

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, 2007.

The report was approved by the Board of Directors on May 14, 2008.

Bernard Mayer

Chairman

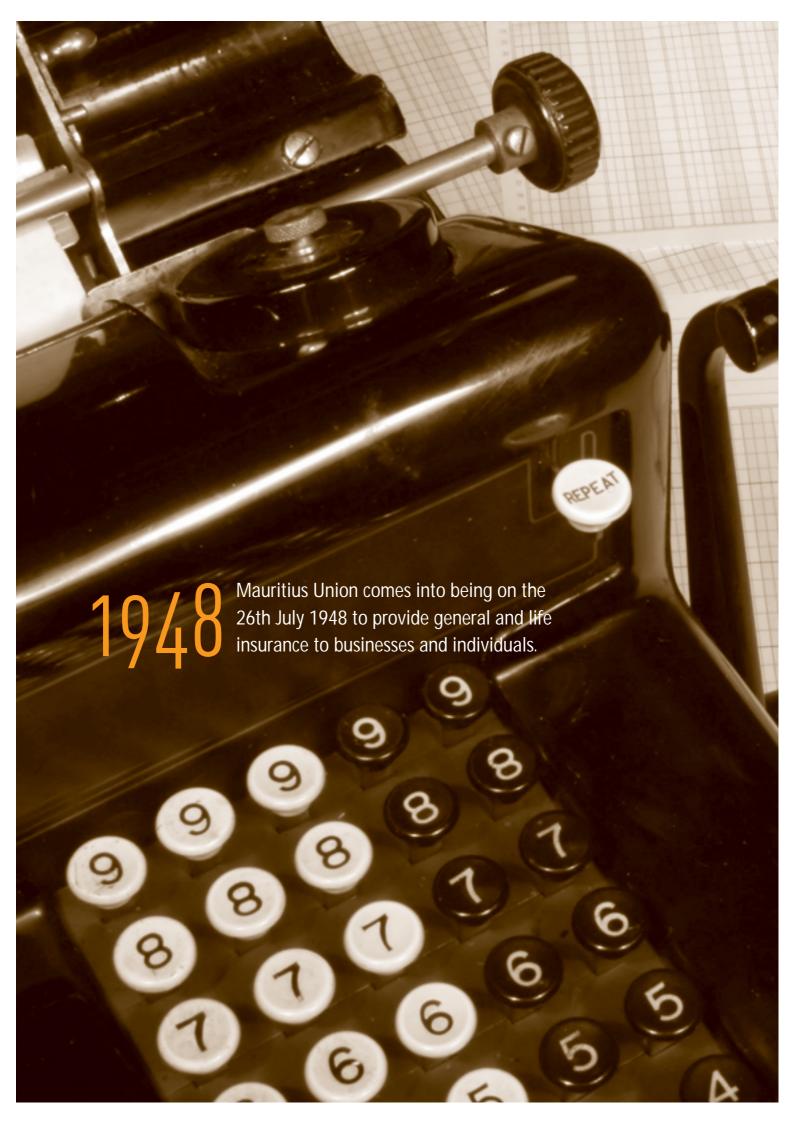
Jacques de Navacelle

Manall

**Managing Director** 

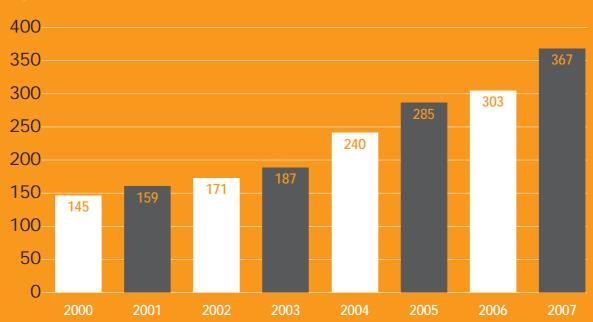
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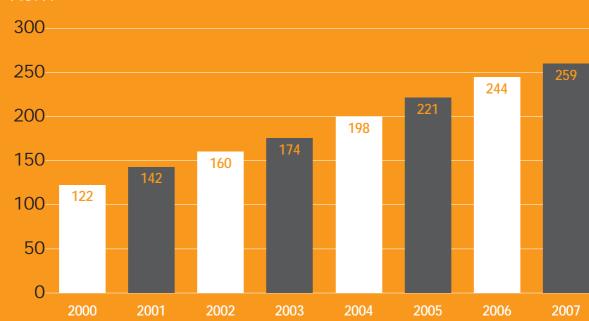
# **Net Earned Premiums General Business**





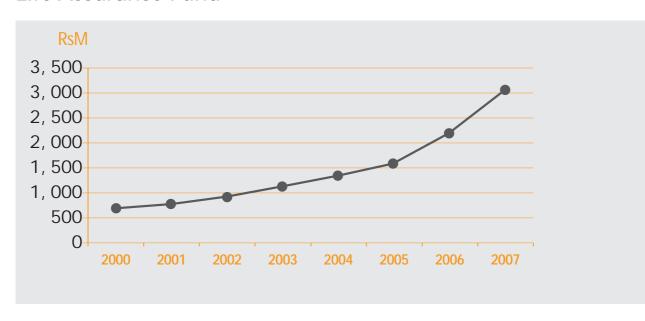
# Net Premiums Life Assurance

# RsM

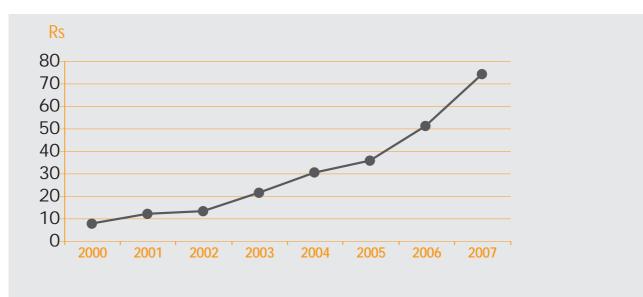


# Financial Highlights

# Life Assurance Fund



# Group Net Assets per Share



#### 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

#### Audi tors

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

Abacus Corporate Services Ltd



# Board of Directors



60 years of excellent underwriting service

#### Board of Directors

The following directors were in office at December 31, 2007:

- Bernard Marie Joseph MAYER (Chairman)
- Vincent AH CHUEN
- Noël Maurice Robert BIGAIGNON
- Jacques Pierre Christian Gaëtan CADY ROUSTAND DE NAVACELLE DE COUBERTIN
- Pierre Arthur DE CHASTEIGNER DU MÉE
- Jean-Paul DE CHAZAL
- Ravi Kumar KALACHAND
- Marie François Pierre-Yves POUGNET
- Georges André ROBERT

#### Directors' Profile

#### Vincent Ah Chuen

Director - appointed in 1992

Vincent Ah Chuen, born in 1945, 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.

#### Robert Bigaignon

Director - appointed in 2007

Robert Bigaignon, born in 1952, is a Fellow of the Institute of Chartered Accountants since 1976. He was a Founder Partner of PricewaterhouseCoopers in Mauritius and retired as Country Leader in 2006. He is a Director of POLICY Ltd. Mr Bigaignon is the Chairman of the Investment Committee of The Mauritius Union Assurance Co. Ltd.

#### Pierre de Chasteigner du Mée

Director - appointed in 2003 / Vice Chairman since June 2005

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 Director of POLICY Ltd. and of Investec Bank (Mauritius) Ltd. Since completion of his Chartered Accountancy Studies in the U.K., he has served in various positions namely as Group Financial Controller of the Constance Group and Executive Director of Constance Hotels Services Ltd. Pierre is the Chairman of the Corporate Governance Committee of The Mauritius Union Assurance Co. Ltd and the Managing Director of its subsidiary, Associated Brokers Ltd.

#### Jean-Paul de Chazal

Director - appointed in 2007

Jean Paul de Chazal, born in 1951, qualified as a Chartered Accountant in the United Kingdom in 1974. He has worked in the profession for the whole of his career, except for 2 years when he was the Financial Controller of Rogers and Company Ltd. Jean-Paul retired as a partner and assurance leader of PricewaterhouseCoopers in Mauritius in December 2005. He is the Chairman of the Audit & Risk Committee of The Mauritius Union Assurance Co Ltd. He is the chairman of the Company Law Advisory Committee.

