary shares of the Company as at December 31, 2008, together with their classification, are set out in the table below:

Directors	Classification	No. of Shares	
		Direct	Indirect
Vincent Ah Chuen	Independent Non-executive	132,287	140,318
Priscilla Balgobin-Bhoyrul	Independent Non-executive	500	-
Pierre de Chasteigner du Mée	Executive	1,125	35,737
Jaques de Navacelle	Executive	32,600	-
Pierre-Yves Pougnet	Independent Non-executive	128,551	-
Georges A.Robert	Independent Non-executive	137,812	-
Axel Roussety	Independent Non-executive	1,031	200

6.6 Directors' dealing in shares

The directors of the Company follow the principles of the Model Code for Securities Transactions as detailed in Appendix 6 of the Listing Rules in all their dealings.

During the year under review, the directors dealt in the shares of the Company as follows:
• Priscilla Balgobin-Bhoyrul purchased 500 shares
• Jacques de Navacelle purchased 31,600 shares

Corporate governance report

7. Committees of the Board

Two committees of the Board have been constituted; an Audit & Risk Committee and a Corporate Governance and Remuneration and Nomination Committee.

These committees have been set up in order to assist the directors in discharging their duties through a more comprehensive evaluation of specific issues. They may seek any information they may require from any employee of the Company in order to perform their duties.

The Committees can, at the Company's expense, request such independent external professional advice, which they consider necessary to perform their duties.

7.1 Audit & Risk Committee

The Audit & Risk Committee is chaired by Pierre-Yves Pougnet. Vincent Ah Chuen, Priscilla Balgobin-Bhoyrul and Axel Roussety are the other members. All members have the required expertise. External and Internal Auditors attend meetings when required.

The Board has established formal terms of reference for the Audit & Risk Committee, and the Committee confirms that it has discharged its responsibilities for the year, in compliance with these terms of reference.

The Audit & Risk Committee focuses on:
- the functioning of the internal control system and internal audit
- the risk areas of the company's operations to be covered in the scope of the internal and external audits, with the exclusion of legal risks
- the reliability and accuracy of financial information provided to management and other users of financial statements
- the Company's compliance with regulatory requirements with regard to both financial and non-financial matters
- the scope and results of the external audit, its cost effectiveness, independence and objectivity
- the nature and extent of non-audit services provided by external auditors

7.2 Corporate Governance Committee

Members of the Corporate Governance Committee are:

- Pierre de Chasteigner du Mée (Chairperson)
- Jacques de Navacelle
- Georges A. Robert

The Corporate Governance Committee is responsible for implementing the Code of Corporate Governance throughout the Company and ensuring that the reporting requirements on corporate governance are made in accordance with the principles enunciated in the Code.

The Remuneration and Nomination Committee makes recommendations with regard to the Company's general policy on remuneration for Directors and senior management and for the establishment of the criteria necessary to measure the performance of Directors. It has the responsibility of Board and Senior Executives' nominations.

7.3 Directors' Attendance at Board Meetings and Committees of the Board

Directors	Board Meetings	Audit & Risk Committees	Corporate Governance Committees
Vincent Ah Chuen	9 out of 10	3 out of 3	-
Priscilla Balgobin-Bhoyrul	5 out of 5	0 out of 1	-
Pierre de Chasteigner du Mée	9 out of 10	-	2 out of 2
Jaques de Navacelle	8 out of 10	-	1 out of 1
Pierre-Yves Pougnet	7 out of 10	3 out of 3	-
Georges A.Robert	7 out of 10	-	2 out of 2
Axel Roussety	5 out of 5	1 out of 1	

7.4 Directors' Remuneration whilst in office

Directors	Remuneration from the Company Rs ('000)		Remuneration from Subsidiaries Rs ('000)	
	2008	2007	2008	2007
Vincent Ah Chuen	320	200	12	12
Richard Arlove (up to May 31, 2007)	-	90	-	-
Priscilla Balgobin-Bhoyrul (as from August 6, 2008)	100	-	-	-
Pierre-Yves Bigaignon (up to May 31, 2007)	-	60	-	-
Robert Bigaignon (up to May 27, 2008)	160	130	-	-
Pierre de Chasteigner du Mée	630	320	537	385
Jean-Paul de Chazal (up to May 27, 2008)	160	130	-	-
Jacques de Navacelle	5,900	4,881	12	12
Ravi Kalachand (up to May 27, 2008)	100	130	-	-
Danielle Lagesse (up to February 6, 2007)	-	20	12	12
Bernard Mayer (up to May 27, 2008)	380	690	-	-
Pierre-Yves Pougnet	320	200	12	12
Georges A. Robert	320	200	15	15
Axel Roussety (as from August 06, 2008)	100	-	-	-
	8,490	**7,051**	**600**	**448**

8 Remuneration Policy

The remuneration of Directors and Senior Executives of the Company are subject to an annual review, according to the criteria contained in the terms of reference of the Remuneration Committee.

9 Share Option

The Company has no share option plan.

10 Internal Audit

The mission of the internal audit is to provide independent, objective assurance services, designed to add value and improve the Company's operations. It derives its authority from the Board through the Audit & Risk Committee.

The internal audit is carried out by Messrs Ernst & Young, Public Accountants. The scope of their work encompasses:

- identifying risk areas and evaluating the level of risk for each risk area
- reviewing internal control processes and making appropriate recommendations to the Audit & Risk Committee and the Management
- monitoring the implementation of the recommendations and reporting on these implementations to the Audit & Risk Committee

They have carried out three internal audit reviews during 2008.

10.1 Reporting lines

The Internal Auditors have a direct reporting line to the Audit & Risk Committee and maintain an open and constructive communication with the Management. They also have direct access to the Chairperson of the Board. This structure allows the Internal Auditors to remain independent.

10.2 Coverage

The Internal Audit Plan, which is approved by the Audit & Risk Committee, is based on the principles of risk management designed to ensure that their scope of work aligns with the degree of risk attributable to the area being audited.

10.3 Restrictions

The Internal Auditors have unrestricted access to the Company's accounting records, and to management and employees.

11 Risk Management

Risk Management refers to the process used by the Company to monitor and mitigate its exposure to risk. The objective of risk management is not to eliminate risk altogether, but to reduce it to an acceptable level having regard to the objectives of the Company.

While the Board is responsible for the overall risk management and internal control systems, oversight of the Company's risk management process, with the exception of the legal risk, has been delegated to the Audit & Risk Committee.

To strengthen control, a Risk Management Framework has been implemented to:
- ensure all material risks are identified and reported to management, to the Audit & Risk Committee and to the Board
- ensure mitigation activities are developed, communicated, agreed and measured to ensure objectives are achieved
- ensure continuous identification of new risks that may arise so as to implement mitigating controls

The following risk areas have been identified for the Company:

11.1 Insurance Risks

The main activity of the Company is the acceptance of risk under an insurance contract where in return for a consideration (the premium), a policyholder is compensated for pecuniary loss suffered as a result of a specified uncertain future event, or of a certain future event where the timing of the occurrence is uncertain.
The main 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. Risks are mainly associated with the Company's underwriting, reinsurance and claims handling activities.

(a) Short-term Insurance
The Company's underwriting strategy attempts to ensure that the underwritten risks are acceptable, well priced and diversified in type, amount of risk and industry. Statistics captured and analysed by computer software are extensively used to assess and review risks and the Company reserves the right not to renew policies and/or to impose deductibles.
The Company determines the extent of risks retainable and transfers, through reinsurance led by top rated reinsurers, risks in excess of its capacity. Thus, through effective proportional, excess of loss, catastrophe and facultative reinsurance covers, the maximum loss for a given risk that the Company may suffer in any one year is predetermined.

Claims handling is closely monitored so as to ensure that the loss reported is covered and properly assessed. Where relevant, the Company may pursue third parties for payment of some or all liabilities (subrogation). The Company ensures that claims provisions are determined using the best information available of claims settlement patterns, forecast inflation and settlement of claims. Estimation techniques also involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the best overall estimates.

(b) Long-term Insurance
For long-term insurance contracts, where the insured event is death, the most significant factors that could impact on insurance claims are diseases like heart problems, diabetes, high blood pressure and changes in lifestyle, such as eating habits, smoking and lack of exercise, resulting in higher and earlier than expected claims being submitted to the Company. 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. Underwriting involves medical examination of proposed life assured and the application of an appropriate actuarially determined premium. Death cover above a pre-determined retention limit is reinsured. Liabilities in terms of long-term insurance contracts are based on actuarial valuations.

11.2 Financial Risks

The Company is exposed to financial risks through its financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from insurance and investment contracts.

The main risks to which the Group and the Company are exposed include:
- Foreign exchange risk;
- Credit risk;
- Liquidity risk;
- Market risk; and
- Reinsurers' default

(i) Foreign exchange risk
The Company holds foreign investments through an Associate Company whose net assets are exposed to currency translation risk. The Company also holds a number of deposits, equity investments, property investments and bank balances denominated in foreign currencies and is exposed to fluctuations of the United States Dollar, Euro and Great Britain Pounds. Exposure to foreign currency is not hedged but closely monitored by management.

(ii) Credit risk
The Group's credit risk is primarily attributable to debtors for insurance premiums and to secured loans granted in the normal course of business. Loans granted are closely monitored by the Credit Committee which is chaired by the Managing Director. The Legal Department closely monitors payment procedures and debt recovery through appropriate legal action, if necessary.

(iii) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to meet short-term debts. Liquidity risk is considered to be very low.

(iv) Market risk
Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. The Investment Committee ensures that investments are sufficiently diversified in order to match assets and liabilities and liquidity requirements.

(v) Reinsurers' default
The Company is exposed to the possibility of default by its Reinsurers for their share of insurance liabilities and refunds in respect of claims already settled by it. Management monitors the financial strength of its Reinsurers and the Company's set procedures ensure that risks are only ceded to top-rated and credit-worthy Reinsurers.

11.3 Operational Risks

Operational risks are risks of loss and/or opportunity gain foregone resulting from inadequate or failed internal processes, people and systems or from external events. These losses may be caused by one or more of the following:

(a) Human Resources Risk
That the personnel responsible for managing and controlling different sectors of the organisation or a business process do not possess the requisite knowledge, skills and experience needed to ensure that critical business objectives are achieved and significant business risks are reduced to an acceptable level. An internal training programme has been initiated to minimise that risk and external training is also provided.

(b) Compliance Risk
Compliance risk, also referred to as non-conformance risk, results in lower quality, higher costs, lost revenues and unnecessary delays. Non-conformance also gives rise to product/service failure risk because if not detected and corrected before a product or service is delivered to the customer, a product or performance failure could result. A Compliance Department has been set up to monitor these issues.

(c) Business Interruption Risk
The Company's capability to continue critical operations and processes is highly dependent on availability of information technologies, skilled labour and other resources. If people with the requisite experience and skills or other critical resources were unavailable or if critical systems broke down, the Company would experience difficulty in continuing operations. A business interruption plan has been set up involving the duplication of our records and information systems on standby servers at a distant location, and insurance transactions are updated daily, through the Mauritius Telecom frame relay network. Full customer service can be delivered from this location.

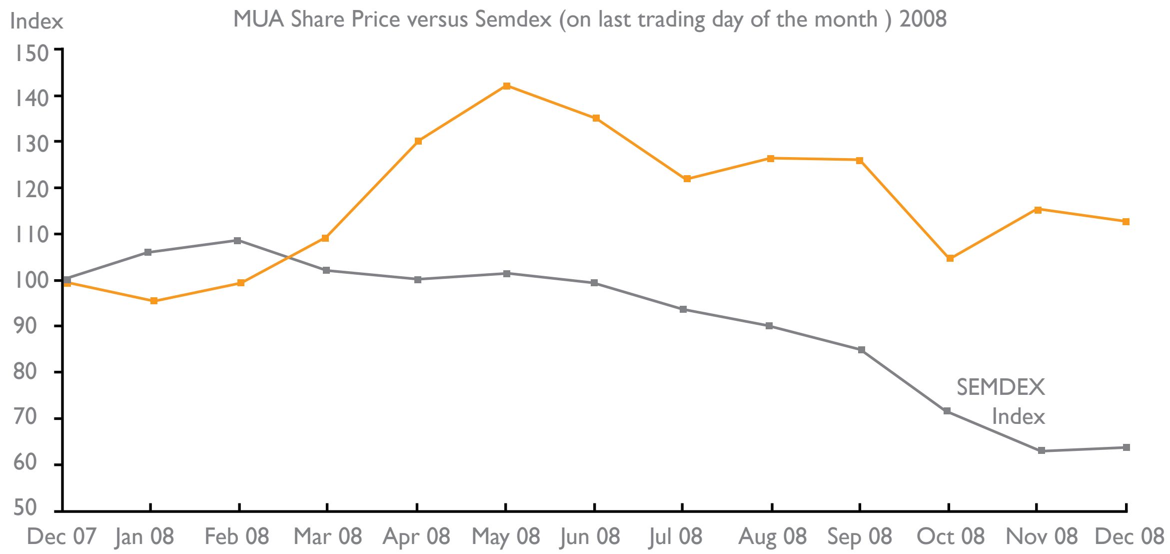
(d) Product/Service Failure Risk
During insurance operations there may be a risk of customers receiving faulty insurance policies or service. These failures would result in customer complaints, litigated claims, cancelled policies, increased claim frequency or severity. These can significantly affect the Company's reputation, profitability, future business written and market share. A Customers' Complaints Handling Unit has been implemented to oversee these risks.

(e) Health and Safety Risk
Worker health and safety risks are significant if not controlled because they can expose the Company to substantial liability in respect of workers' compensation. Non-compliance with Health & Safety Legislation may result in heavy fines. The Health & Safety Committee ensures that these risks are minimised through control, follow-up and communication procedures. The Human Resources Department ensures compliance with labour laws.

With regards to the operational risks, appropriate methods based on the recurring nature of the risk and the financial and operational impact of the risk are applied.

Under the risk management framework that has been established, a priority action plan aimed at developing and implementing mitigating controls has been prepared. Clear responsibilities and targets have been established and are closely monitored.

12 Share Price Information



13 Charitable Donations

Charitable donations were made by the Company during the year to 18 recipients for an amount of Rs. 1,022,361 (2007: Rs 479,300) This year's actions were centred on "handicapped children".

None of the subsidiaries made any charitable donations.

14 Political Donations

In line with the Company's policy, no political donations were made during the year under review.

15 Auditors' Remuneration

	THE GROUP		THE COMPANY	
	2008 Rs'000	2007 Rs'000	**2008 Rs'000**	2007 Rs'000
Audit fees paid to:				
- BDO De Chazal Du Mée	**581**	581	**541**	541
- Other firms	**97**	82	**-**	-
Fees paid for other services provided by				
- BDO De Chazal Du Mée	**239**	365	**230**	356
Details:				
• Survey on insurance claims	**-**	106		
• Advisory services	**92**	115		
• Tax computation fees	**72**	69		
• Audit of the annual statuory return to the FSC	**75**	75		
- Other firms	**-**	7	**-**	-

16 Sustainability Reporting

The Company recognises that it operates within a social and economic community and as such is committed, when taking decisions and carrying out its activities, to take into account not only the economic viability but also the environmental consequences and social implications. The Company recognises its key role on job and wealth creation in the Mauritian society. Reporting sustainability is generally understood to be the way for a company to strike a right balance between economic, environmental, and social integration, often through commitment and activities that extend beyond the foundation of compliance with legislation.

16.1 Ethics

The Company has adopted a code of Ethics in order to:

- Define accepted/acceptable behaviours
- Promote high standards of practice;
- Provide a benchmark for staff members to use for self evaluation;
- Establish a framework for professional behaviour and responsibilities;

All employees have taken cognisance of the Code and individually pledged to abide by its contents.

16.2 Related party transactions

For related party transactions, please refer to Note 36 of the Financial Statements.

16.3 Environment, Health & Safety

Environmental implications are taken into account before operational and strategic decisions are taken, even if it is at added cost for the Company.

A Health and Safety procedure has been set out and posted on MUA's intranet, to explain and demonstrate the Company's attitude towards health and safety as well as the steps, arrangements and systems the Company has in place to ensure compliance with health and safety legislation.