#### Directors' Profile

#### Jacques de Navacelle

Executive Director - appointed in 2006

Jacques de Navacelle, born in 1947, 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. Mr de Navacelle is a member of the Investment Committee of The Mauritius Union Assurance Co. Ltd.

#### Ravi Kalachand

Director - appointed in 2007

Ravi Kalachand was born in 1978. He is the General Manager of J. Kalachand & Co Ltd since January 2000.

#### Bernard Mayer

Director - appointed in May 2006 / Chairman since November 2006

Bernard Mayer was born in 1953. He qualified as a Certified Accountant in 1980. Founder partner of PricewaterhouseCoopers Mauritius for some 20 years, he is a member of the Corporate Governance Committee and acts as chairman of the sub-committee responsible for all remuneration and nomination issues. He is also a member of the Investment Committee.

#### Pierre-Yves Pougnet

Director - appointed in 1982

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

#### Georges André Robert

Director - appointed in 2001

Georges André Robert, born in 1939, has been practising as an Attorney at Law since 1966. He was made Senior Attorney in 1995 and was awarded an honorary O.B.E. in 2004. His main area of practice was in civil and commercial matters. He has advised sugar estates, banks, insurance, trading and offshore companies. He is no longer into litigations; he has restricted his professional activities to legal advice and consultancy. Mr Robert is a member of the Corporate Governance Committee of the Company.

#### Management Team

#### Jacques DE NAVACELLE

(Maîtrise en philosophie, Diplômé de l'Institut de Commerce International, Diplômé de l'Institut Technique de Banque)

Managing Director

#### Dean AH LOW (B.Econ.Sc.)

Manager - Treasury & Accounting, Finance & Planning

## Gaël ALI PHON (ACII, AMABE)

Head of Life Branch

#### Kiran ANCHARAZ (B.Econ.Sc)

Manager - Operations Motor & Non-Motor, General Branch

#### Ackbaree AUMEERALLY-AREKION

(BSc Engineering, MSc Human Resources)
Head of Human Resources

#### Krishna GUNOWA

Claims Manager

#### Gaëtan JACQUES

Head of Logistics

#### Gérard LOK OK CHOO (ACII)

Operations Manager - General Branch

#### Christine NG MIAO KWONG

(MSc Management)

Head of Marketing

#### Gilbert POISSON (FCCA, ACII)

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

#### Imrith RAMTOHUL (CFA)

Head of Investment

#### Percy ROSE (ACII)

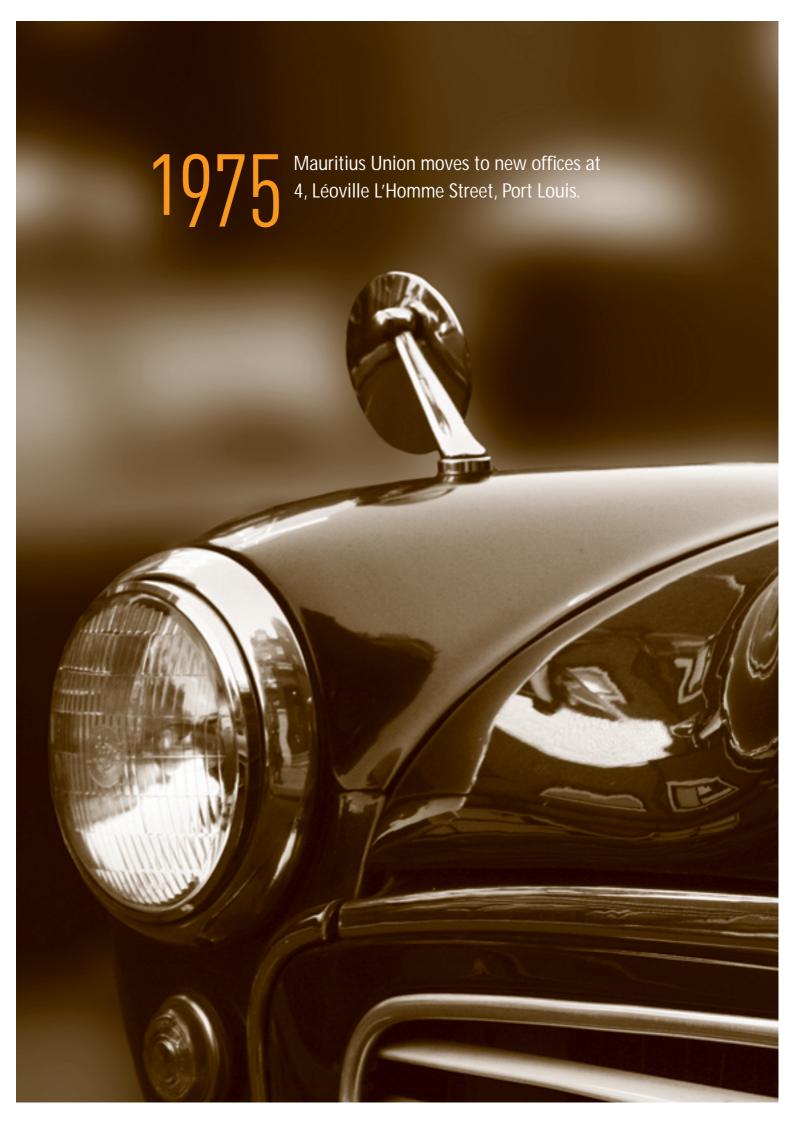
Technical Manager - General Branch

#### Rishi SEWNUNDUN (B. Tech., MBA)

Head of Information Systems

#### Yung Fee (Ben) THAT FONG (FCCA)

Manager - Statutory Reporting, Finance & Planning



# Management Profile



60 years leading in motor insurance

#### Management Profile

#### Dean Ah-Low

#### Manager Treasury & Accounting - Finance & Planning

Dean, born in 1962, joined the company in 1991. He holds a Bachelor's degree in Economic Science from the University of the Witwatersrand of Johannesburg. He became Manager of the Accounts department in 2003 and was appointed Finance and Planning Manager in 2005.

#### Gaël Aliphon

#### Head of Life Branch

Gaël, born in 1978, worked for Albatross Insurance Company Ltd. from 1997 to 2004 as technical and commercial assistant and then for Mauritian Eagle Insurance Company Ltd. as Life Technical Manager until 2006. He joined Mauritius Union in April 2006 and is responsible for the long-term business and product development and training. He was appointed Head of Life in January 2007. Gaël is an associate of the Chartered Insurance Institute (A.C.I.I.) and of the Association of Business Executives (AMABE).

#### Ki ran Ancharaz

#### Manager, Operations Motor & Non-Motor - General Branch

Kiran, born in 1977, holds a Bachelor's Degree in Economics from the University of Delhi. He joined Mauritius Union in September 2000 and worked in various sub-departments of General Branch before being appointed Manager of the General Branch in January 2007.

#### Ackbaree Aumeerally Arékion

#### Head of Human Resources

Ackbaree, born in 1972, joined the company in June 2006. Prior to joining Mauritius Union, she worked at General Construction Co Ltd. and Air Mauritius Limited. Ackbaree holds a first degree in Engineering from the Massachusetts Institute of Technology and a Masters in Human Resources Management from the University of Mauritius.

#### Kri shna Gunowa

#### Claims Manager

Krishna, born in 1976, joined Mauritius Union in June 2001 and was appointed Claims Manager in August 2007. He holds a Diploma in Business Administration with specialisation in Banking and Financial Services.

#### Management Profile

#### Gaëtan Jacques

Head of Logistics

Gaëtan, born in 1961, joined in November 2005 after more than 20 years at the Esquel Group of Companies (Textile Industries Ltd.) where he held the position of Manager - Finishing Department. Gaëtan is also the chairman of the Health and Safety Committee. He monitors all the company's administrative projects and looks after the non-clerical staff.

#### Gérard Lok Ok Choo

Operations Manager - General Branch

Gérard, born in 1956, qualified as an associate of the Chartered Insurance Institute in 1984 and became a Chartered Insurer in 1995. He joined the Company in 1976 and was appointed Head of Life and Agency department in January 2006. He became the Operations Manager - General Branch in July 2006.