As required by the health and safety legislation, a corporate Safety, Health and Welfare Committee has been constituted. It meets once every two months and one of its main objectives is to create greater awareness among staff of the need for a safe and healthy work environment.

Moreover, staff are regularly trained on handling fire equipment, evacuation simulation exercise and first aid care.

16.4 Social

Mauritius Union is dedicated to promote the Mauritian society's welfare through the development of CSR programmes and initiatives. For the year ended 2008, the Company's target was to lend a hand to children with disabilities via the sponsorship of:

1. Fondation Georges Charles – We set up a wholly furnished kindergarten specialized for children aged 6-9 in order to give them access to normal education.

2. CEDEM – We recruited two part-time workers and paid the organization's psychologist for the year to facilitate the children's integration and ensure that the rights of disabled people are respected.

Aside from these fundings, the company gave the APEIM a free car insurance policy and made several donations to FOYER NAMASTE to alleviate its daily expenses. Other initiatives to lessen poverty were endowments to victims of Cyclone Lola and to the citizens of Madagascar. The organization moreover sponsored several employees with regard to School Certificate and Higher School Certificate exam fees.

17 Time-table of important upcoming events

June 17, 2009	Payment of Interim Dividends
June 30, 2009	Annual Meeting of Shareholders
August 15, 2009	Publication of unaudited accounts for quarter ended June 30, 2009
November 12, 2009	Declaration of Final Dividends
November 15, 2009	Publication of unaudited accounts for quarter ended September 30, 2009
December 18, 2009	Payment of Final Dividends

18 Directors' Statement of Responsibilities

18.1 Financial Statements

The Directors of The Mauritius Union Assurance Company Limited are required by The Companies Act 2001 to prepare financial statements for each financial year, which present a true and fair view of the financial position of the Company and the Group at the end of the financial year and of the results of their operations for the year then ended. They are responsible for the integrity of these financial statements and for the objectivity of any other information presented therein.

The Directors confirm that in preparing these financial statements they have:

i. Selected suitable accounting policies that are compliant with International Financial Reporting Standards and applied them consistently
ii. Made judgments and estimates that are reasonable and prudent
iii. Prepared the financial statements on a going concern basis
iv. Kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company
v. Taken appropriate measures to safeguard the assets of the Company through the application of appropriate internal control systems and procedures
vi. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

18.2 Internal Control

The Directors are responsible for the Company's systems of internal control. The systems have been designed to provide the Directors with reasonable assurance that assets are safeguarded, that transactions are authorised and properly recorded and that material errors and irregularities are either prevented or detected within a reasonable time. An internal audit function has been established to assist management in the effective discharge of its responsibilities. Internal audit reviews business controls on an on-going basis, is independent of management and reports directly to the Audit & Risk Committee.

18.3 Risk Management

Through the Audit & Risk Committee, Directors are made aware of the risk areas which affect the Company and ensure that Management has taken appropriate measures to mitigate these risks.

The Board ensures that the principles of good governance are also applied in the Company's subsidiaries.

Approved by the Board of Directors on May 14, 2009 and signed on its behalf by:

Pierre de Chasteigner du Mée
Chairperson

Jacques de Navacelle
Managing Director

Gilbert Poisson
Company Secretary

Secretary's certificate

(pursuant to Section 166(d) of the Companies Act 2001)

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

Gilbert Poisson
Secretary

May 14, 2009

Independent auditors' report to the members

This report is made solely to the members of The Mauritius Union Assurance Company Limited (the "Company"), as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of The Mauritius Union Assurance Company Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 35 to 86 which comprise the balance sheets at December 31, 2008, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001. 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 35 to 86 give a true and fair view of the financial position of the Group and of the Company at December 31, 2008, 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.

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.

Insurance Act 2005

The financial statements have been prepared in the manner and meet the requirements specified by the Financial Services Commission (FSC) except for Section 27 of the Insurance Act 2005 which is in the process of being complied with. We draw attention to note 10 (d).

BDO DE CHAZAL DU MEE
Chartered Accountants

BDO De Chazal du Mee

Per M. Afsar Ebrahim F.C.A

Port Louis,
Mauritius.

March 31, 2009

Balance sheets

Year ended December 31, 2008

	Notes	THE GROUP 2008 Rs'000	THE GROUP 2007 Rs'000	THE COMPANY 2008 Rs'000	THE COMPANY 2007 Rs'000
ASSETS					
Non-Current Assets					
Property and equipment	5	**93,466**	92,314	**93,119**	91,919
Investment property	6	**8,000**	8,000	**-**	-
Intangible assets	7	**10,144**	11,786	**5,565**	7,207
Investments in subsidiary companies	8	**-**	-	**11,979**	11,979
Investments in associated companies	9	**1,695**	32,894	**4,817**	24,282
Financial assets	10	**1,193,797**	1,287,898	**917,872**	912,304
Loans and receivables	11	**32,269**	23,631	**127,979**	123,011
Life business non-current assets (page 36)		**2,034,113**	3,014,721	**-**	-
		3,373,484	4,471,244	**1,161,331**	1,170,702
Current Assets					
Life business current assets (page 36)		**405,845**	152,840	**-**	-
Financial assets	10	**41,032**	940	**41,032**	940
Loans and receivables	11	**6,961**	5,370	**6,961**	5,370
Trade and other receivables	12	**130,360**	126,974	**129,064**	113,406
Deferred acquisition costs receivable		**27,162**	20,742	**27,162**	20,742
Amount receivable from Life business		**-**	133,203	**-**	133,203
Recoverable from reinsurers	13&14	**288,753**	254,968	**288,753**	254,968
Bank balances and cash	32	**109,024**	187,887	**105,287**	183,320
		1,009,137	882,924	**598,259**	711,949
Life business non-current assets held-for-sale (page 36)		**-**	46,346	**-**	-
Total Assets		**4,382,621**	5,400,514	**1,759,590**	1,882,651
EQUITY AND LIABILITIES					
Capital and Reserves (attributable to equity holders of the parent company)					
Share capital	16	**200,400**	200,400	**200,400**	200,400
Revaluation and other reserves	17	**427,528**	898,205	**270,354**	642,412
Non-distributable share of Life surplus		**45,200**	92,328	**45,200**	92,328
Retained earnings		**363,083**	290,083	**344,489**	265,113
Equity holders' interest		**1,036,211**	1,481,016	**860,443**	1,200,253
Minority interest		**3,233**	3,315	**-**	-
Total equity		**1,039,444**	1,484,331	**860,443**	1,200,253
Technical Provisions					
Unearned premium reserve	14/18	**280,696**	231,712	**280,696**	231,712
Life Assurance Fund (page 36)		**2,412,918**	3,046,106	**-**	-
Outstanding claims & IBNR	13&14	**487,223**	384,603	**487,223**	384,603
		3,180,837	3,662,421	**767,919**	616,315
Non-Current Liabilities					
Deferred tax liabilities	19	**48**	48	**-**	-
Retirement benefit obligations	20	**199**	-	**199**	-
Life business non-current liabilities (page 36)		**199**	-	**-**	-
		446	48	**199**	-
Current Liabilities					
Borrowings	21	**-**	83	**-**	-
Trade and other payables	22	**84,056**	74,222	**80,820**	55,074
Deferred acquisition costs payable		**8,261**	7,438	**8,261**	7,438
Amount payable to Life business		**39,822**	-	**39,822**	-
Current tax liabilities	23	**2,914**	4,170	**2,126**	3,571
Life business current liabilities (page 36)		**26,841**	167,801	**-**	-
		161,894	253,714	**131,029**	66,083
Total Equity and Liabilities		**4,382,621**	5,400,514	**1,759,590**	1,882,651

These financial statements have been approved for issue by the Board of Directors on 30th March 2009 and signed on its behalf by:

) DIRECTORS

The notes on pages 45 to 86 form an integral part of these financial statements.
Auditors' report on pages 33 and 34.

Balance sheet - Life business

Year ended December 31, 2008

	Notes	2008 Rs'000	2007 Rs'000
Non-Current Assets			
Property and equipment	5	**92,869**	95,308
Investment property	6	**64,000**	50,000
Intangible assets	7	**5,764**	1,159
Investments in associated companies	9	**1,405**	36,855
Financial assets	10	**1,537,758**	2,450,976
Loans and receivables	11	**332,317**	380,423
		2,034,113	3,014,721
Current Assets			
Financial assets	10	**20,000**	20,069
Loans and receivables	11	**33,078**	34,396
Trade and other receivables	12	**42,786**	40,037
Amount receivable from General business		**39,822**	-
Bank balances and cash	32	**270,159**	58,338
		405,845	152,840
Non-current assets held-for-sale	15	**-**	46,346
Total Assets		**2,439,958**	3,213,907
Less:			
Non-Current Liabilities			
Retirement benefit obligations	20	**199**	-
		199	-
Current Liabilities			
Amount payable to General business		**-**	133,203
Trade and other payables	22	**26,841**	34,598
		26,841	167,801
		2,412,918	3,046,106
Life Assurance Fund		**2,412,918**	3,046,106

The notes on pages 45 to 86 form an integral part of these financial statements.
Auditors' report on pages 33 and 34.

Income statements

Year ended December 31, 2008

	Notes	THE GROUP 2008 Rs'000	THE GROUP 2007 Restated Rs'000	THE COMPANY 2008 Rs'000	THE COMPANY 2007 Restated Rs'000
Revenue	25	**480,603**	373,218	**472,353**	366,589
Underwriting surplus (page 38)		**85,944**	46,934	**85,944**	46,934
Investment and other income	26(a)(i)	**99,247**	69,048	**91,696**	65,863
Profit on disposal of available-for-sale financial assets	26(a)(ii)	**63,010**	76,699	**62,617**	71,583
Increase in fair value of investment property	6	**-**	1,840	**-**	-
		248,201	194,521	**240,257**	184,380
Legal costs		**-**	14,850	**-**	14,850
Management expenses		**82,849**	67,340	**78,020**	63,127
Depreciation	5	**5,977**	7,742	**5,842**	7,465
Amortisation	7	**2,261**	3,122	**2,261**	3,122
		91,087	93,054	**86,123**	88,564
		157,114	101,467	**154,134**	95,816
Share of results of associated companies	9(a)	**(6,886)**	111	**-**	-
Profit before taxation	28	**150,228**	101,578	**154,134**	95,816
Taxation	23	**(4,696)**	(4,252)	**(3,908)**	(3,571)
Net profit for the year		**145,532**	97,326	**150,226**	92,245
Attributable to:					
Equity holders of the company		**144,447**	96,216	**150,226**	92,245
Minority interest		**1,085**	1,110	**-**	-
		145,532	97,326	**150,226**	92,245
Earnings per share from continuing operations (Rs/cs)	31	**7.21**	4.80		
Number of shares used in calculation of earnings per share		**20,040,000**	20,040,000		

The notes on pages 45 to 86 form an integral part of these financial statements.
Auditors' report on pages 33 and 34.

General business revenue account

Year ended December 31, 2008

	Notes	2008 Rs'000	2007 Rs'000
Gross premiums		**617,954**	518,231
Premiums ceded to reinsurers		**(96,617)**	(117,983)
Change in gross unearned premiums	14(ii)/18	**(48,984)**	(36,371)
Recoverable from reinsurers		**13,152**	2,712
Net earned premiums	2(1)	**485,505**	366,589
Gross claims paid	14(i)	**320,496**	307,302
Claims recovered from reinsurers	14(i)	**(30,901)**	(18,792)
Movement in gross outstanding claims		**102,620**	1,251
Recoverable from reinsurers		**(20,633)**	6,528
Net claims incurred		**371,582**	296,289
Commissions payable to agents and brokerage fees		**56,921**	46,243
Commissions receivable from reinsurers		**(22,216)**	(17,779)
Documentation and policy fees		**(6,726)**	(5,098)
Net commissions payable		**27,979**	23,366
Underwriting surplus (page 37)		**85,944**	46,934

The notes on pages 45 to 86 form an integral part of these financial statements.
Auditors' report on pages 33 and 34.

Life assurance fund

Year ended December 31, 2008

	Notes	2008 Rs'000	2007 Rs'000
Gross premiums		**335,166**	278,416
Ceded to reinsurers		**(19,444)**	(19,425)
Net insurance premiums		**315,722**	258,991
Consideration for annuities		**9,468**	4,219
		325,190	263,210
Investment and other income	26(b)	**87,622**	124,842
(Loss)/profit on disposal of property and equipment		**(5,767)**	599
Increase in fair value of investment property	6	**10,073**	13,814
Increase in fair value of non-current assets held-for-sale		**-**	13,070
Revaluation of land and buildings		**-**	6,328
(Decrease)/Increase in fair value of available-for-sale financial assets	10	**(784,648)**	723,154
		(692,720)	881,807
Commissions payable		**26,018**	21,255
Commissions recoverable from reinsurers		**(7,853)**	(6,027)
Net commissions payable		**18,165**	15,228
Gross death and disablement claims		**12,515**	8,267
Recoverable from reinsurers		**(6,319)**	(7,026)
Net death and disablement claims		**6,196**	1,241
Maturity claims		**153,395**	129,142
Surrenders		**21,014**	11,417
Other benefits		**2,437**	2,639
Annuities and pensions		**27,923**	17,345
Total claims		**210,965**	161,784
Management expenses		**63,467**	53,581
Depreciation	5	**5,989**	7,644
Amortisation of intangible assets	7	**490**	1,622
		69,946	62,847
Share of results of associated companies	9(a)	**(7,083)**	777
Share of currency translation reserve of associated companies	9(a)	**679**	(4,290)
(Deficit)/surplus for the year		**(673,010)**	901,645
Fund at January 1, as previously reported		**3,046,106**	2,280,946
Prior period adjustments:			
- Share of surplus to shareholders		**-**	(92,590)
- Share of results and of currency translation reserve of associated companies		**-**	14,590
- Reversal of the inter branch tax equalisation account		**-**	(9,372)
Fund at January 1, as restated		**3,046,106**	2,193,574
(Deficit)/surplus for the year		**(673,010)**	901,645
Share of deficit transferred to Life fund/(Share of surplus transferred to shareholders)		**39,822**	(49,113)
Fund at December 31,		**2,412,918**	3,046,106

The notes on pages 45 to 86 form an integral part of these financial statements.
Auditors' report on pages 33 and 34.