#### Christine Ng Miao Kwong

Head of Marketing

Christine, born in 1974, holds a "Maîtrise de Sciences de Gestion" from the University of Paris – Sorbonne. She joined the company as Head of Marketing in February 2006 and has more than 10 years experience in the marketing sector. She served in various positions at De Chazal Du Mée, PricewaterhouseCoopers and Goupille & Co Ltd, a member of CIM Financial Group.

#### Gilbert Poisson

Head of Finance & Planning,

Assistant to the Managing Director, Company Secretary

Gilbert, born in 1953, became a member of the Association of Chartered Certified Accountants UK in 1980 and an Associate Member of the Chartered Insurance Institute UK in 1986. He was 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 July 31, 2006. Gilbert was awarded the title of Chartered Insurer by the Chartered Institute in March 2008.

#### Management Profile

#### Imrith Ramtohul

#### Head of Investment

Imrith, born in 1975, is a CFA Charterholder and a Fellow Member of the Association of Chartered Certified Accountants UK. He also holds a Bachelor of Business Science (Honours) degree from the University of Cape Town. Prior to joining Mauritius Union, he worked for 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, whereby he was involved in research and financial analysis. He was recruited in May 2007 as Head of Investment.

#### Percy Rose

#### Technical Manager - General Branch

Percy, born in 1947, started his career with Mauritius Union in September 1967 and qualified as an Associate of the Chartered Insurance Institute in 1979. He left in 1980 to take up various positions starting from Mauritian Eagle Insurance Co Ltd., through Stella Insurance Co Ltd to end at Island Insurance Co Ltd. as Senior Manager. He came back to Mauritius Union in April 2006 as Technical Manager - General Branch.

#### 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.

#### Ben That Fong

#### Manager - Statutory Reporting, Finance & Planning

Ben, born in 1968, worked with Deloitte & Touche and Lamusse Sek Sum & Co as auditor. He moved to Jubilee Insurance (Mauritius) Company Ltd as Accountant in 1997 before joining the company in 2000. He was appointed Manager – Statutory Reporting, Finance & Planning in January 2007. Ben is a Fellow Member of the Association of Chartered Certified Accountants UK (FCCA).

#### Chairman's Review

Dear Shareholder,

On behalf of the Board, I am pleased to report that the Group has achieved a satisfactory performance in 2007. Net Profit after tax stands at Rs 146m and Net Asset Value (NAV) increased to nearly Rs 1.5 billion – up by 45 per cent over last year.

Once again, this performance is largely attributable to the equity market. However, we are also seeing improvements on the insurance side with underwriting profit more than doubling compared to the previous year.

The Life Assurance Fund has also performed well and has exceeded the Rs 3b mark. The Board has decided, upon the recommendations of our Actuaries, to declare a reversionary bonus of 6 per cent to policy holders – an increase of 50 per cent over the last bonus.

We are comforted by the fact that the measures taken over the last three years, coupled with our investments in people and technology, are showing positive results, thus enabling your Board to raise the dividend paid by 35 per cent to Rs 3.50 per share.

As suggested last year, the Board is presently considering a corporate restructuring of the Group with the view to separate Life Assurance from General Business. We believe that this strategic shift will enable the market (where MUA shares have traded at discounts of up to 34 per cent to NAV) to better reflect the Company's NAV.

The Insurance Act 2005 came into force in September 2007. It is expected that this legislation will lead to major changes in the shareholdings of insurance companies. In that respect, the Board views positively the arrival of Compagnie d'Investissement et de Développement Limitée, part of Groupe Mon Loisir, as a shareholder of the Company.

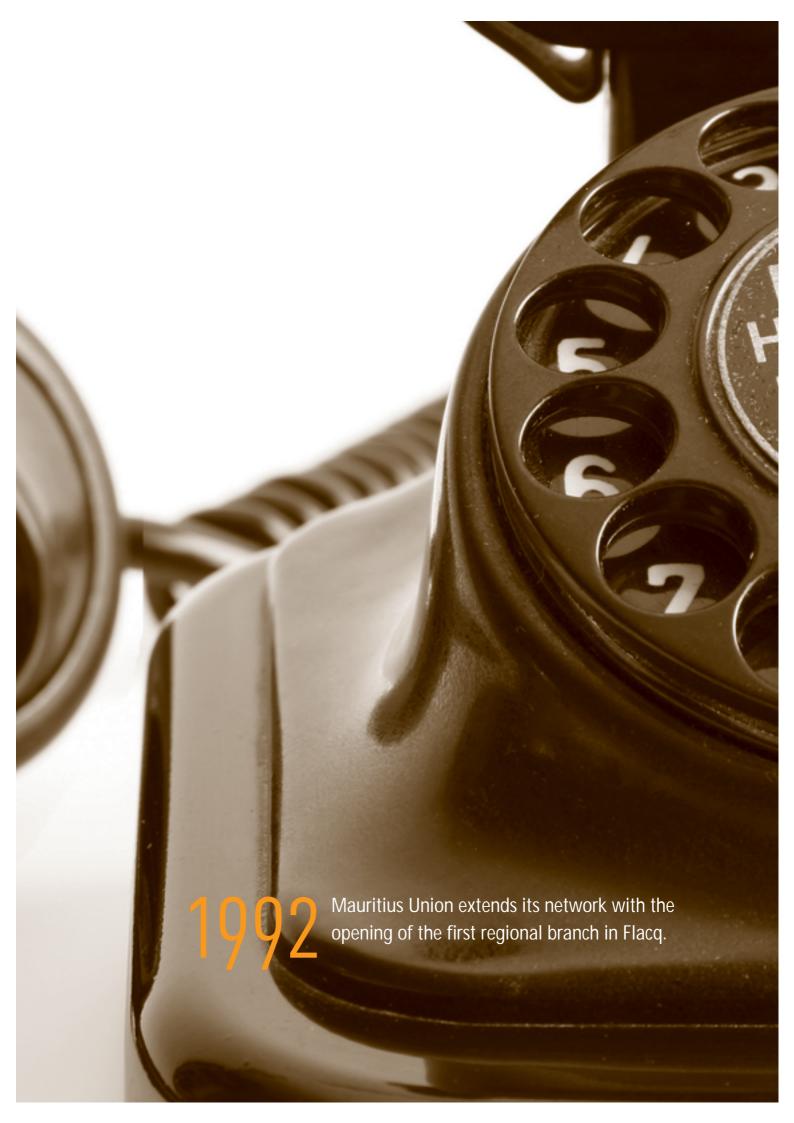
The contract of the Managing Director has been extended to the end of December 2008 in order to facilitate a smooth transition in the membership of the Board.

On behalf of the Board, I would like to thank the Managing Director, all the staff and our agents, for their commitment to advancing the goals of the Group and to improving its overall performance in 2007.

In my own name and on behalf of the outgoing directors, I would like to wish Mauritius Union every success in its future endeavours.

Bernard Mayer

Chairman



60 years of innovative products in line with the changing needs of the population





Jacques de Navacelle Managing Director

It is with great pleasure that I report to you on our Company's performance in 2007. Mauritius Union has maintained its growth since the last two years and reached a profit after tax of Rs 146m, which is not far from twice the previous year. Our Total Assets stand at Rs 5.4 billion, which corresponds to a 35 % increase over last year.

Those positive results are due to the following circumstances:

- The very good progression of returns on investment in Mauritius (+ 60 % on Mauritian equities against 54 % for the SEMDEX index). Our foreign investment portfolio unfortunately suffered from the combination of a strong Rupee and the recent international financial crisis.
- The strong recovery of our Motor insurance business which came out from a loss of Rs 9.8m in 2006 to a profit of Rs 6.2m in 2007. This represents a dramatic turnaround, which was made possible by the implementation of a new IT system enabling us to better adapt our premiums to each individual risk. We have also implemented a better control on costs of repairs through a tightly controlled network of accredited garages.
- A significant increase in non-motor General Insurance business through aggressive marketing campaigns on products such as Household, Travel, Medical, Golf, Electronic products insurances.
   The result being an increase in premiums of 61% to reach Rs193m, and generating an underwriting surplus of Rs 40.7m compared to Rs 31.6m in 2006.