Statements of changes in equity

Year ended December 31, 2008

THE GROUP	Notes	Share capital	Revaluation and other reserves	Non distributable share of Life Surplus	Retained earnings	Statutory reserve fund	Total	Minority interest	TOTAL
		Attributable to equity holders of the Parent Company							
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2008		**200,400**	**898,205**	**92,328**	**290,083**	**-**	**1,481,016**	**3,315**	**1,484,331**
Decrease in fair value of available-for-sale financial assets		-	(407,208)	-	-	-	(407,208)	(398)	(407,606)
Release from fair value reserve on disposal of available-for-sale financial assets		-	(64,166)	-	-	-	(64,166)	(82)	(64,248)
Movement in reserves of associates	9	-	679	-	(597)	-	82	-	82
Movement in reserves of subsidiary		-	18	-	-	-	18	4	22
Net profit for the year		-	-	-	144,447	-	144,447	1,085	145,532
Share of deficit transferred to Life Surplus		-	-	(39,822)	-	-	(39,822)	-	(39,822)
Transfer of distibutable share of Life Surplus		-	-	(7,306)	7,306	-	-	-	-
Dividends	24	-	-	-	(78,156)	-	(78,156)	(691)	(78,847)
Balance at December 31, 2008		**200,400**	**427,528**	**45,200**	**363,083**	**-**	**1,036,211**	**3,233**	**1,039,444**
Balance at January 1, 2007 as previously reported		**200,400**	**515,367**	**-**	**205,401**	**36,117**	**957,285**	**2,600**	**959,885**
Changes in accounting policies / prior period adjustments:									
- Share of Life Surplus		-	-	85,652	6,938	-	92,590	-	92,590
- Unexpired premium reserve		-	-	-	(16,512)	-	(16,512)	-	(16,512)
- Commissions payable / receivable		-	-	-	5,620	-	5,620	-	5,620
- Incurred but not reported claims reserve		-	-	-	(595)	-	(595)	-	(595)
- Misallocation of the results and reserves of associated companies between Life Fund and the Group and overstatement of 2006 results of an associated company		-	(4,882)	-	(14,970)	-	(19,852)	-	(19,852)
- De-recognition of deferred tax assets		-	-	-	(20,765)	-	(20,765)	-	(20,765)
- Reversal of the inter branch tax equalisation account		-	-	-	9,372	-	9,372	-	9,372
- Overprovision of outstanding claims		-	-	-	12,799	-	12,799	-	12,799
Balance at January 1, 2007 as restated		**200,400**	**510,485**	**85,652**	**187,288**	**36,117**	**1,019,942**	**2,600**	**1,022,542**
Increase in fair value of available-for-sale financial assets		-	450,183	-	-	-	450,183	292	450,475
Release from fair value reserve on disposal of available-for-sale financial assets		-	(64,037)	-	-	-	(64,037)	-	(64,037)
Movement in reserves of associates	9	-	(4,290)	-	(1,835)	-	(6,125)	-	(6,125)
Movement in reserves of subsidiary		-	14	-	-	-	14	4	18
Revaluation of land and buildings		-	5,850	-	-	-	5,850	-	5,850
Net profit for the year									
- As previously reported		-	-	-	145,329	-	145,329	1,110	146,439
- Share of Life Surplus transferred to shareholders now recognised in equity		-	-	-	(49,113)	-	(49,113)	-	(49,113)
- As restated		-	-	-	96,216	-	96,216	1,110	97,326
Transfer of non-distributable share of Life Surplus		-	-	6,676	(6,676)	-	-	-	-
Share of Life Surplus									
- As previously reported		-	-	-	-	-	-	-	-
- Share of Life Surplus transferred to shareholders now recognised in equity		-	-	-	49,113	-	49,113	-	49,113
- As restated		-	-	-	49,113	-	49,113	-	49,113
Transfer of statutory reserve fund no longer required following the Insurance Act 2005		-	-	-	36117	(36,117)	-	-	-
Dividends	24	-	-	-	(70,140)	-	(70,140)	(691)	(70,831)
Balance at December 31, 2007		**200,400**	**898,205**	**92,328**	**290,083**	**-**	**1,481,016**	**3,315**	**1,484,331**

The notes on pages 45 to 86 form an integral part of these financial statements.
Auditors' report on pages 33 and 34.

Statements of changes in equity

Year ended December 31, 2008

THE COMPANY	Note	Share capital Rs'000	Revaluation and other reserves Rs'000	Non distributable share of Life Surplus Rs'000	Retained earnings Rs'000	Statutory reserve fund Rs'000	Total Rs'000
Balance at January 1, 2008		**200,400**	**642,412**	**92,328**	**265,113**	**-**	**1,200,253**
Decrease in fair value of available-for-sale financial assets		-	(308,221)	-	-	-	(308,221)
Release from fair value reserve on disposal of available-for-sale financial assets		-	(63,837)	-	-	-	(63,837)
Net profit for the year		-	-	-	150,226	-	150,226
Share of deficit transferred to Life Fund		-	-	(39,822)	-	-	(39,822)
Transfer of distributable share of Life Surplus		-	-	(7,306)	7,306	-	-
Dividends	24	-	-	-	(78,156)	-	(78,156)
Balance at December 31, 2008		**200,400**	**270,354**	**45,200**	**344,489**	**-**	**860,443**
Balance at January 1, 2007 as previously reported		200,400	410,694	-	167,598	36,117	814,809
Changes in accounting policies / prior period adjustments:							
- Share of Life Surplus		-	-	85,652	6,938	-	92,590
- Unexpired premium reserve		-	-	-	(16,513)	-	(16,513)
- Commissions payable / receivable		-	-	-	5,620	-	5,620
- Incurred but not reported claims reserve		-	-	-	(595)	-	(595)
- De-recognition of deferred tax assets		-	-	-	(20,765)	-	(20,765)
- Reversal of the inter branch tax equalisation account		-	-	-	9,372	-	9,372
- Overprovision of outstanding claims		-	-	-	12,799	-	12,799
Balance at January 1, 2007 as restated		200,400	410,694	85,652	164,454	36,117	897,317
Increase in fair value of available-for-sale financial assets		-	285,935	-	-	-	285,935
Release from fair value reserve on disposal of available-for-sale financial assets		-	(60,067)	-	-	-	(60,067)
Revaluation of land and buildings		-	5,850	-	-	-	5,850
Net profit for the year							
- As previously reported		-	-	-	141,358	-	141,358
- Share of Life Surplus transferred to shareholders now recognised in equity		-	-	-	(49,113)	-	(49,113)
- As restated		-	-	-	92,245	-	92,245
Transfer of non-distributable share of Life Surplus		-	-	6,676	(6,676)	-	-
Share of Life Surplus							
- As previously reported		-	-	-	-	-	-
- Share of Life Surplus transferred to shareholders now recognised in equity		-	-	-	49,113	-	49,113
- As restated		-	-	-	49,113	-	49,113
Transfer of statutory reserve fund no longer required following the Insurance Act 2005		-	-	-	36,117	(36,117)	-
Dividends	24	-	-	-	(70,140)	-	(70,140)
Balance at December 31, 2007		200,400	642,412	92,328	265,113	-	1,200,253

The notes on pages 45 to 86 form an integral part of these financial statements.
Auditors' report on pages 33 and 34.

Cash flow statements

Year ended December 31, 2008

	Notes	THE GROUP 2008 Rs'000	THE GROUP 2007 Restated Rs'000	THE COMPANY 2008 Rs'000	THE COMPANY 2007 Restated Rs'000
Operating activities					
Net cash generated from/(used in) continuing operations	32(a)	**276,132**	(13,769)	**275,218**	(19,986)
Dividend received		**38,767**	29,685	**34,254**	27,000
Interest received		**40,090**	29,439	**46,434**	36,770
Income tax paid		**(5,953)**	(292)	**(5,353)**	-
Net cash from operating activities		**349,036**	45,063	**350,553**	43,784
Investing activities					
Disposal of property and equipment		**369**	168	**369**	168
Disposal/maturity of financial assets		**341,317**	109,377	**340,693**	98,170
Disposal of investment in associated company		**8,600**	5,585	**8,600**	5,585
Dividend received from associated companies		**4,931**	2,662	**-**	-
Purchase of property and equipment	5	**(7,507)**	(3,089)	**(7,420)**	(2,966)
Purchase of intangible asset	7	**(619)**	(853)	**(619)**	(853)
Purchase of financial assets	10	**(528,939)**	(187,576)	**(528,581)**	(184,948)
Purchase of investment in associated company	9(a)	**(6,350)**	-	**(6,350)**	-
Loans recovered		**12,781**	17,469	**16,430**	28,505
Loans granted		**(23,552)**	(17,130)	**(23,552)**	(17,129)
Net cash used in investing activities		**(198,969)**	(73,387)	**(200,430)**	(73,468)
Financing activities					
Dividends - Parent company's shareholders	24	**(78,156)**	(70,140)	**(78,156)**	(70,140)
- Minority interest		**(691)**	(691)	**-**	-
Net cash used in financing activities		**(78,847)**	(70,831)	**(78,156)**	(70,140)
Net increase/(decrease) in cash and cash equivalents		**71,220**	(99,155)	**71,967**	(99,824)
Movement in cash and cash equivalents					
At January 1,		**187,804**	150,709	**183,320**	146,894
Reclassification	10(a)	**-**	136,250	**-**	136,250
At January 1, as restated		**187,804**	286,959	**183,320**	283,144
Increase/(decrease)		**71,220**	(99,155)	**71,967**	(99,824)
Reallocation of deposits to Life business	10(d)	**(150,000)**	-	**(150,000)**	-
At December 31,	32(b)	**109,024**	187,804	**105,287**	183,320

The notes on pages 45 to 86 form an integral part of these financial statements.
Auditors' report on pages 33 and 34.

Cash flow statements - Life business

Year ended December 31, 2008

	Notes	2008	2007
		Rs'000	Rs'000
Operating activities			
Net cash generated from continuing operations	32(c)	**(95,343)**	38,420
Dividend received		**69,191**	58,442
Interest received		**63,242**	56,456
Net cash from operating activities		**37,090**	153,318
Investing activities			
Disposal of property and equipment		**1,144**	618
Disposal of investment properties		**40,549**	18,031
Disposal/maturity of financial assets		**366,501**	98,147
Disposal of investment in associated companies		**6,350**	5,585
Purchase of property and equipment	5	**(8,590)**	(2,210)
Purchase of intangible asset	7	**(5,095)**	(837)
Purchase of financial assets	10	**(423,765)**	(241,895)
Loans recovered		**117,933**	84,063
Loans granted		**(70,296)**	(100,341)
Net cash generated from / (used in) from investing activities		**24,731**	(138,839)
Net increase in cash and cash equivalents		**61,821**	14,479
Movement in cash and cash equivalents			
At January 1,		**58,338**	37,859
Reclassification	10(a)	**-**	6,000
At January 1, as restated		**58,338**	43,859
Increase		**61,821**	14,479
Reallocation of deposits from General business	10(d)	**150,000**	-
At December 31,	32(d)	**270,159**	58,338

The notes on pages 45 to 86 form an integral part of these financial statements.
Auditors' report on pages 33 and 34.

notes to the financial statements

1. GENERAL INFORMATION

The Mauritius Union Assurance Company Limited is a limited liability company incorporated and domiciled in Mauritius. These financial statements will be submitted for adoption at the forthcoming Annual Meeting of the Company. The address of the registered office is 4 Léoville l'Homme Street, Port Louis.

The principal activity of the Company is the transaction of short term and long term insurance business and has remained unchanged during the year. The activities of the subsidiary companies are disclosed in note 8(b).

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 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with changes in presentation and disclosure in the current year.

The financial statements are prepared under the historical cost convention, except that:

(i) land and buildings are stated at fair value;
(ii) available-for-sale financial assets are stated at their fair values;
(iii) investments in associated companies in the Group and the Life Business financial statements are accounted for under the equity method;
(iv) investment properties are stated at fair value; and
(v) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

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

Certain Standards, amendments to published Standards and Interpretations have been issued and are mandatory for accounting periods beginning on or after January 1, 2009 or later periods. At the date of authorisation of these financial statements, the following new standards and interpretations were in issue but not yet effective, but which the Group has not early adopted.

IFRS 8	Operating Segments
IFRS 3	Business Combinations (Revised May 2008)
IAS 1	Presentation of Financial Statements (Revised May 2008)
IAS 16	Property, Plant and Equipment (Revised May 2008)
IAS 19	Employee Benefits (Revised May 2008)
IAS 27	Consolidated and Separate Financial Statements (Revised May 2008)
IAS 28	Investments in Associates (Revised May 2008)
IAS 32	Financial Instruments: Presentation (Revised May 2008)
IAS 36	Impairment of Assets (Revised May 2008)
IAS 38	Intangible Assets (Revised May 2008)
IAS 39	Financial Instruments: Recognition and Measurement (Revised May 2008)
IAS 40	Investment Property (Revised May 2008)

The Group is still evaluating the effect of these new or revised Standards and Interpretations on the presentation of its financial statements.

The following Standards, amendments to published Standards and Interpretations have been issued, are mandatory for accounting periods, beginning on or after January 1, 2009 or later periods and are not relevant for the Group's operations:

IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedges of a net investment in a foreign operation
IFIRC 17	Distributions of Non-cash Assets to Owners
IAS 20	Government Grants and Disclosure of Government Assistance (Revised May 2008)
IAS 23	Borrowing Costs (Revised May 2008)
IAS 29	Financial Reporting in Hyperinflationary Economies (Revised May 2008)
IAS 31	Interests in Joint Ventures (Revised May 2008)
IAS 41	Agriculture (Revised May 2008)
IFRS 1	First-time Adoption of International Financial Reporting Standards (Revised May 2008)
IFRS 2	Share-Based Payment (Revised May 2008)
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Revised May 2008)

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) Property and equipment

All property and equipment is initially recorded at cost. Land and buildings are subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation for property. All other property and equipment is stated at historical cost less depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the Income Statement. Increases and decreases in the carrying amounts arising on revaluation of land and buildings belonging to the life business are credited/debited to the Life Assurance Fund .

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

	Rate per annum
Buildings	2%
Office equipment, fixtures and fittings	10 - 33.3%
Motor vehicles	20%

Land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each Balance Sheet date. The residual value of all property and equipment is nil.

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

Gains and losses on disposal of property and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit and the surplus of the Life Assurance Fund. On disposal of revalued assets, any amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(c) Investment properties

Property held to earn rentals or capital appreciation or both and not occupied by the Company is classified as investment property. Investment property is stated at fair value, representing the open-market value determined by independent valuers. Gains and losses arising from changes in the fair value of investment properties is included in the Income Statement and the Life Assurance Fund in the period in which they arise.

(d) Intangible assets

(i) *Goodwill*

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

Goodwill on acquisitions of associated companies is included in investments in associated companies.

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

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

(ii) *Computer software*

Computer software is initially recorded at cost and amortised using the straight-line method over the estimated useful life of 5 years.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its 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 subsidiary companies

Separate financial statements

Investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual invesments.

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (its subsidiary companies) made up to December 31, each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of subsidiary companies acquired or disposed of during the year are included in the Consolidated Income Statement from the date of their acquisition or up to the date of their disposal.

The consolidated financial statements have been prepared in accordance with the purchase method. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement in the year of acquisition.

All significant intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(g) Investments in associated companies

Separate financial statements

Investments in associated companies are carried at cost in the separate financial statements of the Company and accounted for under the equity method for the Life Business. The carrying amount is reduced to recognise any impairment in the value of individual investments.

Consolidated financial statements

An associated company is an entity over which the Group has significant influence but not control, or joint control. Investments in associates are accounted for under the equity method. The Group's investment in associated companies includes goodwill (net of any accumulated impairment loss) identified on acquisition. Investments in associated companies are initially recognised at cost as adjusted by post acquisition changes in the Group's share of the net assets of the associated companies less any impairment in the value of individual investments. When the Group's share of losses exceeds its interest in an associated company, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associated company. 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.

(h) Financial assets

Categories of financial assets

The Group classifies its financial assets in 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 investments were acquired. Management determines the classification of the investments at initial recognition and re-evaluates this designation at every reporting date.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They 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 of the balance sheet date or non-current assets for maturities greater than twelve months.

(ii) Held-to-maturity investments

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

(iii) Available-for-sale financial assets

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

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

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

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

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 financial assets classified as available-for-sale are recognised in equity while assets backing up the life fund are recognised in the Life Assurance Fund. The fair values of quoted investments are based on current bid prices. 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 arms' length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

The Group assesses at each balance sheet date 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 security is 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 financial asset previously recognised in equity, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement for a financial asset classified as available-for-sale are not reversed through the income statement.

(iv) Long term receivables

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the effective interest rate. The amount of the loss is recognised in the income statement or the Life Assurance Fund. Long term receivables without fixed maturity terms are measured at cost. If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated cash flows discounted at the current market rate of return for similar financial assets.

(v) 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 the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement or the Life Assurance Fund.

(vi) Trade payables

Trade payables are stated at their nominal values.

(vii) Borrowings

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Insurance Contracts

The Company issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts issued by the Company are in respect of investment business of the staff pension scheme and are not considered material compared to insurance contracts.

Some insurance contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses.

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

(i) Short-term insurance contracts

Short-term insurance contracts are mainly in respect of motor business but the Company also sells fire and allied perils, health, marine, engineering and other miscellaneous insurance contracts. These contracts protect the Company's customers from damage suffered to property or goods, value of property and equipment lost, losses and expenses incurred, sickness and loss of earnings resulting from the occurrence of the insured events.

(ii) Long-term insurance contracts with fixed and guaranteed terms

These contracts insure events associated with human life, i.e. death, disability or survival over a long term. A liability for contractual benefits that are expected to be incurred in future is recorded once the first premium under such a contract has been recognised. The liability is based on best estimates assumptions regarding future mortality, persistency, maintenance expenses and investment income that are determined at each valuation date based on an analysis of recent experience modified by expectation of future trends. The best estimate assumptions are adjusted to include a margin for prudence.

(iii) Long-term insurance contracts without fixed terms and with DPF

These types of insurance contracts contain a DPF which entitles the contract holder, in supplement to a guaranteed amount, to a contractual right to receive additional profits or bonuses. The magnitude of the profits or bonuses as well as the timing of the payments are however at the discretion of the Company. The Company has an obligation to eventually pay to contract holders 90% of the DPF eligible surplus (i.e. all interest and realised gains and losses arising from the assets backing these contracts). The remaining 10% accrues to the shareholders. Any portion of the DPF eligible surplus accruing to contract holders that is not declared as a profit or bonus is retained as a liability in the Life Assurance Fund, until declared and credited to contract holders in future periods. The portion of the DPF eligible surplus accruing to shareholders is transferred to the Income Statement annually.

(iv) Unit linked contracts

These are insurance contracts which include an embedded derivative linking payments on the contracts to units of an internal investment fund set up by the Group with the consideration received from contract holders .This embedded derivative meets the definition of an insurance contract and has therefore not been accounted for separately from the host insurance contract. The liability of such contracts is adjusted for all changes in the fair value of underlying assets.

(j) Reinsurance contracts

Contracts entered into by the Company with reinsurers under which the Company is compensated for losses on one or more contracts issued by the Company are classified as reinsurance contracts held. Insurance contracts entered into by the Company under which the contract holder is another insurer (inwards reinsurance) are included with insurance contracts.

Reinsurance contracts used by the Company are proportional and non-proportional treaties and facultative arrangements. Proportional reinsurance can be either 'quota share' where the proportion of each risk reinsured is stated or "surplus" which is a more flexible form of reinsurance and where the Company can fix its retention limit. Non-proportional reinsurance is mainly 'excess-of-loss' type of reinsurance where, in consideration for a premium, the reinsurer agrees to pay all claims in excess of a specified amount, i.e. the retention, and up to a maximum amount. Facultative insurance contracts generally relate to specific insured risks which are underwritten separately. Under treaty arrangements, risks underwritten by the Company falling under the terms and limits of the treaties are reinsured automatically.

Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities. Short-term balances due from reinsurers are classified within trade and other receivables and longer term receivables are classified as reinsurance assets under loans and receivables. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contracts.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as expenses over the period of the contract.

If a reinsurance asset is impaired, the Company reduces the carrying amount accordingly and recognises that impairment loss in the Income Statement. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of the reinsurance asset, that the Company may not receive all amounts due to it under the terms of the contract and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(k) Revenue recognition

(a) Premiums earned

(i) Short-term insurance
Premiums on short-term insurance contracts represent gross premiums net of premiums ceded to reinsurers and are recognised as revenue (net earned premiums) on an inception basis (daily method).

(ii) Long-term insurance
Premiums on long-term insurance contracts are recognised in the Life Assurance Fund when receivable, i.e. when payments are due.

(b) Consideration for annuities

Consideration for annuities is recognised in the Life Assurance Fund when receivable.

(c) Other revenues

Other revenues are recognised on the following bases:

- Brokerage and commission receivable - on the accrual basis in accordance with the substance of the relevant agreements.
- Interest income - as it accrues unless collectibility is in doubt.
- Dividend income - when the shareholder's right to receive payment is established.

(l) Unearned premiums - Short-term insurance

Unearned premiums represent the proportion of premiums written relating to periods of insurance risks subsequent to the balance sheet date calculated on the inception basis (daily method). The change in this liability is taken to the Income Statement.

(m) Claims expenses and outstanding claims provisions

Outstanding claims provisions are based on the ultimate costs of all claims incurred but not settled at the balance sheet date, whether reported or not (IBNR). Notified claims are only recognised when the Company considers that it has a contractual liability to settle the claims. IBNR has been provided for on an actuarial method which consists in the projection of incurred but not reported claims based on the claims reporting delay pattern for the Company over the last ten years. Claims expenses are charged to the Income Statement as incurred based on the estimated liability for compensation owed to contract holders or third parties .

There are often delays between the occurrence of the insured event and the time it is actually reported to the Company, particularly in respect of liability business, the ultimate cost of which cannot be known with certainty at the balance sheet date. Following the identification and notification of the insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. Outstanding claims provisions are not discounted and exclude any allowances for expected future recoveries. Recoveries represent claims recoverable from third party insurers. Recoveries are accounted for as and when received. However, non-insurance assets that have been acquired by exercising rights to sell, salvage or subrogate under the terms of the insurance contracts are included when providing for outstanding claims.

(n) Shareholders' share of the surplus generated by the Life Business

The increase in the Life Assurance Fund represents the increase in the value of policy liabilities. The adequacy of the liabilities is determined annually by actuarial valuation. At the end of each 3 year period, a valuation of the assets and liabilities, and therefore of the discretionary participating feature (DPF) eligible surplus, is performed. In the light of this valuation, a final bonus is set for policyholders. The cost of this bonus is met in full at the end of the 3 year period. The amount of the DPF eligible surplus distributable to shareholders is limited to 1/9th of the cost of the final bonuses allocated to policyholders. One-third of this amount, plus 1/9th of any interim bonuses credited on claims arising during the previous year, is distributed to shareholders over the ensuing 3 year period.

The Company now recognises the shareholders' share of the DPF eligible surplus on an annual basis and transfers this amount from/to the Life Assurance Fund to/from the shareholders' share of Life surplus in equity. The non-distributable share of the surplus is transferred annually from retained earnings to a non-distributable reserve in the Statement of Changes in Equity. Whenever bonuses are paid/credited to policyholders, an amount representing one-ninth of these bonuses is transferrred from the non-distributable reserve to retained earnings in the Statement of Changes in Equity.

(o) Unexpired premium reserve (UPR)

Unexpired premium in respect of policies/endorsements incepting before the balance sheet date are calculated on the inception basis (daily method).

(p) Commissions payable/reinsurance commissions receivable

The liability for commissions payable is now recognised at the inception date of the insurance contract/endorsement.
Commissions payable and reinsurance commissions receivable relating to unexpired premiums are recognised and released to the Income
Statement as and when the premiums are earned.

(q) Incurred but not reported claims (IBNR)

IBNR calculation is calculated on an actuarial method which consists in the projection of incurred but not reported claims based on the claims reporting delay pattern for the Company over the last ten years.

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(r) Salvage and subrogation reimbursements

Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liabilities for claims, and salvage property is recognised in other assets when the liability is settled. The allowance is the amount that can reasonably be recovered from the disposal of the property.

(s) Liability adequacy test

(i) Short-term insurance

At each balance sheet date, a liability adequacy test is performed to ensure the adequacy of the contract liabilities. In performing the test, current best estimates of future contractual cash flows (including claims handling and administration expenses) and expected investment returns on assets backing such liabilities are used. Any deficiency is immediately charged to the Income Statement and a provision is established for losses arising from the liability adequacy test (the unexpired risk provision).

(ii) Long-term insurance

The Company's Independent Actuaries review the adequacy of insurance liabilities for long term contracts on an annual basis and ensure that provisions made by the Company are adequate.

(t) Life Assurance Fund

The increase in the Life Assurance Fund represents the increase in the value of policy liabilities. The adequacy of the liabilities is determined annually by actuarial valuation. At the end of every year, a valuation of the assets and liabilities, and therefore of the DPF eligible surplus, is performed. In the light of this valuation a final bonus is set for policyholders. The cost of this bonus is met in full at the end of every year. The amount of the DPF eligible surplus distributable to shareholders is limited to 1/9th of the cost to the final bonuses allocated to policyholders. The shareholders' share of the DPF eligible surplus is recognised annually and transferred from the Life Assurance Fund to the Shareholders' share of Life surplus in equity when there is a surplus or from shareholders' equity to Life Fund when there is a deficit. The non-distributable share of the surplus is transferred annually from the retained earnings to a non-distributable reserve in the Statement of Changes in Equity. Whenever bonuses are paid/credited to policyholders, an amount representing one-ninth of these bonuses is transferred from the non-distributable surplus to retained earnings in the Statement of Changes in Equity.

(u) 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 balance sheet date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

The principal temporary differences arise from depreciation on property and equipment and retirement benefit obligations.

(v) Alternative Minimum Tax (AMT)

Alternative Minimum Tax (AMT) is provided for where the Company has a tax liability of less than 7.5% of its book profit and pays a dividend. AMT is calculated as the lower of 10% of the dividend paid and 7.5% of book profit.

(w) Retirement benefit obligations

(i) Defined Contribution Pension Scheme

Retirement benefits to employees of the Group are provided by a Defined Contribution Pension Scheme, the Mauritius Union Group Pension Scheme, which is funded by contributions from the Group and the employees. Payments made by the Group are charged to the Income Statement/Life Assurance Fund in the year in which they are payable. The assets of this scheme are internally managed by the Life Branch of the Company.

(ii) Defined Benefit Pension Scheme

Members of the Defined Contribution Scheme, who were previously members of the MUA Staff Pension Scheme, a Defined Benefit Scheme, are entitled to a No Worse Off Guarantee ("NWOG") based on the benefits of the Defined Benefit Pension Scheme.

The liability recognised in the balance sheet in respect of the NWOG is the present value of the defined benefit obligation at the balance sheet date, together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Treasury Bills and recent corporate debenture issues.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

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

2 PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(x) 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.

(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 in the 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 financial assets, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity or in the Life Assurance Fund.

(iii) Group companies
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;

(b) income and expenses are translated at the average 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 currency translation reserve as a separate component of equity or in the Life Assurance Fund.

(y) Segment reporting

Segments are reported in a manner consistent with the internal reporting provided to management.

(z) Non-current assets held-for-sale

Non-current assets classified as held-for-sale are measured at the lower of carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

(za) Provisions

Provisions are recognised when the Company has a present or constructive obligation as a result of past events and it is probable that it will result in an outflow of resources than can be reasonably estimated to settle the obligation.

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

The Group's activities expose it to a variety of insurance and financial risks. A description of the significant risk factors is given below together with the risk management policies applicable.

3.1 Insurance Risks

Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the policyholder. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

The main risk that the Company faces under its insurance contracts is that actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This may occur if the frequency or severity of claims and benefits are greater than estimated.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy so as 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.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, accumulation of risk and type of industry covered.

3.1.1 *Insurance liabilities*

(a) Short-term Insurance

The frequency and severity of claims can be affected by several factors. The most significant claims result from accident, liability claims awarded by the Court, fire and allied perils and their consequences. Inflation is also a significant factor due to the long period typically required to settle some claims.

The Company's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Company has underwriting limits by type of risks and by industry. Performance of individual insurance policies are reviewed by management and the Company reserves the right not to renew individual policies. It can impose deductibles and has the right to reject the payment of a fraudulent claim. Where relevant, the Company may sue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

The reinsurance arrangements of the Company include proportional, excess-of-loss and catastrophe coverage and, as such, the maximum loss that the Company may suffer in any one year is pre-determined.

(b) Long-term Insurance

For long-term insurance contracts, where the insured event is death, the most significant factors that could impact on insurance claims are diseases like heart problems, diabetes, high blood pressure or changes in lifestyle, such as eating habits, smoking and lack of exercise, resulting in higher and earlier claims being submitted to the Company. 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. The liabilities in terms of insurance contracts are based on recommendations of the Company's Independent Actuaries.

3.1.2 *Concentration of insurance risk*

(a) Short-term Insurance

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

	Outstanding claims		
	2008		
Class of business	No. of claims	**Gross**	**Net**
		Rs'000	**Rs'000**
Motor	**6,903**	**208,960**	**196,964**
Fire	**68**	**19,980**	**6,598**
Personal Accident	**69**	**2,681**	**1,818**
Transport	**27**	**1,645**	**1,525**
Miscellaneous	**60,405**	**239,639**	**14,131**
IBNR	**-**	**14,318**	**14,318**
	67,472	**487,223**	**235,354**

	Outstanding claims		
	2007		
Class of business	No. of claims	Gross	Net
	Rs'000	Rs'000	Rs'000
Motor	6,690	141,328	130,374
Fire	182	2,312	1,903
Personal Accident	108	4,396	874
Transport	38	1,360	1,087
Miscellaneous	3,256	226,795	12,537
IBNR	-	8,412	6,592
	10,274	384,603	153,367

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

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

3.1 Insurance Risks (Cont'd)

3.1.2 *Concentration of insurance risk (cont'd)*

(b) Long-term Insurance

The table below presents the concentration of insured benefits across bands of insured benefits per individual life assured.

Benefits assured per life assured at the end of 2008	Total benefits insured			
	Before reinsurance		After reinsurance	
Rs'000	Rs'000	%	Rs'000	%
0-50	**117,671**	**2**	**185,474**	**6**
50-100	**569,412**	**10**	**629,315**	**20**
100-150	**707,843**	**13**	**914,145**	**29**
150-200	**427,131**	**8**	**365,473**	**12**
200-250	**550,417**	**10**	**240,081**	**8**
250-300	**362,054**	**7**	**135,581**	**4**
More than 300	**2,779,686**	**50**	**641,082**	**21**
Total	**5,514,215**	**100**	**3,111,151**	**100**

Benefits assured per life assured at the end of 2007	Total benefits insured			
	Before reinsurance		After reinsurance	
Rs'000	Rs'000	%	Rs'000	%
0-50	125,696	3	160,334	6
50-100	324,730	7	383,558	14
100-150	641,554	14	701,608	26
150-200	364,637	8	527,058	20
200-250	486,107	11	274,569	10
250-300	274,168	6	145,598	5
More than 300	2,351,688	51	507,600	19
Total	4,568,580	100	2,700,325	100

The following table for annuity insurance contracts illustrates the concentration of risk in bands that group these contracts in relation to the amount payable per annum as if the annuities were in payment at the year end. The Company does not hold any reinsurance contracts against the liabilities carried for these contracts.

Annuities payable per annum per life insured at end of 2008	Total annuities payable per annum			
	2008		2007	
Rs'000	Rs'000	%	Rs'000	%
0-10	**248**	**3**	170	3
10-20	**575**	**7**	500	8
20-50	**896**	**11**	540	9
50-100	**1,372**	**16**	1,234	20
100-150	**1,086**	**13**	838	13
More than 150	**4,264**	**50**	2,934	47
Total	**8,441**	**100**	6,216	100

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

3.1 Insurance Risks (Cont'd)

3.1.3 *Sources of uncertainty*

(a) Short-term Insurance

Claims on short-term insurance contracts are payable on a claims occurrence basis for motor and liability business and on a claims made basis for non-motor. Under the claims occurrence basis, the Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract. As a result, liability claims may be settled over a long period of time and a larger element of the claims provision relates to incurred but not reported claims (IBNR). For the claims made basis, the Company is liable only if the claims are reported within the specific underwriting year, based on the terms of the contract.

The estimated costs of claims include direct expenses to be incurred in settling claims, net of subrogation and salvage recoveries. The Company ensures that claims provisions are determined using the best information available of claims settlement patterns, forecast inflation and settlement of claims. Estimation techniques also involve obtaining corroborative evidence from as wide a range of sources as possible and combining these to form the best overall estimates. However, given the uncertainty in claims provisions, it is very probable that estimated costs and subsequent settlement amounts would differ.

(b) Long-term Insurance

The Company manages long-term insurance risks through its underwriting strategy and reinsurance arrangements. Management ensures that risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is included in the Company's underwriting procedures, with premiums varied to reflect the health condition and family medical history of the applicant. Insurance risk may also be affected by the contract holder's behaviour who may decide to amend terms or terminate the contract or exercise a guaranteed annuity option.

The Company has a predetermined retention limit on any single life insured and the Company reinsures the excess of the insured benefit above the retention limit.

3.1.4 *Claims development table*

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

Net estimate of ultimate claim costs	Underwriting year				
	2004	2005	2006	2007	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
- At end of claim year	41,130	41,699	56,897	57,044	74,604
- one year later	29,887	31,964	34,194	60,119	-
- two years later	13,910	18,963	26,678	-	-
- three years later	10,377	23,972	-	-	-
- four years later	10,811	-	-	-	-

	Underwriting year					**2008**	2007
	2004	2005	2006	2007	2008	**Total**	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000
Current estimates of cummulative claims	214,175	273,196	274,037	291,564	171,236	**1,224,208**	802,769
Cumulative payments	203,364	249,224	247,359	231,445	96,632	**1,028,024**	676,332
Liability	10,811	23,972	26,678	60,119	74,604	**196,184**	126,437
Liability in respect of prior years						**24,852**	18,518
IBNR						**14,318**	8,412
Total liability (net)						**235,354**	153,367

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

3.2 Financial Risks

The Group is exposed to financial risks through its financial assets, financial liabilities, insurance and reinsurance assets and liabilities. In particular, the key financial risk is that proceeds from financial assets are not sufficient to fund the obligations arising from insurance contracts.