#### Li fe Insurance

Since our company is traditionally more involved in life insurance than in pension funds, we have been affected by the last budget decision to withdraw tax incentives on premiums. However, despite such adverse situation, we managed to regain momentum and premium volume has increased by 5.5 % over 2006 to reach Rs 278.4m. This is mainly due to the launch in March last year of our unit-linked product Investment Plus. In less than one year, this product now represents 24 % of new subscriptions.

There is good potential for this type of product as it provides customers with greater transparency in terms of performance and liquidity. Our Asset Management team has the experience and capability to offer our customers good returns on investment.

The accumulated good performance of our Life funds has allowed us to increase distribution of bonus to policyholders by 50 % i.e. from 4 % to 6 %. This bonus rate should be maintained in the years to come.

Hence, we foresee interesting prospects for Investment Plus, which is already well positioned on the market. We also want to develop the Pension market. Note that our clients' monies are strictly separated from the Company's assets and carefully managed by an internal team of Asset Management professionals. The strategy is to make sure that the lifespan of our investment portfolio matches as much as possible with the period of insurance.

#### General Insurance

The General Insurance business has been for many years concentrated on Motor insurance. Over the last 5 years, a very fierce competition between all insurers in Mauritius had brought a dramatic reduction in premiums rates whereby at the same time the number of accidents, the price of cars and the costs of repairs have increased significantly. The result of such situation has been sustained losses in that sector for all insurers including us. We have taken important decisions to correct the situation. The first one was to acquire a new IT system which allows us to analyse and classify our customer base in such a way that we could understand the claim ratios and practise more risk related premiums. I am glad to say that we did not lose clients even if we increased prices. At the same time, we have reviewed thoroughly the processes for repairs. We have signed agreements with several selected garages that have accepted to commit to a high level of quality and transparency.

All those actions taken have enabled our Company to make the Motor insurance business become profitable, from a loss-making situation of near Rs 10m in 2006 to a profit of more than Rs 6m for the year 2007.

During the same period we managed to increase the volume of non-motor business by more than 60%. This was made possible by creating a Business Development Unit, and in parallel, we launched new products such as Assurance Lacaz, Bonne Santé, Electro, Golf. We have also extended the size of our branch in Trianon shopping park and adapted its opening hours to its environment. Our independent agents have been systematically trained on all products. We are also grateful to our accredited agent Good Harvest, which has contributed significantly to the success of our Company.

#### Asset Management

Between 31st December 2006 and 31st December 2007, our Total Assets have increased from Rs 4 billion to Rs 5.4 billion. This corresponds to a 35 % increase. Today Mauritius Union is still the largest single shareholder of The Mauritius Commercial Bank Ltd and our equities portfolio is now composed of best performing quoted companies. Our investment team is permanently in touch with the domestic and foreign markets and invest directly or through carefully selected fund managers in Mauritius as well as overseas. A monthly investment committee is held under my chairmanship to review the investment strategy. At Board level there is also an investment committee chaired by the Chairman of the Board. Due to the considerable size of our funds, we consider it extremely important to employ competent professionals and also to let the management and the Board to have permanent access on the way those funds are managed.

#### Marketing and Communication

During 2007, we have completely redone our technical documents. All insurance contracts have been reviewed in order to be easier to read and understood by customers. New brochures have been issued and all our documents have been aligned with the modern orange graphic identity of the Company. Our branches have progressively been re-branded accordingly. We have opened a Mauritius Union Travel insurance desk within the ticketing office of Air Mauritius in Port Louis. We launched in February our Medical insurance scheme Bonne Santé at l'Aventure du Sucre with our partner Momentum. In April, we launched Investment Plus, our first unit-linked investment product. Last but not least our 2006 Annual Report won the PWC award for the second time.

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#### Human Resources

We have doubled our effort towards training. It is very difficult to find competent people in the insurance sector and it is clearly understood that we need to train our younger staff in order to prepare tomorrow's management team. Internal training has been offered on basics of insurance & reinsurance, IT and external training on reinsurance, money laundering, customer service etc... We have also modified our Performance Management System in order to better correlate staff performance with the Company's performance and give more importance to human attitude towards work rather than to strictly financial results. We are still convinced that people is the most important resource of the Company.

#### The Community

During 2007, we maintained our Corporate Social Responsibility policy, which we believe, is part of our business. We gave our support to SOS Femmes and Etoile d'Espérance

#### The Way Forward

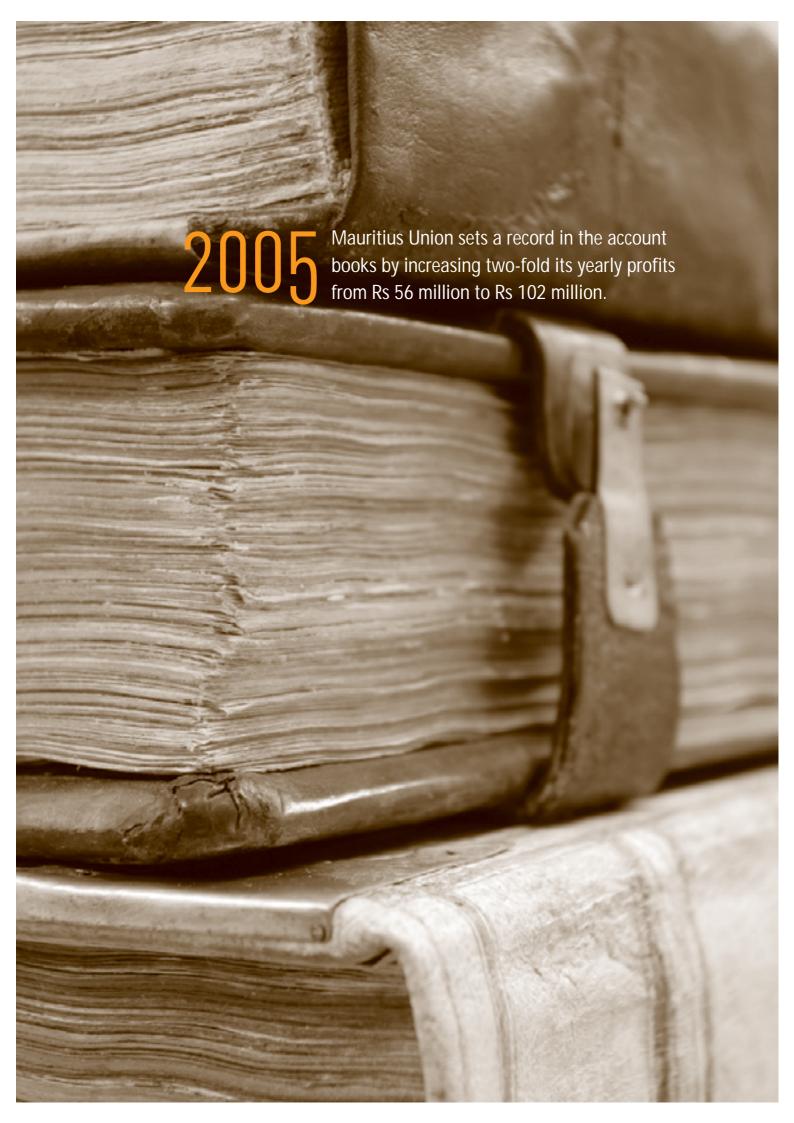
We considered 2007 as a critical year for our Company where we saw the results of our effort on several projects we worked on since 2005: implementation of a new IT system for the General Insurance business, regain profitability for the Motor insurance business, grow our non-motor business and propose new products to our customers. I am pleased to say that we have succeeded in all those areas and I see 2008 as a challenging year where we can expect to gain new business, with a strong and healthy financial situation that we managed to build over the past two years. We will soon start to sell Travel insurance through the Internet, hence showing our continuous quest for innovation.

Mauritius Union is an extremely strong Company and I am confident in our capacity to continue building on such strength to enhance customer satisfaction and increase profitability.