Risk management is carried out by the investment department under policies approved by the investment committee. The investment department identifies and evaluates financial risks in close co-operation with the Group's operating units. The committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risks, interest rate risks and investment of excess liquidity.

The main risks to which the Group is exposed include:
- Market risk (which includes foreign exchange risk, interest rate risk and equity price risk);
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation.

3.2.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair value of future cash flows of financial instruments from fluctuations in foreign currency exchange rates, interest rates and equity prices.

(i) Foreign exchange risk

The Group has an investment in an associate whose functional currency is the United States Dollar and whose net assets are exposed to currency translation risk.

The Group also has deposits and bank balances in foreign currencies and is exposed to fluctuations with respect to the US Dollar, Euro, UK Pound Sterling and Singapore Dollar. Exposure to foreign currency is not hedged but closely monitored by management.

Concentration of financial assets and liabilities

THE GROUP - 2008	USD	EUR	GBP	SGD	AUD	MUR	TOTAL
ASSETS	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Financial assets	13,120	10,683	6,345	5,033	3,785	1,195,863	1,234,829
Loans and receivables	-	-	-	-	-	39,230	39,230
Trade and other receivables	-	-	-	-	-	128,806	128,806
Recoverable from reinsurers	-	-	-	-	-	288,753	288,753
Bank balances and cash	62,565	-	-	-	-	46,459	109,024
Life business assets	117,526	75,845	34,861	10,565	3,785	2,033,075	2,275,657
	193,211	86,528	41,206	15,598	7,570	3,732,186	4,076,299
LIABILITIES							
Trade and other payables	-	-	-	-	-	67,127	67,127
Amount payable to life business	-	-	-	-	-	39,822	39,822
Life business liabilities	-	-	-	-	-	26,841	26,841
	-	-	-	-	-	133,790	133,790

THE GROUP - 2007	USD	EUR	GBP	SGD	MUR	TOTAL
ASSETS	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Financial assets	5,110	12,573	13,641	5,501	1,252,013	1,288,838
Loans and receivables	-	-	-	-	29,001	29,001
Amount receivable from life business	-	-	-	-	133,203	133,203
Trade and other receivables	-	-	-	-	125,631	125,631
Recoverable from reinsurers	-	-	-	-	254,968	254,968
Bank balances and cash	-	1	-	-	187,886	187,887
Life business assets	89,636	138,323	57,950	12,949	2,730,064	3,028,922
	94,746	150,897	71,591	18,450	4,712,766	5,048,450
LIABILITIES						
Trade and other payables	-	-	-	-	53,891	53,891
Life business liabilities	-	-	-	-	152,801	152,801
	-	-	-	-	206,692	206,692

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

3.2 Financial Risks (Cont'd)

3.2.1 Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

Concentration of financial assets and liabilities

THE COMPANY - 2008	USD Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	AUD Rs'000	MUR Rs'000	TOTAL Rs'000
ASSETS							
Financial assets	13,120	10,683	6,345	5,033	3,785	919,938	958,904
Loans and receivables	-	-	-	-	-	134,940	134,940
Trade and other receivables	-	-	-	-	-	127,753	127,753
Recoverable from reinsurers	-	-	-	-	-	288,753	288,753
Bank balances and cash	62,565	-	-	-	-	42,722	105,287
	75,685	10,683	6,345	5,033	3,785	1,514,106	1,615,637
LIABILITIES							
Trade and other payables	-	-	-	-	-	63,891	63,891
Amount payable to Life business	-	-	-	-	-	39,822	39,822
	-	-	-	-	-	103,713	103,713

THE COMPANY - 2007	USD Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	AUD Rs'000	MUR Rs'000	TOTAL Rs'000
ASSETS							
Financial assets	5,110	12,573	13,641	5,501	-	876,419	913,244
Loans and receivables	-	-	-	-	-	128,380	128,380
Amount receivable from Life business	-	-	-	-	-	133,203	133,203
Trade and other receivables	-	-	-	-	-	112,239	112,239
Recoverable from reinsurers	-	-	-	-	-	254,968	254,968
Bank balances and cash	-	1	-	-	-	183,319	183,320
	5,110	12,574	13,641	5,501	-	1,688,528	1,725,354
LIABILITIES							
Trade and other payables	-	-	-	-	-	34,743	34,743
	-	-	-	-	-	34,743	34,743

LIFE - 2008	USD Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	AUD Rs'000	MUR Rs'000	TOTAL Rs'000
ASSETS							
Financial assets	101,655	75,845	34,861	10,565	3,785	1,331,047	1,557,758
Loans and receivables	-	-	-	-	-	365,395	365,395
Trade and other receivables	-	-	-	-	-	42,524	42,524
Amount receivables from General Business	-	-	-	-	-	39,822	39,822
Bank balances and cash	15,871		-	-	-	254,288	270,159
	117,526	75,845	34,861	10,565	3,785	2,033,076	2,275,658
LIABILITIES							
Trade and other payables	-	-	-	-	-	26,841	26,841
	-	-	-	-	-	26,841	26,841

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

3.2 Financial Risks (Cont'd)

3.2.1 Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

Concentration of financial assets and liabilities

LIFE - 2007	USD	EUR	GBP	SGD	AUD	MUR	TOTAL
ASSETS	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Financial assets	89,551	138,299	57,950	12,949	-	2,172,296	2,471,045
Loans and receivables	-	-	-	-	-	414,818	414,818
Trade and other receivables	-	-	-	-	-	38,375	38,375
Bank balances and cash	85	24	-	-	-	58,229	58,338
Non-current assets held-for-sale	-	-	-	-	-	46,346	46,346
	89,636	**138,323**	**57,950**	**12,949**	-	**2,730,064**	**3,028,922**
LIABILITIES							
Amount payable to General business	-	-	-	-	-	133,203	133,203
Trade and other payables	-	-	-	-	-	19,598	19,598
	-	-	-	-	-	**152,801**	**152,801**

Sensitivity analysis	Group		Company		Life	
Impact of change in foreign exchange rate on foreign investments	**2008**	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
± 2.5%	± 2,556	± 1,687	± 2,659	± 1,485	± 6,083	± 8,238

(ii) Interest rate risk

Interest rate risk refers to the risk that interest income and capital redemption from financial assets backing the liabilities is insufficient to fund guaranteed benefits payable especially under long-term Life Assurance contracts. Under short- term insurance contracts, liabilities are not directly sensitive to the level of market interest rates, as they are contractually non-interest bearing; except in case of bodily injury claims which are settled over long periods. Fluctuations in interest rates however impact on returns on financial instruments. This is closely monitored by Management through a well diversified portfolio of fixed income securities and equity investments.

Sensitivity analysis	Group and Company		Life	
Impact of change in fixed income securities on results:	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
± 250 basis points	± 2,671	± 1,125	± 7,803	± 6,250

(iii) Equity price risk

Equity price risk is the risk that the value of the financial instruments will fluctuate as a result of changes in market prices whether these changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

Sensitivity analysis	Group		Company		Life	
Impact of change in price of equity investment: on overall investments	**2008**	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
± 2.5%	± 26,069	± 31,456	± 19,572	± 21,902	± 36,643	± 60,899

3.2.2 Credit risk

The Group's credit risk is primarily attributable to its receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment. The Credit control department assesses the creditworthiness of brokers, agents and of contractholders based on details of recent payment history, past experience and by taking into account their financial position. The Company is exposed to the possibility of default by its reinsurers for their share of insurance liabilities and refunds in respect of claims already paid. Management monitors the financial strength of its reinsurers and the Company has policies in place to ensure that risks are ceded to top-rated and credit-worthy reinsurers only. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract.

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

3.2 Financial Risks (Cont'd)

3.2.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities. Liquidity risk is considered to be low since the Group maintains an adequate level of cash resources or assets that are readily available on demand.

3.2.4 Capital Management

The Group's objectives when managing capital are:

- to comply with the minimum capital requirements of the Insurance Act 2005 and the Insurance Rules and Regulations 2007
- to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its policyholders.
- to provide an adequate return to shareholders by pricing insurance contracts commensurately with the level of risk

3.2.5 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

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.

4.1 Critical accounting estimates and assumptions

The Company 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.

4.2 Insurance contracts

The uncertainty inherent in the financial statements of the Company arises mainly in respect of insurance liabilities, which include liabilities for unearned premiums, outstanding claims provision (including IBNR) and Life Assurance Fund. In addition to the inherent uncertainty when estimating liabilities, there is also uncertainty as regards the eventual outcome of claims. As a result, the Company applies estimation techniques to determine the appropriate provisions.

(a) Short-term insurance

(i) Claims provision

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

Large claims are generally assessed separately, being measured either based on loss adjusters' estimates, or on management's experience.

(ii) Sensitivity analysis

The Company adopts multiple techniques to estimate the required level of provisions, thereby setting a range of possible outcomes. The most appropriate estimation technique is selected taking into account the characteristics of the business class and risks involved.

(b) Long-term insurance

Estimates of future benefit payments under long-term insurance contracts are provided for, based on estimates made by the Company's Independent Actuaries. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. Estimates are based on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate, to reflect the Country's and Company's own experience.

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at each valuation date and form the assumptions used for calculating the liabilities. A margin for risk and uncertainty is added to these assumptions. Assumptions are reconsidered each year based on the most recent operating experience and estimates of future experience and are used to recalculate the liabilities.

(i) Sensitivity analysis

The following table presents the sensitivity of the value of insurance liabilities disclosed to movements in assumptions used in the estimation of insurance liabilities.

The table below indicates the level of the respective variables that will trigger an adjustment and then indicates the liability adjustment required as a result of a further deterioration in the variable.

	Basic Liability	Future bonus reserve	Total Life Fund	Change in basic liability
Variable	Rs'000	Rs'000	Rs'000	%
Base run	1,991,543	421,375	2,412,918	0.0%
Future mortality 10% worse	1,995,862	417,056	2,412,918	0.22%
Future lapses 10% higher	1,986,827	426,091	2,412,918	-0.24%
Future investment returns 1% lower	2,167,177	281,585	2,448,762	8.82%
Future inflation 1% higher	2,016,509	396,409	2,412,918	1.25%
Future maintenance expenses 10% higher	2,025,486	387,432	2,412,918	1.70%

For 10% worse mortality assumption, annuitant mortality has been taken as 10% lighter. For all other business, future mortality is assumed to be 10% heavier.

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

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. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity.

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

4.4 Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 in determining when an investment is 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 an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operating and financing cash flows.

4.5 Impairment of other assets

At each balance sheet date, management reviews and assesses the carrying amounts of other assets and, where relevant, writes them down to their recoverable amounts based on best estimates.

4.6 Legal costs

With regards to the MCB case (details of which are provided in Note 34), legal costs include a provision for estimated legal fees to be incurred up to the conclusion of the case, in accordance with the accounting policy described in Note 2.2(u) and IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

4.7 Limitation of sensitivity analysis

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

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

5. PROPERTY AND EQUIPMENT

(a) **THE GROUP - 2008**

	Land and Buildings				
	Freehold land	Buildings on freehold land	Office equipment fixtures & fittings	Motor vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2008					
- Cost	**4,681**	**42,408**	**42,920**	**13,541**	**103,550**
- Valuation	**12,319**	**16,476**	**-**	**-**	**28,795**
Additions	-	**-**	**5,894**	**1,613**	**7,507**
Disposals	-	**-**	**(251)**	**(1,600)**	**(1,851)**
At December 31, 2008					
- Cost	**4,681**	**42,408**	**48,563**	**13,554**	**109,206**
- Valuation	**12,319**	**16,476**	**-**	**-**	**28,795**
	17,000	**58,884**	**48,563**	**13,554**	**138,001**
DEPRECIATION					
At January 1, 2008	-	**182**	**34,009**	**5,840**	**40,031**
Charge for the year	-	**1,177**	**3,186**	**1,614**	**5,977**
Disposals	-	**-**	**(230)**	**(1,243)**	**(1,473)**
At December 31, 2008	-	**1,359**	**36,965**	**6,211**	**44,535**
NET BOOK VALUE					
At December 31, 2008	**17,000**	**57,525**	**11,598**	**7,343**	**93,466**

(b) **THE GROUP - 2007**

	Land and Buildings				
	Freehold land	Buildings on freehold land	Office equipment fixtures & fittings	Motor vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2007					
- Cost	4,681	42,332	41,226	12,852	101,091
- Valuation	12,219	13,771			25,990
Additions	-	76	1,967	1,046	3,089
Disposals	-	-	(273)	(357)	(630)
Revaluation surplus	100	2,705	-	-	2,805
At December 31, 2007					
- Cost	4,681	42,408	42,920	13,541	103,550
- Valuation	12,319	16,476	-	-	28,795
	17,000	58,884	42,920	13,541	132,345
DEPRECIATION					
At January 1, 2007	-	2,104	29,691	4,242	36,037
Charge for the year	-	1,282	4,564	1,896	7,742
Disposals	-	-	(246)	(298)	(544)
Adjustment	-	(159)	-	-	(159)
Revaluation adjustment	-	(3,045)	-	-	(3,045)
At December 31, 2007	-	182	34,009	5,840	40,031
NET BOOK VALUE					
At December 31, 2007	17,000	58,702	8,911	7,701	92,314

5. PROPERTY AND EQUIPMENT

(c) **THE COMPANY - 2008**

	Land and Buildings: Freehold land	Land and Buildings: Buildings on freehold land	Office equipment fixtures & fittings	Motor vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2008					
- Cost	**4,681**	**42,392**	**42,739**	**13,229**	**103,041**
- Valuation	**12,319**	**16,474**			**28,793**
Additions	-	-	**5,807**	**1,613**	**7,420**
Disposals	-	-	**(251)**	**(1,600)**	**(1,851)**
At December 31, 2008					
- Cost	**4,681**	**42,392**	**48,295**	**13,242**	**108,610**
- Valuation	**12,319**	**16,474**	-	-	**28,793**
	17,000	**58,866**	**48,295**	**13,242**	**137,403**
DEPRECIATION					
At January 1, 2008	-	-	**34,148**	**5,767**	**39,915**
Charge for the year	-	**1,177**	**3,113**	**1,552**	**5,842**
Disposals	-	-	**(230)**	**(1,243)**	**(1,473)**
At December 31, 2008	-	**1,177**	**37,031**	**6,076**	**44,284**
NET BOOK VALUE					
At December 31, 2008	**17,000**	**57,689**	**11,264**	**7,166**	**93,119**

(d) **THE COMPANY - 2007**

	Land and Buildings: Freehold land	Land and Buildings: Buildings on freehold land	Office equipment fixtures & fittings	Motor vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2007					
- Cost	4,681	42,316	41,169	12,540	100,706
- Valuation	12,219	13,771	-	-	25,990
Additions	-	76	1,844	1,046	2,966
Disposals	-	-	(274)	(357)	(631)
Revaluation surplus	100	5,750	-	-	5,850
Revaluation adjustment	-	(3,047)	-	-	(3,047)
At December 31, 2007					
- Cost	4,681	42,392	42,739	13,229	103,041
- Valuation	12,319	16,474	-	-	28,793
	17,000	**58,866**	**42,739**	**13,229**	**131,834**
DEPRECIATION					
At January 1, 2007	-	1,923	29,885	4,232	36,040
Charge for the year	-	1,123	4,509	1,833	7,465
Disposals	-	-	(246)	(298)	(544)
Revaluation surplus	-	(3,046)	-	-	(3,046)
At December 31, 2007	-	-	**34,148**	**5,767**	**39,915**
NET BOOK VALUE					
At December 31, 2007	**17,000**	**58,866**	**8,591**	**7,462**	**91,919**