Jacques de Navacelle

Manall

**Managing Director** 



60 years in thousands of individuals and companies good books



#### 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. Sharehol di ng

- 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, 2007, no individual shareholder owned more than 5% of the issued share capital.
- 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, 2007

No. of shareholders	No. of shares	No. of shares owned	% of total issued shares
774	1 – 5,000	1,036,212	5.17%
275	5,001 – 50,000	4,096,489	20.44%
29	50,001 – 100,000	2,128,143	10.62%
27	100,001 – 250,000	4,112,548	20.52%
5	250,001 – 500,000	1,611,858	8.04%
9	500,001 – 1,000,000	7,054,750	35.20%
1,119	TOTAL	20,040,000	100.00%

#### 2. Common Directors

	The Mauritius Union Assurance Company Limited	MUA Commercial Vehicles Agency Ltd.	Associated Brokers Ltd.
Vincent Ah Chuen	*	*	*
Robert Bigaignon	*		
Pierre de Chasteigner du Mée	*		*
Jean-Paul de Chazal	*		
Jacques de Navacelle	*	*	*
Ravi Kalachand	*		
Bernard Mayer	*		
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

The Board is composed of nine directors, two of whom are executives and seven are independent non-executives.

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

There is a clear separation between the roles of the Chairman and Managing Director. The Chairman 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 12 and 13.

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 has a fixed term contract of three years from May 1, 2005. This contract has been extended to December 2008.
- 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 and Ravi Kalachand were appointed to the Board at the Annual Meeting of Shareholders held on May 31, 2007.
- Richard Arlove and Pierre-Yves Bigaignon did not stand for re-election.

#### 6.4 Directorships in Other Listed Companies

The directorships held by the Board Members of MUA in other listed companies as at December 31, 2007 are shown below:

Vincent Ah Chuen	POLICY Ltd	Les Moulins de La Concorde Ltée	ABC Motors Co Ltd	
Robert Bigaignon				
Pierre de Chasteigner du Mée	POLICY Ltd			
Jean-Paul de Chazal				
Jacques de Navacelle		Mon Trésor Mon Désert Ltd	Harel Frères Ltd	
Ravi Kalachand				
Bernard Mayer	POLICY 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	

#### 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, 2007, 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	10,563
Robert Bigaignon	Independent Non-executive	765,971	1,697,855
Pierre de Chasteigner du Mée	Executive	1,125	44,370
Jean-Paul de Chazal	Independent Non-executive	628,125	2,027,595
Jacques de Navacelle	Executive	1,000	-
Ravi Kalachand	Independent Non-executive	500	-
Bernard Mayer	Independent Non-executive	84,375	2,518,845
Pierre-Yves Pougnet	Independent Non-executive	128,551	-
Georges A. Robert	Independent Non-executive	137,812	-

#### 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:

- Ravi Kalachand purchased 500 shares
- Pierre-Yves Pougnet sold 9,600 shares

#### 7. Committees of the Board

Three committees of the Board have been constituted; an Audit & Risk Committee, a Corporate Governance Committee (with a Sub-Committee responsible for all Remuneration and Nomination issues and having the same terms of reference as a Remuneration and Nomination Committee) and an Investment 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 Jean-Paul de Chazal. Vincent Ah Chuen and Pierre-Yves Pougnet are the other members. All three members have accounting and financial 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 nonfinancial 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 (Chairman)
- Bernard Mayer
- Georges A. Robert

The Sub-Committee responsible for remuneration and nomination issues is chaired by Bernard Mayer. 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 Sub-Committee is responsible for 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.

The Sub-Committee also has the responsibility for Board and senior executives nominations.

#### 7.3 Investment Committee

The Investment Committee comprises Robert Bigaignon (Chairman), Jacques de Navacelle and Bernard Mayer.

Its Terms of Reference for both the Life and General Funds consist mainly in reviewing and approving periodically the investment policies and overall strategies of the Company.

The Committee has full access to the Company's executives as necessary to carry out its responsibilities.

#### 7.4 Directors' Attendance at Board Meetings and Committees of the Board

	Board Meetings	Audit & Risk Committees	Corporate Governance Committees	Investment Committees
Vincent Ah Chuen	10 out of 11	6 out of 6	-	-
Richard Arlove	3 out of 3	3 out of 3	-	-
Pierre-Yves Bigaignon	1 out of 3	-	-	-
Robert Bigaignon	8 out of 8	-	-	3 out of 3
Pierre de Chasteigner du Mée	10 out of 11	-	2 out of 2	-
Jean-Paul de Chazal	7 out of 8	3 out of 3	-	-
Jacques de Navacelle	11 out of 11	-	-	3 out of 3
Ravi Kalachand	8 out of 8	-	-	-
Bernard Mayer	11 out of 11	-	2 out of 2	3 out of 3
Pierre-Yves Pougnet	7 out of 11	5 out of 6	-	-
Georges A. Robert	10 out of 11	-	2 out of 2	-

#### 7.5 Directors' Remuneration whilst in office

Directors	Remuneration from the Company Rs ('000)		Remuneration from SubsidiariesRs ('000)	
	2007	2006	2007	2006
Vincent Ah Chuen	200	120	12	-
Richard Arlove	90	120	-	-
Pierre-Yves Bigaignon	60	120	-	-
Robert Bigaignon	130	-	-	-
Pierre de Chasteigner du Mée	320	240	385	285
Jean-Paul de Chazal	130	-	-	-
Jacques de Navacelle	4,881	2,953	12	-
Ravi Kalachand	130	-	-	-
Danielle Lagesse	20	120	12	-
Bernard Mayer	690	87	-	-
Pierre-Yves Pougnet	200	120	12	-
Stephane Henry	-	60	-	-
Georges A. Robert	200	560	15	-
	7,051	4,500	448	285

#### 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 2007.

#### 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 is being implemented to ensure:

- that all material risks are identified and reported to management, to the Audit & Risk
   Committee and to the Board
- that mitigation actions are developed, communicated, agreed and measured to ensure that objectives are achieved
- the 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 predetermined 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
- 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, headed by an inhouse lawyer, 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 involving both Compliance and Legal staff.

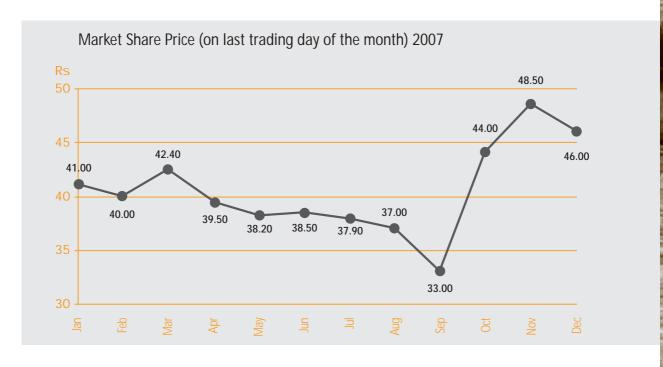
### (e) Health and Safety Risk

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, management is currently rating the risks by applying appropriate methods based on the recurring nature of the risk and the financial and operational impact of the risk.

Under the risk management framework that is currently being established, a priority plan of action aimed at developing and implementing mitigating controls will be prepared. Clear responsibilities and targets will be established and monitored. The overall effort to establish a risk management framework is being undertaken under the close supervision of the Audit & Risk Committee.

# 12 Share Price Information



# 13 Charitable Donations

Charitable donations made by the Company during the year to 15 recipients amounted to Rs 479,300 (2006: Rs 669,600 to 17 recipients).

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

	GRO	OUP	COMI	PANY
	2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees paid to:				
- BDO De Chazal Du Mée	581	568	541	523
- Other firms	82	80	-	-
Fees paid for other services provided by				
- BDO De Chazal Du Mée	365	753	356	741
Details:				
<ul> <li>Survey on insurance claims</li> </ul>	106	277		
<ul> <li>Advisory services</li> </ul>	115	337		
<ul> <li>Tax computation fees</li> </ul>	69	70		
<ul> <li>Audit of the annual statutory return to the FSC</li> </ul>	75	69		
- Other firms	7	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 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.