5. PROPERTY AND EQUIPMENT

(e) **LIFE BUSINESS - 2008**

	Land and Buildings: Freehold land	Land and Buildings: Buildings on freehold land	Office equipment fixtures & fittings	Motor vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2008					
- Cost	4,681	46,455	45,894	11,739	108,769
- Valuation	12,319	16,382	-	-	28,701
Additions	-	-	5,807	2,783	8,590
Disposals	-	-	(259)	(2,971)	(3,230)
Transfer to investment property	-	(4,000)	-	-	(4,000)
At December 31, 2008					
- Cost	4,681	46,455	51,442	11,551	114,129
- Valuation	12,319	12,382	-	-	24,701
	17,000	**58,837**	**51,442**	**11,551**	**138,830**
DEPRECIATION					
At January 1, 2008	-	-	36,717	5,445	42,162
Charge for the year	-	1,250	3,252	1,487	5,989
Disposals	-	-	(234)	(1,883)	(2,117)
Transfer to investment property	-	(73)	-	-	(73)
At December 31, 2008	-	**1,177**	**39,735**	**5,049**	**45,961**
NET BOOK VALUE					
At December 31, 2008	**17,000**	**57,660**	**11,707**	**6,502**	**92,869**

LIFE BUSINESS - 2007

	Land and Buildings: Freehold land	Land and Buildings: Buildings on freehold land	Office equipment fixtures & fittings	Motor vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2007					
- Cost	4,681	46,379	44,498	12,547	108,105
- Valuation	12,219	13,743	-	-	25,962
Additions	-	76	1,700	434	2,210
Disposals	-	-	(304)	(1,242)	(1,546)
Revaluation surplus	100	6,228	-	-	6,328
Revaluation adjustments	-	(3,589)	-	-	(3,589)
At December 31, 2007					
- Cost	4,681	46,455	45,894	11,739	108,769
- Valuation	12,319	16,382	-	-	28,701
At December 31, 2007	**17,000**	**62,837**	**45,894**	**11,739**	**137,470**
DEPRECIATION					
At January 1, 2007	-	2,385	32,302	4,351	39,038
Charge for the year	-	1,204	4,679	1,761	7,644
Disposals	-	-	(264)	(667)	(931)
Revaluation adjustment	-	(3,589)	-	-	(3,589)
At December 31, 2007	-	-	36,717	5,445	42,162
NET BOOK VALUE					
At December 31, 2007	**17,000**	**62,837**	**9,177**	**6,294**	**95,308**

5. PROPERTY AND EQUIPMENT (CONT'D)

(f) The land and building , which is presently occupied by the Company, was revalued at December 31, 2007 by independent valuers on an open market basis, by reference to market evidence of transaction prices for similar properties. The directors are of opinion that no revaluation is necessary for the year under review as the fair value is not likely to change in a significant manner.

(g) If property and equipment had been stated on a historical cost basis, the amounts would be as follows:

	THE GROUP		THE COMPANY		LIFE	
	2008	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Cost	112,766	107,109	108,610	103,041	114,129	108,769
Accumulated depreciation	(51,346)	(46,445)	(47,703)	(42,938)	(49,955)	(45,621)
Net book value	61,420	60,664	60,907	60,103	64,174	63,148

6. INVESTMENT PROPERTY - AT FAIR VALUE

	THE GROUP		LIFE	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**8,000**	6,320	**50,000**	61,298
Transfer from fixed assets	-	-	3,927	-
Transfer to non-current asset held-for-sale(note 15)	-	-	-	(25,112)
Increase in fair value	-	1,840	10,073	13,814
Adjustment	-	(160)	-	-
At December 31,	8,000	8,000	64,000	50,000

The investment properties of the Life branch were revalued at December 31, 2008 by independent valuers on an open market value basis, by reference to market evidence of transaction prices for similar properties.

7. INTANGIBLE ASSETS

<u>2008</u>	THE GROUP			THE COMPANY	LIFE
	Goodwill	**Computer software**	**Total**	**Computer software**	**Computer software**
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
COST					
At January 1, 2008	4,579	15,738	20,317	15,738	7,164
Additions	-	619	619	619	5,095
At December 31, 2008	**4,579**	**16,357**	**20,936**	**16,357**	**12,259**
AMORTISATION					
At January 1, 2008	-	8,531	8,531	8,531	6,005
Charge for the year	-	2,261	2,261	2,261	490
At December 31, 2008	-	**10,792**	**10,792**	**10,792**	**6,495**
NET BOOK VALUE					
At December 31, 2008	**4,579**	**5,565**	**10,144**	**5,565**	**5,764**

7. INTANGIBLE ASSETS (CONT'D)

2007	THE GROUP Goodwill Rs'000	THE GROUP Computer software Rs'000	THE GROUP Total Rs'000	THE COMPANY Computer software Rs'000	LIFE Computer software Rs'000
COST					
At January 1, 2007	4,579	14,885	19,464	14,885	6,327
Additions	-	853	853	853	837
At December 31, 2007	**4,579**	15,738	20,317	15,738	7,164
AMORTISATION					
At January 1, 2007	-	5,409	5,409	5,409	4,383
Charge for the year	-	3,122	3,122	3,122	1,622
At December 31, 2007	-	8,531	8,531	8,531	6,005
NET BOOK VALUE					
At December 31, 2007	**4,579**	7,207	11,786	7,207	1,159

8. INVESTMENTS IN SUBSIDIARY COMPANIES - COST

	THE COMPANY 2008 & 2007 Rs'000
(a) UNQUOTED - AT COST	
At January 1 / December 31,	**11,979**

(b) The financial statements of the following subsidiary companies, 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.

	Stated capital Rs'000	Main activities	Nominal value of investment 2008 & 2007 Rs'000	Class of shares held	% of ownership interest and voting power held 2008 & 2007
MUA Commercial Vehicles Agency Limited	**1,000**	Investment holding	**1,000**	Ordinary	**100%**
Associated Brokers Ltd	**9,500**	Stock broker	**862**	Ordinary	**80%**

9. INVESTMENTS IN ASSOCIATED COMPAGNIES

	THE GROUP		THE COMPANY		LIFE	
	2008	2007	**2008**	2007	**2008**	2007
(a) Group's share of net assets	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At January 1, as previously reported	**32,894**	65,171	**24,282**	28,032	**36,855**	34,308
Prior year adjustment	-	(19,852)	-	-	-	14,590
At January 1, as restated	**32,894**	45,319	**24,282**	28,032	**36,855**	48,898
Share of results	**(6,886)**	111	-	-	**(7,083)**	777
Dividend received	**(4,931)**	(2,661)	-	-	**(4,931)**	(2,945)
Share of currency translation reserve	**679**	(4,290)	-	-	**679**	(4,290)
Additions	**6,350**	-	**6,350**	-	-	-
Disposals	**(8,646)**	(5,585)	**(8,050)**	(3,750)	**(6,350)**	(5,585)
Capital reduction	**(17,765)**	-	**(17,765)**	-	**(17,765)**	-
At December 31,	**1,695**	32,894	**4,817**	24,282	**1,405**	36,855

(b) The results of the following associated companies, incorporated in Mauritius, have been included in the consolidated financial statements.

	Class of shares held	% holding THE COMPANY **2008**	% holding THE COMPANY 2007	% holding LIFE **2008**	% holding LIFE 2007	Year ended
Union and POLICY Offshore Ltd	Ordinary	**25 %**	25 %	**25 %**	25 %	December 31, 2008
NCBP Holding Ltd *	Ordinary	-	13.09 %	-	36.15 %	December 31, 2008

* The investment in NCBP Holding Ltd was disposed on July 31, 2008

(c) The Group's interest in its principal associated companies, with a reporting date of December 31st and all of which are unlisted, was as follows:

Name	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest and voting power held direct
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**%**
2008					
- Union and POLICY Offshore Ltd	**6,800**	**627**	**-**	**(48,389)**	**50**
- NCBP Holding Ltd (up to July 31, 2008)	**-**	**-**	**-**	**400**	**49.24**
	6,800	**627**	**-**	**(47,989)**	
2007					
- Union and POLICY Offshore Ltd	123,780	1,182	113,780	(3,919)	50
- NCBP Holding Ltd	56,516	28,072	66,815	2,886	49.24
- Union and P.O.L.I.C.Y Investment Co Ltd					50
(up to November 30, 2007)	-	-	-	2,853	
	180,296	29,254	180,595	1,820	

10. FINANCIAL ASSETS

(a) THE GROUP

	2008			2007		
	Held-to-maturity	Available-for-sale	Total	Held-to-maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	210,702	1,216,652	1,427,354	96,880	780,709	877,589
Reclassification (note32(b))	(138,516)	-	(138,516)	-	-	-
At January 1, as restated	72,186	1,216,652	1,288,838	96,880	780,709	877,589
Additions	355,435	173,504	528,939	111,032	76,544	187,576
Reallocation from Life business (see note(d))	-	150,000	150,000	-	-	-
Reclassification of Statutory deposits	-	-	-	8,000	-	8,000
Disposals	(234,817)	(90,525)	(325,342)	(143,726)	(91,076)	(234,802)
(Decrease)/increase in fair value	-	(407,606)	(407,606)	-	450,475	450,475
At December 31,	192,804	1,042,025	1,234,829	72,186	1,216,652	1,288,838
Analysed as follows:						
Non-current	151,772	1,042,025	1,193,797	71,246	1,216,652	1,287,898
Current	41,032	-	41,032	940	-	940
	192,804	1,042,025	1,234,829	72,186	1,216,652	1,288,838

The (decrease)/increase in fair value to equity is allocated as follows:

General Business and subsidiaries	-	(407,208)	(407,208)	-	450,183	450,183
Minority interest	-	(398)	(398)	-	292	292
	-	(407,606)	(407,606)	-	450,475	450,475

(b) THE COMPANY

	2008			2007		
	Held-to-maturity	Available-for-sale	Total	Held-to-maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	210,702	841,058	1,051,760	-	562,221	562,221
Reclassification	(138,516)	-	(138,516)	96,880	-	96,880
At January 1	72,186	841,058	913,244	96,880	562,221	659,101
Additions	355,435	173,146	528,581	111,032	73,916	184,948
Reallocation from Life business (see note(d))	-	150,000	150,000	-	-	-
Reclassification of Statutory deposits	-	-	-	8,000	-	8,000
Disposals	(234,817)	(89,883)	(324,700)	(143,726)	(81,014)	(224,740)
(Decrease)/increase in fair value	-	(308,221)	(308,221)	-	285,935	285,935
At December 31,	192,804	766,100	958,904	72,186	841,058	913,244
Analysed as follows:						
Non-current	151,772	766,100	917,872	71,246	841,058	912,304
Current	41,032	-	41,032	940	-	940
	192,804	766,100	958,904	72,186	841,058	913,244

10. FINANCIAL ASSETS (CONT'D)

(c) LIFE

	2008			2007		
	Held-to-maturity	**Available-for-sale**	**Total**	Held-to-maturity	Available-for-sale	Total
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	**81,939**	**2,398,766**	**2,480,705**	-	1,570,176	1,570,176
Reclassification	**(9,660)**	**-**	**(9,660)**	26,719	-	26,719
At January 1, as restated	**72,279**	**2,398,766**	**2,471,045**	26,719	1,570,176	1,596,895
Additions	**113,820**	**309,945**	**423,765**	59,022	182,872	241,894
Reclassification of Statuory deposits	**-**	**-**	**-**	8,000	-	8,000
Disposals	**(94,151)**	**(308,253)**	**(402,404)**	(21,462)	(77,436)	(98,898)
Reallocation to General business (see note(d))	**-**	**(150,000)**	**(150,000)**	-	-	-
(Decrease)/increase in fair value	**-**	**(784,648)**	**(784,648)**	-	723,154	723,154
At December 31,	**91,948**	**1,465,810**	**1,557,758**	72,279	2,398,766	2,471,045
Analysed as follows:						
Non-current	**71,948**	**1,465,810**	**1,537,758**	52,210	2,398,766	2,450,976
Current	**20,000**	**-**	**20,000**	20,069	-	20,069
	91,948	**1,465,810**	**1,557,758**	72,279	2,398,766	2,471,045

(d) In order to comply with the Financial Services Commission's (FSC) asset admissibility rules, the independent Actuary reallocated Rs150m of shares from Life to General business and replaced same by fixed deposits effective December 31, 2008. This was ratified by the Board post balance sheet date.

(e) Available-for-sale financial assets

	THE GROUP		THE COMPANY		LIFE	
	2008	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Equity securities-at fair value						
- Listed	**934,831**	1,134,825	**658,906**	760,237	**1,073,855**	1,928,243
- DEM quoted	**52,329**	40,612	**52,330**	39,610	**120,262**	112,394
- Unquoted - local	**22,172**	4,390	**22,172**	4,386	**36,694**	59,380
- foreign	**32,693**	36,825	**32,692**	36,825	**234,999**	298,749
Total available-for-sale financial assets	**1,042,025**	1,216,652	**766,100**	841,058	**1,465,810**	2,398,766
Held-to-maturity investment						
Unlisted debt securities at amortised cost	**192,804**	210,702	**192,804**	210,702	**91,948**	72,279
	192,804	210,702	**192,804**	210,702	**91,948**	72,279
Total investments in financial assets	**1,234,829**	1,427,354	**958,904**	1,051,760	**1,557,758**	2,471,045

(f) Held-to-maturity investments comprise treasury notes, bonds, fixed deposits with interest rate of 8.5% to 13% with maturity dates ranging between 1 to 20 years from the balance sheet date.

(g) The maximum exposure to credit risk at the reporting date is the fair value of the debt securities classified as available-for-sale. None of the financial assets is either past due or impaired.

(h) The currency analysis of financial assets is disclosed under note 3.2.1

11. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY		LIFE	
	2008	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Mortgage loans	**11,854**	11,085	**11,854**	11,085	**336,681**	358,601
Loans on Life policies	**-**	-	**-**	-	**34,015**	40,256
Secured loans	**27,354**	17,625	**123,377**	117,296	**1,510**	20,350
CDS guarantee fund	**313**	291	**-**	-	**-**	-
Provision for impairment of loans:						
- Mortgage	**-**	-	**-**		**(6,445)**	(3,928)
- Loan on life policies	**-**		**-**		**(76)**	(460)
- Loan on personnal guarantee	**(113)**	-	**(113)**	-	**(290)**	-
- Lien on car	**(178)**	-	**(178)**	-	**-**	-
	39,230	29,001	**134,940**	128,281	**365,395**	414,819
Analysed as follows:						
Non-current	**32,269**	23,631	**127,979**	123.011	**332,317**	380,423
Current	**6,961**	5,370	**6,961**	5,370	**33,078**	34,396
	39,230	29,001	**134,940**	128,381	**365,395**	414,819

(a) The Group and the Company and Life have recognised an impairment loss of **Rs7.1m** (The Group and the Company Rs0.3m, Life Rs6.8m) during the year ended December 31, 2008 (2007:The Group and the Company RsNil, Life Rs4.4m).
This has been included in the management expenses in the income statement and Life Assurance Fund respectively.

(b) All impaired loans and receivables were overdue more than 120 days. Other balances of loans and receivables are neither past due nor impaired.

(c) Movement in provision for impairment of loans

	THE COMPANY		LIFE	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**-**	-	**(4,388)**	-
Increase in provision recognised in:				
- Income Statement	**(291)**	-	**-**	-
- Life Assurance Fund	**-**	-	**(2,506)**	(4,388)
Write off during the year	**-**	-	**83**	-
	(291)	-	**(6,811)**	(4,388)

(d) There is no concentration of risk with respect to loans and receivables since balances are widely spread.

(e) Loans and receivables are secured by life insurance policies and fixed charges.

(f) All loans and receivables are denominated in Mauritian rupees.

(g) The carrying amounts of loans and receivables approximate their fair values.

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY		LIFE	
	2008	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Premium debtors and agents' balances	**117,041**	103,225	**117,041**	103,225	**5,717**	5,792
Provision for doubtful debts	**(4,238)**	(4,774)	**(4,238)**	(4,774)	**-**	-
	112,803	98,451	**112,803**	98,451	**5,717**	5,792
Reinsurance assets	**1,325**	2,123	**1,325**	2,123	**-**	4,616
Other receivables and prepayments	**15,958**	26,400	**14,662**	12,832	**31,965**	27,271
Loans at call	**274**	-	**274**	-	**1,716**	2,358
Amount due by reinsurer	**-**	-	**-**	-	**3,388**	-
	130,360	126,974	**129,064**	113,406	**42,786**	40,037

(a) Premium debtors and agents' balances that are less than three months past due are not considered impaired. As at December 31, 2008 **Rs53.3m** (The Group and the Company Rs51m, Life Rs2.3m) (2007: Rs42.4m (The Group and the Company Rs39.9m, Life Rs2.5m)) were more than 3 months past due but not impaired. The ageing analysis of these premium debtors is as follows:

	THE GROUP AND THE COMPANY		LIFE	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
Up to 3 months	**61,845**	58,573	**3,461**	3,302
3 to 6 months	**40,176**	25,323	**1,271**	1,601
6 to 12 months	**10,782**	14,555	**359**	348
> 12 months	**-**	-	**626**	541
	112,803	98,451	**5,717**	5,792

(b) Movement in provisions for doubtful debts

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
At January 1,	**4,774**	4,253
Amounts written off during the year	**(831)**	-
Increase in allowance recognised in Income Statement	**295**	521
At December 31,	**4,238**	4,774

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

(d) The Group does not hold any collateral as security in respect of trade and other receivables.

(e) All trade and other receivables are denominated in Mauritian rupees.

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

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

13. REINSURANCE ASSETS AND INSURANCE LIABILITIES

	THE GROUP AND THE COMPANY	
	2008	2007
Short-term insurance	**Rs'000**	Rs'000
Gross		
- Claims reported and loss adjustment expenses	**472,905**	376,191
- Claims incurred but not reported (IBNR)	**14,318**	8,412
- Unearned premiums (page 35)	**280,696**	231,712
Total gross insurance liabilities	**767,919**	616,315
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses	**251,869**	231,236
- Unearned premiums	**36,884**	23,732
Total reinsurers' share of insurance liabilities	**288,753**	254,968
Net		
- Claims reported and loss adjustment expenses	**221,036**	144,955
- Claims incurred but not reported IBNR	**14,318**	8,412
- Unearned premiums	**243,812**	207,980
Total net insurance liabilities	**479,166**	361,347

14. MOVEMENTS IN REINSURANCE ASSETS AND INSURANCE LIABILITIES

(i) GENERAL BUSINESS

(a) Short term insurance

(i) Claims	THE GROUP AND THE COMPANY					
	2008			2007		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
Recognised notified claims	**384,603**	**(231,236)**	**153,367**	387,856	(237,764)	150,092
Incurrred but not reported	**-**	**-**	**-**	7,700	-	7,700
At January 1, as previously reported	**384,603**	**(231,236)**	**153,367**	395,556	(237,764)	157,792
Prior period adjustment						
Incurred but not reported claims reserve	**-**	**-**	**-**	595	-	595
Overprovision of outstanding claims	**-**	**-**	**-**	(12,799)	-	(12,799)
At January 1, as restated	**384,603**	**(231,236)**	**153,367**	383,352	(237,764)	145,588
Increase in liabilities	**423,116**	**(51,534)**	**371,582**	308,553	(12,264)	296,289
Cash paid for claims settled in the year	**(320,496)**	**30,901**	**(289,595)**	(307,302)	18,792	(288,510)
At December 31,	**487,223**	**(251,869)**	**235,354**	384,603	(231,236)	153,367
Recognised notified claims	**472,905**	**(251,869)**	**221,036**	376,191	(231,236)	144,955
Incurred but not reported	**14,318**	**-**	**14,318**	8,412	-	8,412
	487,223	**(251,869)**	**235,354**	384,603	(231,236)	153,367

(ii) Provision for unearned premiums	**2008**			2007		
	Gross	**Reinsurance**	**Net**	Gross	Reinsurance	Net
	Rs'000	**Rs'000**	**Rs'000**	Rs'000	Rs'000	Rs'000
At January1, as previously reported	**231,712**	**(23,732)**	**207,980**	197,170	(39,362)	157,808
Prior year adjustments	**-**	**-**	**-**	(1,829)	18,342	16,513
At January 1, as restated	**231,712**	**(23,732)**	**207,980**	195,341	(21,020)	174,321
Increase/(decrease) in the year	**48,984**	**(13,152)**	**35,832**	36,371	(2,712)	33,659
At December 31,	**280,696**	**(36,884)**	**243,812**	231,712	(23,732)	207,980

15. NON-CURRENT ASSETS HELD-FOR-SALE

	LIFE BUSINESS 2008 Rs'000	LIFE BUSINESS 2007 Rs'000
At January 1,	**46,346**	25,599
Transfer from investment properties (note 6)	**-**	25,112
Disposals	**(46,346)**	(17,435)
Fair vaue adjustments	**-**	13,070
At December 31,	**-**	46,346

- The Rose Hill building and land at Ebene were sold for Rs 6.6 m and Rs 35 m respectively.

16. SHARE CAPITAL

	Authorised 2008 & 2007 Rs'000	Issued and fully paid 2008 Rs'000	Issued and fully paid 2007 Rs'000
Ordinary shares of Rs. 10 each	500,000	**200,400**	200,400

17. REVALUATION AND OTHER RESERVES

(a) **THE GROUP**

Revaluation and other reserves are analysed as follows:

2008	Revaluation reserve Rs'000	Currency translation reserve Rs'000	Fair value reserve Rs'000	TOTAL Rs'000
At January 1, as previously reported	**11,651**	**592**	**885,962**	**898,205**
Decrease in fair value of available-for-sale financial assets	**-**	**-**	**(407,208)**	**(407,208)**
Release from fair value reserves on disposal of available-for-sale financial assets	**-**	**-**	**(64,166)**	**(64,166)**
Movement in reserves of subsidiary	**-**	**-**	**18**	**18**
Movement during the year (see note below)	**-**	**679**	**-**	**679**
At December 31,	**11,651**	**1,271**	**414,606**	**427,528**

2007	Revaluation reserve Rs'000	Currency translation reserve Rs'000	Fair value reserve Rs'000	TOTAL Rs'000
At January 1, as previously reported	5,801	9,764	499,802	515,367
Prior year adjustment	-	(4,882)	-	(4,882)
At January 1, as restated	5,801	4,882	499,802	510,485
Increase in fair value of available-for-sale financial assets	-	-	450,183	450,183
Release from fair value reserves on disposal of available-for-sale financial assets	-	-	(64,037)	(64,037)
Revaluation of land and buildings	5,850	-	-	5,850
Movement in reserves of subsidiary	-	-	14	14
Movement during the year (see note below)	-	(4,290)	-	(4,290)
At December 31,	11,651	592	885,962	898,205

Note: The movement in the currency translation reserve represents exchange differences on translation of investment in an associate denominated in foreign currency.

(b) **THE COMPANY**

Revaluation and other reserves are analysed as follows:

	2008 Revaluation reserve Rs'000	2008 Fair value reserve Rs'000	2008 TOTAL Rs'000	2007 Revaluation reserve Rs'000	2007 Fair value reserve Rs'000	2007 TOTAL Rs'000
At January 1,	**11,651**	**630,761**	**642,412**	5,801	404,893	410,694
Increase in fair value of available-for-sale financial assets	**-**	**(308,221)**	**(308,221)**	-	285,935	285,935
Release from fair value reserves on disposal of available-for-sale financial assets	**-**	**63,837)**	**(63,837)**	-	(60,067)	(60,067)
Revaluation of land and buildings	**-**	**-**	**-**	5,850	-	5,850
At December 31,	**11,651**	**258,703**	**270,354**	11,651	630,761	642,412

18. UNEARNED PREMIUM RESERVE

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
At January 1, as previously reported	**231,712**	178,828
Prior period adjustment:		
- Impact of change in method of calculating unexpired premiums in respect of policies/endorsements incepting before the Balance Sheet date.	**-**	16,513
At January 1, as restated	**231,712**	195,341
Movement during the year (note 14(ii))	**48,984**	36,371
At December 31,	**280,696**	231,712

19. DEFERRED INCOME TAX

Deferred. income tax is calculated on all temporary differences under the liability method at 15%.

(a) The movement on the deferred income tax account is as follows:

	THE GROUP		THE COMPANY		LIFE	
	2008	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At January 1, as previously reported	**(48)**	20,704	**-**	20,765	**-**	-
Prior period adjustments:						
- De-recognition of the deferred tax assets	**-**	(20,765)	**-**	(20,765)	**-**	-
At January 1,	**(48)**	(61)	**-**	-	**-**	
Change for the year (note 23)	**-**	13	**-**	-	**-**	-
At December 31,	**(48)**	(48)	**-**	-	**-**	-

Deferred income tax assets and liabilities are offset when the deferred income taxes relate to the same fiscal authority.

(b) The following amounts are shown in the Balance Sheet:

	THE GROUP		THE COMPANY		LIFE	
	2008	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Deferred tax liabilities (Note (c) (i))	**(5,745)**	(5,741)	**(5,697)**	(5,693)	**(12,824)**	(11,425)
Deferred tax assets (Note (c) (ii))	**5,697**	5,693	**5,697**	5,693	**12,824**	11,425
	(48)	(48)	**-**	-	**-**	-

(c) Deferred tax assets and liabilities are attributable to the following :

	THE GROUP		THE COMPANY		LIFE	
	2008	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
(i) Deferred income tax liabilities						
Revaluation of property and equipment	**(5,664)**	(5,664)	**(5,664)**	(5,664)	**(5,736)**	(5,736)
Interest accrued but not due	**(33)**	(29)	**(33)**	(29)	**(432)**	(543)
Change in fair value of investment properties	**-**	-	**-**	-	**(6,657)**	(5,146)
Difference between capital allowances and depreciation	**(48)**	(61)	**-**	-	**-**	-
	(5,745)	(5,754)	**(5,697)**	(5,693)	**(12,824)**	(11,425)
(ii) Deferred income tax assets						
Difference between capital allowances and depreciation	**4,851**	2,091	**4,851**	2,091	**3,936**	1,730
Change in non-current assets held-for-sale	**-**	-	**-**	-	**777**	777
Provision for bad debts	**636**	716	**636**	716	**-**	-
Provision for impairment of loans	**-**	-	**-**	-	**376**	658
Retirement benefit obligations	**30**	-	**30**	-	**-**	-
Provision for legal costs	**180**	2,886	**180**	2,886	**-**	-
Tax losses carried forward	**-**	-	**-**	-	**7,735**	8,260
	5,697	5,693	**5,697**	5,693	**12,824**	11,425

Deferred income tax assets are recognised only to the extent that realisation of the related tax benefit is probable. The Group has tax losses of **Rs 452m** (2007: Rs 678m) to carry forward against future taxable income. A deferred tax asset has not been recognised due to the uncertainty that future taxable profit will be available to set off against the tax losses.

20. RETIREMENT BENEFIT OBLIGATIONS

Pension schemes

(i) The assets of the Mauritius Union Group Pension Scheme are administered by the Life Branch of the company. The Board of Directors has approved the separation of the assets of the Company earmarked for the provision of pension obligations for employees. These assets have been placed in a Unit Account and will eventually be transferred to a Trust distinct from the Company.

The pension plan of one subsidiary is a final salary Defined Contribution Pension Scheme administered by the Company.

	THE GROUP AND THE COMPANY		LIFE BUSINESS	
	2008	2007	**2008**	2007
(ii) Amounts recognised in the Balance Sheets in respect of the No Worse Off Guarantee	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**199**	-	**199**	-
Fair value of plan assets	**-**	-	**-**	-
Liability in the balance sheet	**199**	-	**199**	-

The retirement benefit obligations have been allocated as follows:	**2008**	2007
	Rs'000	Rs'000
Life Business	**199**	-
General Business	**199**	-
	398	-

	THE GROUP AND THE COMPANY		LIFE BUSINESS	
	2008	2007	**2008**	2007
(iii) The amounts recognised in the Income Statement in respect of the No Worse Off Guarantee are as follows:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Current service cost	**-**	-	**-**	-
Interest cost	**-**	-	**-**	-
Actuarial gains/(losses)	**199**	(408)	**199**	(408)
Total included in staff costs (note 29)	**199**	(408)	**199**	(408)
Actual return on plan assets	**-**	-	**-**	-

(iv) Movement in the liability recognised in the Balance Sheet:	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**-**	408	**-**	408
Total included in staff costs	**199**	(408)	**199**	(408)
At December 31,	**199**	-	**199**	-

	LIFE BUSINESS AND THE COMPANY	
	2008	2007
The principal actuarial assumptions used for accounting purposes were:	%	%
Discount rate	11%	11%
Future salary increases	9.5%	10%
Future pension increases	0%	0%

21. BORROWINGS

Borrowings represent a bank overdraft which is secured by floating charges on the assets of a subsidiary company

22. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY		LIFE	
	2008	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Loans repaid in advance	**124**	55	**124**	55	**978**	919
Premiums prepaid	**3,157**	5,148	**3,157**	5,148	**7,527**	5,545
Amounts due to reinsurers	**13,305**	15,518	**13,305**	15,518	**3,919**	1,432
Dividends payable*	**23,447**	-	**23,447**	-	**-**	-
Other payables and accruals	**44,023**	53,501	**40,787**	34,353	**14,417**	26,702
	84,056	74,222	**80,820**	55,074	**26,841**	34,598

The carrying amounts of trade and other payables approximate their fair value.

*Please refer to note 35.

23. CURRENT TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Income tax provision for the year at 15 %	**788**	599	**-**	-
Alternative Minimum Tax	**3,908**	3,571	**3,908**	3,571
Under provision in previous year	**-**	95	**-**	-
	4,696	4,265	**3,908**	3,571
Movement in deferred tax (note 19)	**-**	(13)	**-**	-
Tax charge for the year	**4,696**	4,252	**3,908**	3,571

(b) Balance Sheet

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
Income tax provision for the year at 15 %	**788**	599	**-**	-
Advance payment of tax	**(1,782)**	-	**(1,782)**	-
Alternative Minimum Tax	**3,908**	3,571	**3,908**	3,571
	2,914	4,170	**2,126**	3,571

23. CURRENT TAX LIABILITIES (CONT'D)

(c) The tax on the profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	THE GROUP		THE COMPANY	
	2008	2007 Restated	**2008**	2007 Restated
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**150,228**	101,578	**154,134**	95,816
Tax thereon (15%)	**24,720**	15,757	**23,120**	14,372
Tax effect of:				
- Income not subject to tax	**(13,305)**	(16,877)	**(14,532)**	(14,893)
- Expenses not deductible for tax purposes	**851**	1,334	**3,013**	154
- Depreciation on non-qualifying assets	**177**	192	**177**	168
- Prior period adjustment	**-**	197	**-**	197
- Deferred tax assets not recognised	**(11,779)**	2	**(11,779)**	2
Underprovision in previous year	**124**	76	**-**	-
Alternative Minimum Tax	**3,908**	3,571	**3,908**	3,571
	4,696	4,252	**3,908**	3,571

	LIFE	
	2008	2007
	Rs'000	**Rs'000**
(Deficit)/Surplus before taxation	**(673,010)**	901,645
Tax thereon (15%)	**(100,952)**	135,247
Tax effect of:		
- Income not subject to tax	**116,233**	(117,998)
- Expenses not deductible for tax purposes	**887**	707
- Depreciation on non-qualifying assets	**188**	181
- Pension claims and annuities	**27,456**	21,666
- Pension premium and consideration for annuity	**(36,409)**	(28,956)
- Change in pension liability	**23,120**	(58,974)
- Share of associated company results	**961**	527
- Deferred tax assets not recognised	**(31,484)**	47,600
	-	-

24. DIVIDENDS PAID

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	**Rs'000**
Paid		
Interim ordinary dividend of 12% (2007 - 10%)	**24,048**	20,040
Final ordinary dividend 27% (2007 - 25%)	**54,108**	50,100
	78,156	70,140

25. REVENUE

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Continuing operations:				
Revenue is made up as follows:				
Gross earned insurance premiums - General Business	568,970	484,572	568,970	484,572
Insurance premium ceded to reinsurers	(96,617)	(117,983)	(96,617)	(117,983)
Net earned premiums - General Business	472,353	366,589	472,353	366,589
Brokerage and related commissions	8,250	6,629	-	-
	480,603	373,218	472,353	366,589

GROUP

Revenue for the Group represents premiums receivable on short-term insurance contracts, net of reinsurances, adjusted for unearned premiums, and brokerage fees.