Health and Safety procedures which have been adopted are posted on MUA's intranet site, 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 have been trained to handle fire equipment, in evacuation simulation exercise and first aid care.

### 16. 3 Soci al

The Company recognises its social responsibility within the Mauritian society and is thus committed to contribute to the welfare of those in need, through the undertaking of a number of caritative actions:

- 1. SOS Femmes: MUA's financial contributions towards the running expenses have ensured that the activity was kept going, thus avoiding closure.
- 2. Etoile d'Espérance: Funding provided assistance to women who need help from alcoholic addiction to stand back on their feet.

The Company also continued to support the T1-Diams Group (children suffering from T1 diabetes) and the ZEP Scheme (Zone d'Education Prioritaire) with Stanley Government School, and has made small donations in order to enable children to receive medical treatment that could not be provided locally, abroad.

# 17 Time-table of important upcoming events

June 2008 Payment of Interim Dividends

Annual Meeting of Shareholders

September 2008 Submission of financial statements for the six months ending June 30, 2008

November 2008 Declaration of Final Dividends
December 2008 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:

- 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, 2008 and signed on its behalf by:

Bernard Mayer

Chairman

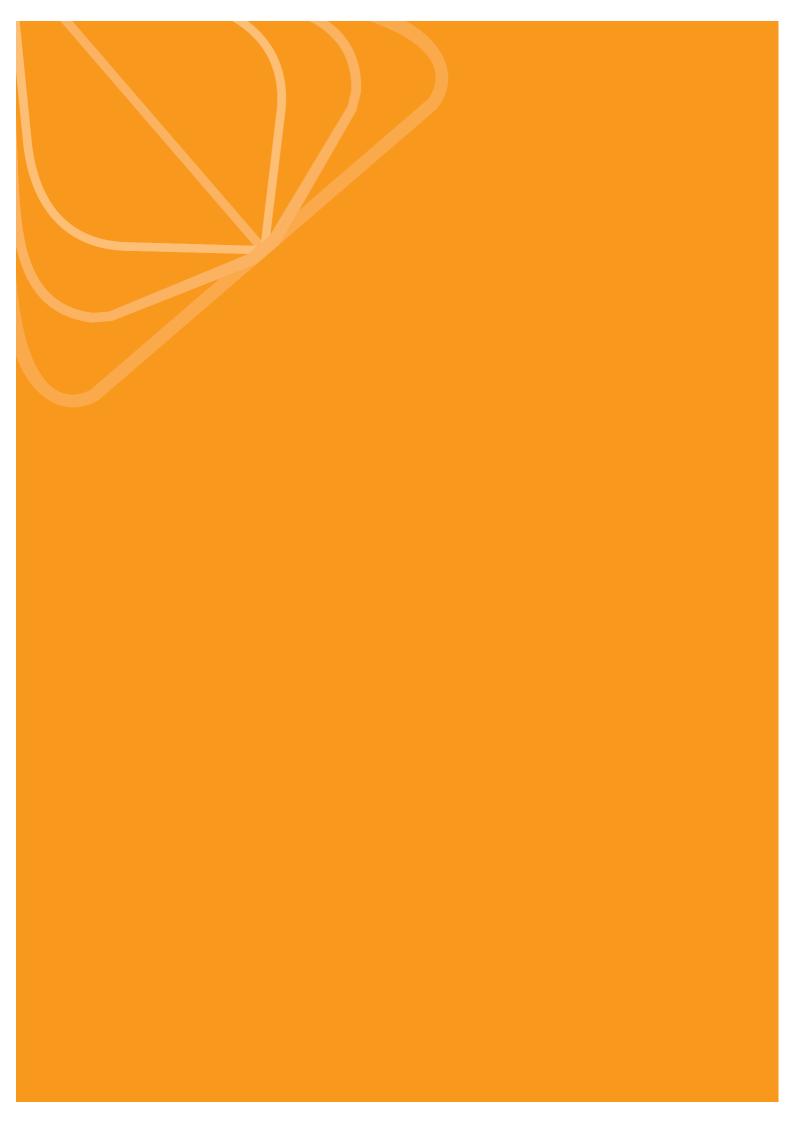
Jacques de Navacelle

Manall

**Managing Director** 

Gilbert Poisson

Secretary



# **Head Office**

4, Léoville L'Homme Street Port-Louis

**Tel: 207 5500** Fax: 212 2962

# **Trianon Branch**

Trianon Shopping Park Trianon

**Tel: 454 6789** Fax: 454 6708

# Flacq Branch

1st floor, New Commercial Bldg La Source, Flacq

**Tel: 413 2444** Fax: 413 2445

# **Grand Baie Branch**

Chemin Vingt Pieds Grand Baie

**Tel: 263 2122** Fax: 263 2127

# **Chemin Grenier Branch**

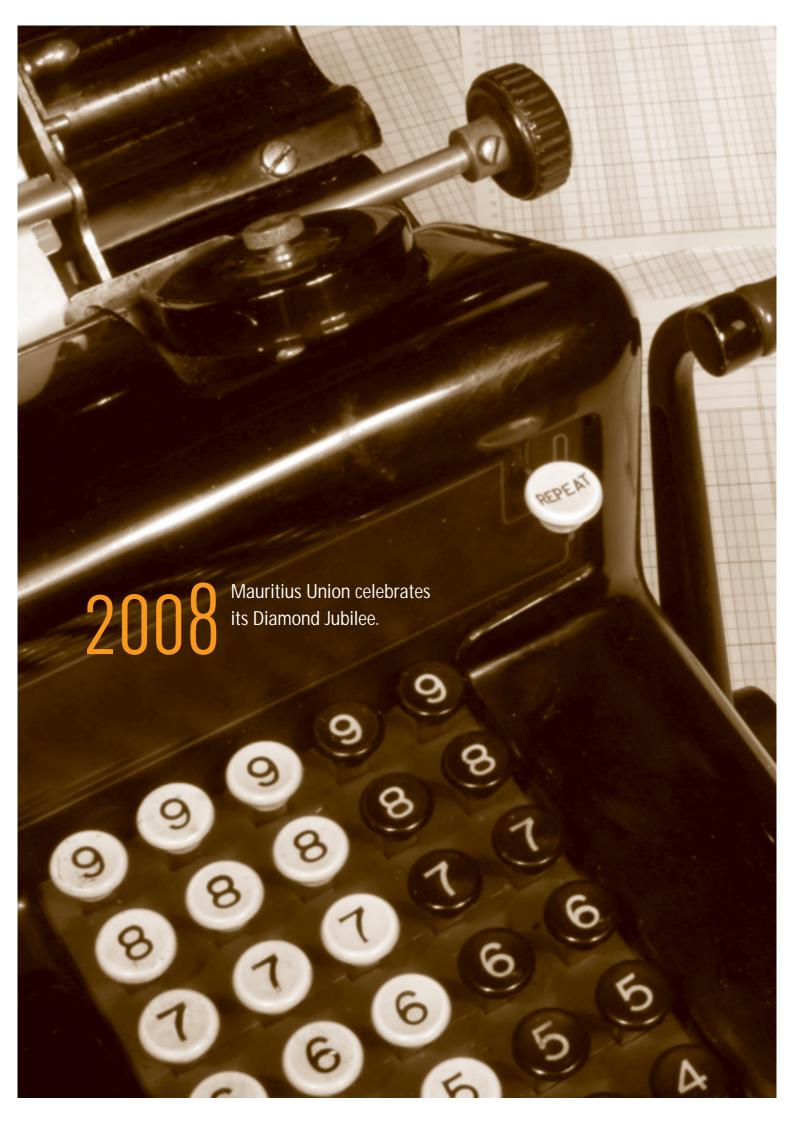
Royal Road Chemin Grenier

**Tel: 622 7964** Fax: 622 6754

# **Rose Hill Branch**

389 Royal Road Rose Hill

**Tel: 467 9313** Fax: 467 9318



# Financial Statements

60 years of innovative products and still counting



# Secretary's Certificate

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

I certify that, 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, 2008

# 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 54 to 123 which comprise the balance sheets at December 31, 2007, 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.

# Independent auditors' report to the members

# Report on the Financial Statements (continued)

#### Opi ni on

In our opinion, the financial statements on pages 54 to 123 give a true and fair view of the financial position of the Group and of the Company at December 31, 2007, 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.

BDO DE CHAZAL DU MEE Chartered Accountants

Port Louis, Mauritius.

May 14, 2008

# Balance Sheets

# December 31, 2007

		THE G	ROUP	THE CO	MPANY
		2007	2006	2007	2006
	Notes		Restated *		Restated *
		Rs'000	Rs'000	Rs'000	Rs'000
ASSETS					
Non-Current Assets					
Property and equipment	5	92,314	91,044	91,919	90,656
Investment properties	6	8,000	6,320	-	-
Intangible assets	7	11,786	14,055	7,207	9,476
Statutory deposits	8	-	8,000	-	8,000
Investments in subsidiary companies	9	-	-	11,979	11,979
Investments in associated companies	10	32,894	45,319	24,282	28,032
Financial assets	11	1,290,164	871,961	914,570	659,101
Loans and receivables	12	23,631	16,327	123,011	126,762
Amount receivable from Life business		133,203	92,590	133,203	92,590
Life business non-current assets		3,018,381	2,181,708	-	
		4,610,373	3,327,324	1,306,171	1,026,596
Current Assets					
Life business current assets		149,180	96,019	-	-
Financial assets	11	137,190	5,628	137,190	-
Loans and receivables	12	5,370	3,249	5,370	3,249
Trade and other receivables	13	145,450	138,689	131,882	133,113
Recoverable from reinsurers	14 & 15	254,968	258,784	254,968	258,784
Bank balances and cash	34	51,637	150,709	47,070	146,894
		743,795	653,078	576,480	542,040
Life business non-current assets held-for-sale	16	46,346	25,599	-	-
Total Assets		5,400,514	4,006,001	1,882,651	1,568,636

# Balance Sheets (continued)

December 31, 2007

		THE G	ROUP	THE CO	MPANY
		2007	2006	2007	2006
	Notes		Restated *		Restated *
		Rs'000	Rs'000	Rs'000	Rs'000
EQUITY AND LIABILITIES					
Capital and Reserves (attributable to equity holders					
of the parent company)					
Share capital	17	200,400	200,400	200,400	200,400
Revaluation and other reserves	18	898,205	510,485	642,412	410,694
Non-distributable share of Life surplus		92,328	85,652	92,328	85,652
Retained earnings		290,083	187,288	265,113	164,455
Statutory reserve fund		-	36,117	-	36,117
Equity holders' interest		1,481,016	1,019,942	1,200,253	897,318
Minority interest		3,315	2,600	-	-
Total equity		1,484,331	1,022,542	1,200,253	897,318
Technical Provisions	14 15 0				
Unearned premiums reserve	14, 15 & 19	231,712	195,341	231,712	195,341
Life assurance fund (page 8)		3,046,106	2,193,574	-	-
Outstanding claims	14&15	384,603	383,352	384,603	383,352
		3,662,421	2,772,267	616,315	578,693
Non-Current Liabilities					
Deferred tax liabilities	20	48	61	-	-
Retirement benefit obligations	21	-	408	-	408
Life business non-current liabilities		133,203	92,998	-	-
		133,251	93,467	-	408
Current Liabilities					
Borrowings	22	83	-	-	-
Trade and other payables	23	81,660	100,775	62,512	92,217
Current tax liabilities	24	4,170	196	3,571	-
Life business current liabilities		34,598	16,754	-	-
		120,511	117,725	66,083	92,217
Total Equity and Liabilities		5,400,514	4,006,001	1,882,651	1,568,636

These financial statements have been approved for issue by the Board of Directors on May 14, 2008 and are signed on its behalf by:

Bernard Mayer Chairman

Pierre de Chasteigner du Mée Vice Chairman

 $<sup>^{*}\</sup>textit{Certain numbers shown here do not correspond to the 2006 financial statements and reflect adjustments made as detailed in Notes 2.1 and 35$ 

# Balance Sheet - Life Business

### December 31, 2007

		2007	2006
	Notes		Restated *
		Rs'000	Rs'000
Non-Current Assets	_		
Property and equipment	5	95,308	95,029
Investment properties	6	50,000	61,298
Intangible assets	7	1,159	1,944
Statutory deposits	8	-	8,000
Investments in associated companies	10	36,855	48,898
Financial assets	11	2,454,636	1,596,895
Loans and receivables	12	380,423	369,644
		3,018,381	2,181,708
Current Assets			
Financial assets	11	26,069	-
Loans and receivables	12	34,396	32,491
Trade and other receivables	13	36,377	25,669
Bank balances and cash	34	52,338	37,859
		149,180	96,019
Non-current assets held-for-sale	16	46,346	25,599
Total Assets		3,213,907	2,303,326
Less:			
Non-Current Liabilities			
Retirement benefit obligations	21	-	408
Amount payable to General business		133,203	92,590
		133,203	92,998
Current Liabilities			
Trade and other payables	23	34,598	16,754
		3,046,106	2,193,574
Life Assurance Fund		3,046,106	2,193,574

<sup>\*</sup> Certain numbers shown here do not correspond to the 2006 financial statements and reflect adjustments made as detailed in Notes 2.1 and 35

# Income Statements

# Year ended December 31, 2007

		THE G	ROUP	THE CO	MPANY
		2007	2006	2007	2006
	Notes		Restated *		Restated *
		Rs'000	Rs'000	Rs'000	Rs'000
Ozationia a sasationa					
Continuing operations	2/	272 210	200.074	244 500	202.045
Revenue	26	373,218	308,976	366,589	303,065
Underwriting surplus (page 58)		46,934	21,886	46,934	21,886
Investment and other income	27(a)	69,048	51,490	65,863	138,593
Profit on disposal of available-for-sale financial assets	27(a)	76,699	83,195	71,583	8,083
Increase in fair value of investment properties	6	1,840	-	-	-
Share of Life surplus transferred from Life Assurance Fund (page 59)		49,113	57,304	49,113	57,304
		243,634	213,875	233,492	225,866
Legal costs		14,850	70,586	14,850	70,586
Management expenses		67,340	61,459	63,127	58,702
Depreciation	5	7,742	8,836	7,465	8,443
Amortisation	7	3,122	1,478	3,122	1,478
		93,054	142,359	88,564	139,209
		150,580	71,516	144,929	86,657
Share of results of associated companies	10(a)	111	5,583	-	-
Profit before taxation	29	150,691	77,099	144,929	86,657
Taxation	24	(4,252)	(359)	(3,571)	-
Profit from continuing operations		146,439	76,740	141,358	86,657
Discontinued operations	21/b)		298		
Income from discontinued operations Loss on disposal of subsidiary	31(b) 32	-	(2,528)	-	-
Net Profit for the year	32	146,439	74,510	141,358	86,657
Net Front for the year		140,437	74,310	141,330	00,037
Attributable to :					
Equity holders of the company		145,329	73,824	141,358	86,657
Minority interest		1,110	686	-	-
		146,439	74,510	141,358	86,657
					<u> </u>
Earnings per share from continuing operations (Rs/cs)	33	7.25	3.80		
Loss per share from discontinued operations (Rs/cs)	33	-	(0.11)		

<sup>\*</sup> Certain numbers shown here do not correspond to the 2006 financial statements and reflect adjustments made as detailed in Notes 2.1 and 35

# General Business Revenue Account

### Year ended December 31, 2007

	Notes	2007	2006 Restated *
		Rs'000	Rs'000
Gross Premiums		518,231	394,532
Premiums ceded to Reinsurers		(117,983)	(78,725)
Change in unearned premiums	15(ii) & 19	(33,659)	(12,742)
Net earned premiums		366,589	303,065
Gross claims paid	15(i)	307,302	260,911
Claims recovered from Reinsurers	15(i)	(18,792)	(21,662)
Movement in outstanding claims		7,779	23,113
Net claims incurred		296,289	262,362
Commissions payable to agents and brokerage fees		46,243	40,012
Commissions receivable from Reinsurers		(17,779)	(17,149)
Documentation and policy fees		(5,097)	(4,046)
Net commissions payable		23,366	18,818
Underwriting surplus (page 57)		46,934	21,886