COMPANY

Revenue for the company represents premiums receivable on short-term contracts, net of reinsurances, adjusted for unearned premiums.

26. INVESTMENT AND OTHER INCOME

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
(a) **(i) Investment and other income**				
Dividends receivable	38,767	29,685	34,254	27,000
Interest on loans and deposits	32,099	24,956	39,303	32,889
Interest on bank accounts	7,991	4,483	7,130	3,881
Brokerage fees	8,250	6,629	-	-
Rent receivable	1,028	977	-	-
Exchange gain/(loss)	8,636	(965)	8,636	(965)
Other income	2,476	3,283	2,373	3,058
	99,247	69,048	91,696	65,863

(ii) Profit on disposal of available-for-sale financial assets

	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of available-for-sale financial assets	63,010	76,699	62,617	71,583

(b) **Life Business**

	2008	2007
	Rs'000	Rs'000
Dividends receivable	69,191	58,442
Interest on loans and deposits	58,640	52,622
Interest on bank accounts	4,602	3,834
(Loss)/profit on disposal of available-for-sale financial assets	(53,665)	5,249
Rent receivable	108	658
Exchange gain/(loss)	1,155	(74)
Other income	7,591	4,111
	87,622	124,842

27. SHAREHOLDERS' SHARE OF LIFE SURPLUS

In accordance with the accounting policy in Note 2.1(a) the independent actuaries have assessed the amount of the DPF eligible surplus to be transferred to/(from) the Life Assurance Fund to the shareholders at Rs.39.8m (2007 - (Rs.49.1m)

28. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
The profit before taxation has been arrived at	**Rs'000**	Rs'000	**Rs'000**	Rs'000
After crediting:				
Investment income				
- available-for-sale financial assets (Note 26(a)(i))	**38,767**	29,685	**34,254**	27,000
Profit on disposal of available-for-sale financial assets (Note 26(a)(ii))	**63,010**	76,699	**62,617**	71,583
(Loss)/profit on sale of property and equipment	**(9)**	81	**(9)**	81
And charging:				
Employee benefit expense (Note 29)	**41,240**	32,835	**38,785**	30,798
Depreciation on property and equipment (Note 5)	**5,977**	7,742	**5,842**	7,465
Amortisation of intangible assets (Note 7)	**2,261**	3,122	**2,261**	3,122
Legal costs (note (a) below)	**-**	14,850	**-**	14,850

Note (a): Legal costs relate to MCB case (Note 34) and have been disclosed separately due to the materiality of the amount involved.

29. EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY		LIFE	
	2008	2007	**2008**	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Wages and Salaries	**37,685**	30,645	**35,372**	28,736	**28,458**	23,511
Social Security costs	**1,138**	953	**1,081**	899	**885**	736
Pension costs						
- Defined contributions	**2,218**	1,645	**2,133**	1,571	**1,782**	877
- Defined benefits (Note 20 (iii))	**199**	(408)	**199**	(408)	**199**	(408)
	41,240	32,835	**38,785**	30,798	**31,324**	24,716

30. OUTSTANDING FINANCIAL COMMITMENTS

	LIFE	
	2008	2007
	Rs'000	Rs'000
Loans approved by the Board of Directors but not yet disbursed	**51,241**	8,415

31. EARNINGS PER SHARE

		THE GROUP	
		2008	2007 Restated
Earnings per share is based on the following:		**Rs'000**	Rs'000
Profit for the year after minority interest		**144,447**	96,216
Number of ordinary shares in issue and ranking for dividends		**20,040,000**	20,040,000
Earnings per share	**Rs**	**7.21**	4.80

32. NOTES TO THE CASH FLOW STATEMENTS

	Notes	THE GROUP		THE COMPANY	
		2008	2007 Restated	**2008**	2007 Restated
		Rs'000	Rs'000	**Rs'000**	Rs'000
(a) **Cash generated from operations**					
Profit before taxation		**150,228**	101,578	**154,134**	95,816
Share of results of associated companies	9(a)	**6,886**	(111)	**-**	-
Increase in fair value of investment property		**-**	(1,840)	**-**	-
Provision for retirement benefit obligations	20	**199**	(408)	**199**	(408)
Provision for bad debts and loan impairment		**294**	(102)	**291**	-
Dividend income	26(a)(i)	**(38,767)**	(29,685)	**(34,254)**	(27,000)
Interest received	26	**(40,090)**	(29,439)	**(46,434)**	(36,770)
Depreciation		**5,977**	7,742	**5,842**	7,465
Amortisation		**2,261**	3,122	**2,261**	3,122
Loss/(profit) on sale of property and equipment		**9**	(81)	**9**	(81)
Profit on disposal of available-for-sale financial assets	26(a)(ii)	**(63,010)**	(76,699)	**(62,617)**	(71,583)
Movement in net unearned premiums reserve		**35,832**	33,659	**35,832**	33,659
		59,819	7,736	**55,263**	4,220
Change in trade and other receivables		**126,489**	(15,184)	**114,220**	(7,300)
Change in outstanding claims		**81,986**	7,779	**81,986**	7,779
Change in trade and other payables		**7,838**	(14,100)	**23,749**	(24,685)
Net cash generated from/(used in) operations		**276,132**	(13,769)	**275,218**	(19,986)

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
(b) **Bank balances and cash**	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Bank balances and cash	**21,413**	51,637	**17,676**	47,070
Bank deposits - reclassified (Note 10 (a))	**87,611**	136,250	**87,611**	136,250
	109,024	187,887	**105,287**	183,320
Bank overdraft (Note 21)	**-**	(83)	**-**	-
	109,024	187,804	**105,287**	183,320

32. NOTES TO CASH FLOW STATEMENTS (CONT'D)

	Notes	LIFE 2008 Rs'000	LIFE 2007 Rs'000
(c) **Cash generated from the operations**			
(Deficit)/Surplus for the year		**(673,010)**	901,645
Decrease/ (Increase) in fair vaue of available-for-sale financial assets		**784,648**	(723,154)
Release on fair value adjustment		**320,728**	46,079
Revaluation of land and buildings		**-**	(6,328)
Dividend from associated companies	9(a)	**4,931**	2,947
Share of results of associated companies	9(a)	**7,083**	(777)
Share of currency translation reserve of associated companies	9(a)	**(679)**	4,290
Increase in fair value of investment properties		**(10,073)**	(13,814)
Increase in fair value of non-current assets held-for-sale		**-**	(13,070)
Provision for retirement benefit obligations	20	**199**	(408)
Provision for bad debts / impairment	11(c)	**2,423**	4,388
Dividend income	26(b)	**(69,191)**	(58,442)
Interest received	26(b)	**(63,242)**	(56,456)
Depreciation		**5,989**	7,644
Amortisation		**490**	1,622
Profit on sale of property and equipment		**(30)**	(3)
Loss/(profit) on sale of investment properties		**5,797**	(596)
Profit on disposal of available-for-sale financial assets		**(267,063)**	(51,330)
		49,000	44,237
Change in trade and other receivables		**(568)**	(15,161)
Change in trade and other payables		**(143,775)**	9,344
Net cash generated from operations		**(95,343)**	38,420

	LIFE 2008 Rs'000	LIFE 2007 Restated Rs'000
(d) **Bank balances and cash**		
Bank balances and cash	**89,288**	52,338
Bank deposits	**180,871**	6,000
	270,159	58,338

33. SEGMENT INFORMATION

GROUP AND LIFE

(a) **Primary reporting format - business segments**

	2008				
	GROUP				LIFE
	Casualty Rs'000	Property Rs'000	Other Rs'000	Total Rs'000	Total Rs'000
Income					
Gross premiums	504,135	113,819	-	617,954	335,166
Premiums ceded to reinsurers	(30,300)	(66,317)	-	(96,617)	(19,444)
Change in net unearned premiums	(30,436)	(5,396)	-	(35,832)	-
Net earned premium	443,399	42,106	-	485,505	315,722
Consideration for annuities	-	-	-	-	9,468
Fee and commission income	9,659	19,283	-	28,942	7,853
Brokerage fees	-	-	8,250	8,250	-
Investment and other income	113,740	25,680	14,587	154,007	81,855
Increase in fair value of investment property	-	-	-	-	10,073
Segment income	566,798	87,069	22,837	676,704	424,971
Expenses					
Gross claims and benefits	287,852	32,644	-	320,496	217,284
Claims recovered from reinsurers	(14,239)	(16,662)	-	(30,901)	(6,319)
Movement in net outstanding claims	76,181	5,805	-	81,986	-
Fees & commission	44,454	12,468	-	56,922	26,018
Management expenses	63,650	14,370	4,829	82,849	63,467
Depreciation	4,766	1,076	135	5,977	5,989
Amortisation	1,845	416	-	2,261	490
Segment expenses	464,509	50,117	4,964	519,590	306,929
Segment profit before tax	102,289	36,952	17,873	157,114	118,042
Decrease in fair value of available-for-sale financial assets				-	(784,648)
Share of results of associates				(6,886)	(6,404)
Profit/(deficit) before taxation				150,228	(673,010)
Taxation				(4,696)	-
Net profit/(deficit) for the year				145,532	(673,010)

33. SEGMENT INFORMATION (CONT'D)

	2007				
	GROUP				LIFE
	Casualty	Property	Other	Total Restated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Income					
Gross premiums	399,894	118,337	-	518,231	278,416
Premiums ceded to reinsurers	(33,839)	(84,144)	-	(117,983)	(19,425)
Change in unearned premiums	(29,086)	(4,573)	-	(33,659)	-
Net earned premium	336,969	29,620	-	366,589	258,991
Consideration for annuities	-	-	-	-	4,219
Fee and commission income	9,029	16,266	-	25,295	6,027
Brokerage fees	-	-	6,629	6,629	-
Investment and other income	95,757	28,337	15,025	139,119	138,511
Share of results of associates	-	-	-	-	-
Revaluation of land and buildings	-	-	-	-	6,328
Increase in fair value of investment property	-	-	1,840	1,840	13,814
Segment income	441,755	74,223	23,494	539,472	427,890
Expenses					
Gross claims and benefits	282,781	24,521	-	307,302	168,810
Claims recovered from reinsurers	(7,170)	(11,622)	-	(18,792)	(7,026)
Movement in gross outstanding claims	6,727	1,052	-	7,779	-
Fees & commission	36,506	12,156	-	48,662	21,255
Management expenses (incl legal costs)	60,171	17,806	4,213	82,190	53,581
Depreciation	5,760	1,705	277	7,742	7,644
Amortisation	2,409	713	-	3,122	1,622
	387,184	46,331	4,490	438,005	245,886
Segment profit before tax	54,571	27,892	19,004	101,467	182,004
Increase in fair value of available-for-sale financial assets				-	723,154
Share of results of associates				111	(3,513)
Profit before taxation				101,578	901,645
Taxation				(4,252)	-
Net profit for the year				97,326	901,645

33. SEGMENT INFORMATION (CONT'D)

	2008				
	GROUP				LIFE
	Casualty Rs'000	Property Rs'000	Other Rs'000	Total Rs'000	Total Rs'000
Segment assets	3,341,673	754,452	284,801	4,380,926	2,439,958
Associates	-	-	1,695	1,695	-
	3,341,673	754,452	286,496	4,382,621	2,439,958
Segment liabilities	129,117	29,150	4,073	162,340	27,040
Total net assets				4,220,281	2,412,918
Capital expenditure	6,053	1,367	87	7,507	8,590
Depreciation	4,766	1,076	135	5,977	5,989
Amortisation	1,845	416	-	2,261	490

	2007				
	GROUP				LIFE
	Casualty Rs'000	Property Rs'000	Other Rs'000	Total Rs'000	Total Rs'000
Segment assets	3,850,146	1,139,340	378,133	5,367,620	3,213,907
Associates	-	-	32,894	32,894	-
	3,850,146	1,139,340	411,027	5,400,514	3,213,907
Segment liabilities	180,477	53,407	19,878	253,762	167,801
Total net assets				5,146,752	3,046,106
Capital expenditure	2,290	677	122	3,089	2,210
Depreciation	5,760	1,705	277	7,742	7,644
Amortisation	2,409	713	-	3,122	1,622

All the activities of the group are carried out in Mauritius.

34. MCB CASE

As at the balance sheet date , all the legal costs in relation to The Mauritius Commercial Bank Ltd case have been fully provided for.

35. INSURANCE ACT 2005 - SECTION 27

An investor acquired 30% of the shareholding of MUA on May 21, 2008. The Financial Services Commission (FSC) has subsequently not approved this acquisition and has asked the investor to dispose of its shareholding. The Board of MUA has been advised that this requirement is in process of being complied with.

36. RELATED PARTY TRANSACTION

(a) During the year the Group transacted with related parties and all transactions were at arms' length, on normal commercial terms and in the normal course of business.

	THE GROUP		THE COMPANY		LIFE	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Loans granted to						
Directors and key management personnel	**517**	-	**517**	-	**-**	1,000
Amount owed by						
Subsidiary company	**-**	-	**96,023**	99,670	**-**	-
Directors and key management personnel	**1,152**	614	**1,152**	614	**8,304**	2,215
Purchase of goods and services from						
Subsidiary company	**-**	-	**418**	373	**861**	448
Other related parties	**-**	56	**-**	56	**-**	56
Sale of services to						
Other related parties	**82**	56	**82**	56	**24**	43
Income receivable from:						
Subsidiary companies	**-**	-	**9,962**	10,690	**-**	-
Associated companies	**-**	-	**4,931**	2,662	**4,931**	2,947
(b) Remuneration of key management personnel						
Salaries and short-term employee benefits	**9,021**	8,305	**8,421**	7,845	**7,155**	6,627
Post-employments benefits	**215**	258	**215**	258	**176**	211
Termination benefits	**3,176**	1,045	**3,176**	1,045	**2,599**	855

(c) Terms and conditions of receivables and payables from related parties have been disclosed under respective notes.
There are no provisions held against receivables from related parties.

37. THREE YEAR SUMMARY OF PUBLISHED RESULTS AND ASSETS AND LIABILITIES

	THE GROUP		
	2008	2007 Restated	2006 Restated
	Rs'000	Rs'000	Rs'000
(a) Income statements			
Continuing operations			
Turnover	**480,603**	373,218	308,976
Operating profit	**157,114**	101,467	14,212
Share of result of associated companies	**(6,886)**	111	5,583
Profit before taxation	**150,228**	101,578	19,795
Taxation	**(4,696)**	(4,252)	(359)
Profit from continuing operations	**145,532**	97,326	19,436
Discontinued operations			
Loss from discontinued operations	**-**	-	(2,230)
Net profit for the year	**145,532**	97,326	17,206
Attributable to:			
- Equity holders of the company from continuing operations	**144,447**	96,216	16,520
- Minority interest	**1,085**	1,110	686
	145,532	97,326	17,206
Rate of dividend - Interim	**12.0%**	10.0%	9%
- Final	**27.0%**	25.0%	17.5%
Earnings per share from continuing operations (Rs/cs)	**7.21**	4.80	0.94
Loss per share from discontinued operations (Rs/cs)	**-**	-	(0.11)

	THE GROUP		
	2008	2007 Restated	2006 Restated
	Rs'000	Rs'000	Rs'000
(b) Balance Sheet			
Non-current assets	**1,339,371**	1,456,523	1,145,616
Life business non-current assets	**2,034,113**	3,014,721	2,181,708
Current assets	**603,292**	730,084	557,059
Life business current assets	**405,845**	152,840	96,019
Life business non-current asset held-for-sale	**-**	46,346	25,599
Total assets	**4,382,621**	5,400,514	4,006,001
Total equity	**1,039,444**	1,484,331	1,022,542
Life Assurance Fund	**2,412,918**	3,046,106	2,193,574
Technical provisions	**767,919**	616,315	578,693
Non-current liabilities	**247**	48	469
Life business non-current liabilities	**199**	-	92,998
Current liabilities	**135,053**	85,913	100,971
Life business current liabilities	**26,841**	167,801	16,754
Total equity and iabilities	**4,382,621**	5,400,514	4,006,001

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