<sup>\*</sup> Certain numbers shown here do not correspond to the 2006 financial statements and reflect adjustments made as detailed in Notes 2.1 and 35

# Life Assurance Fund

# Year ended December 31, 2007

	Notes	2007	2006 Restated *
	140103	Rs'000	Rs'000
Gross Premiums		278,416	263,976
Ceded to Reinsurers Net insurance premiums		(19,425) 258,991	(20,054) 243,922
Consideration for annuities		4,219	23,692
		263,210	267,614
	07/1)		
Investment and other income  Profit on disposal of property and equipment	27(b)	124,842 599	94,131
Profit on disposal of property and equipment Increase in fair value of investment properties	6	13,814	223 16,981
Increase/(decrease) in fair value of non-current assets held-for-sale	16	13,070	(9,415)
Revaluation of land and buildings		6,328	-
Increase in fair value of available-for-sale financial assets		723,154	543,191
		881,807	645,111
		1,145,017	912,725
Commissions payable		21,255	20,629
Commissions recoverable from reinsurers		(6,027)	(3,498)
Net commissions payable		15,228	17,131
Gross death and disablement claims		8,267	10,544
Recoverable from reinsurers  Net death and disablement claims		(7,026) 1,241	(6,881) 3,663
Maturity claims		129,142	116,828
Surrenders		11,417	13,270
Other benefits		2,639	8,611
Annuities and pensions		17,345	34,665
Total claims		161,785	177,037
Management expenses		53,581	49,103
Depreciation	5	7,644	8,668
Amortisation of intangible assets	7	1,622	752
		62,847	58,523
	40()	905,157	660,034
Share of results of associated companies	10(a)	777	6,258
Share of results and of currency translation reserve of associated companies  Surplus for the year	10(a)	(4,290) 901,645	2,588 668,880
out plus for the your		701,010	000,000
Fund at January 1, as previously reported		2,280,946	1,628,412
Prior period adjustments:	0.4()	(00 500)	(40.70()
- Share of surplus to shareholders  Share of results and of currency translation recents of associated companies.	2.1(a)	(92,590)	(42,786)
- Share of results and of currency translation reserve of associated companies - Reversal of the inter branch tax equalisation account	2.1(e) 35(c)	14,590 (9,372)	5,744 (9,372)
Fund at January 1, as restated	JJ(C)	2,193,574	1,581,998
· <b>,</b> · · · · · · · · · · · · · · · · · · ·		_,	.,,,,,
Surplus for the year		901,645	668,880
Share of surplus to shareholders (page 57)		(49,113)	(57,304)
Fund at December 31,		3,046,106	2,193,574

<sup>\*</sup> Certain numbers shown here do not correspond to the 2006 financial statements and reflect adjustments made as detailed in Notes 2.1 and 35

### Year ended December 31, 2007

The Group   Profession   Prof				Attributable	Attributable to equity holders of the Parent Company	s of the Parer	nt Company			
Notes		I		Revaluation	Non-		-			
Notes					distributable		Statutory			
Notes capital (Note 18) Life Surplus earnings fund Total interest			Share	reserves	share of	Retained	reserve		Minority	
RS'000 RS	The Group	Notes	capital	(Note 18)	Life Surplus	earnings	fund	Total	interest	TOTAL
2.1(a)			Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Ed 2.1(a)	At January 1, 2007, as previously reported		200,400	515,367	•	205,401	36,117	957,285	2,600	959,885
2.1(a)	Changes in accounting policies / prior period adjustments:									
2.1(b) (16,512) - (16,512) - 2.1(c) 2.1(d) 5,620 - 5,620 - 5,620 - 5,620 - 2.1(d) (595) - (595) - (595) - 5,620 - 2.1(d) (4,882) - (14,970) - (19,852) - (20,765) - (20,765) - (20,765) - (20,765) - 2,600 1, 2,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 14,290 - (1,835) - (6,125) - 144 - 4 14 (64,037) (4,290) - (1,835) - (6,125) - (6,125) - 144 5,850 5,850 145,329 - 1,110 5,850 5,850 145,329 - 1,110 5,850 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110 145,329 - 1,110	- Share of Life surplus	2.1(a)	•	ı	85,652	6,938	1	92,590	1	92,590
2.1(c) 5,620 - 5	- Unexpired premium reserve	2.1(b)	•	•	1	(16,512)	1	(16,512)	•	(16,512)
ed 35(a) - (4,882) - (14,970) - (19,852) - 35(b) - (4,882) - (20,765) - (20,7	- Commissions payable/receivable	2.1(c)	•	•	1	5,620	•	5,620	1	5,620
85(a) - (4,882) - (14,970) - (19,852) - 35(b) (20,765) - (20,7	- Incurred but not reported claims reserve	2.1(d)	1	•	1	(262)	•	(262)	٠	(262)
35(a) - (4,882) - (14,970) - (19,852) - 35(b) (20,765) - (20,765) - (20,765) - 35(c) (20,765) - (20,765) - (20,765) - 35(d) 12,799 - 12,799 - 12,799 - 12,799 - 450,183 - 292 - 450,183 - 292 - 450,183 - 292 - 450,183 - 292 - 450,183 - 292 - 450,183 - 292 - 450,183 - 292 - 450,183 - 203 - 145,329 - 1410 5,850 5,850 5,850 5,850 5,850 5,850 6,676 (6,676) 5,850 6,676 (6,676)	- Misallocation of the share of results and reserves of associated									
35(a)       - (4,882)       - (14,970)       - (19,852)       -         35(b)       - (20,765)       - (20,765)       -       -         35(c)       - (20,765)       - (20,765)       -       -         35(c)       - (20,765)       - (20,765)       -       -         35(d)       - (20,765)       - (20,765)       -       -         35(d)       - (45,790)       - (12,799)       - (45,799)       -         - (4,290)       - (1,835)       - (64,037)       - (42,290)       - (1,835)       - (64,037)       - (42,290)         - (4,290)       - (4,290)       - (1,835)       - (64,037)       - (64,0	companies between the Life Fund and the Group and									
35(a) (20,765) - (20,765) - 35(d) 9,372 - 9,372 - 9,372 - 35(d) 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 - 12,799 450,183 - 292 450,183 - 292 (44,037) (44,290) - (1,835) - (6,125) 144, 4 5,850 5,850 5,850 5,850 5,850 5,850 5,850 5,850 5,850 5,850 5,850 5,850 5,850 5,850 5,850 5,850 5,850	overstatement of the 2006 results of an associated company	35(a)	1	(4,882)	1	(14,970)	•	(19,852)	٠	(19,852)
35(c) 9,372 - 9,372 - 3,500 1, 35(d) 12,799 - 14,790 - 14,290	- De-recognition of deferred tax assets	35(b)	1	•	1	(20,765)	•	(20,765)	٠	(20,765)
35(d) 12,799 - 12,799 - 12,799 12,799 12,799 12,799 12,799 12,799 12,799 12,799 12,799 12,799 12,799 12,799 12,799 12,799 12,799 12,799 14,290 14,290 14,290 14,290 14,290 14,290 14,290 14,290 14,290 145,329 145,329 - 1,110 145,329 145,329 - 1,110 145,329 - 1,110 145,329 145,329 145,329 145,329	- Reversal of the inter branch tax equalisation account	35(c)	•	•	1	9,372	1	9,372	•	9,372
200,400 510,485 85,652 187,288 36,117 1,019,942 2,600 1,  - 450,183 292  - (64,037) - (1,835) - (64,037) - (1,835)  - (4,290) - (1,835) - (6,125) - (6,125)  - 5,850 5,850 - 145,329 1,110  - 5,850 36,117 (36,117) 36,117  25 (70,140) - (70,140) (691)	- Overprovision of outstanding claims	35(d)	1	•	1	12,799	ı	12,799	•	12,799
- 450,183 - 450,183 292 - (64,037) (64,037) - (6,125) - (6,125) - 14 - 14 5,850 - 145,329 - 145,329 1,110 6,676 (6,676) - 36,117 (36,117) (70,140) (691)	At January 1, 2007, as restated		200,400	510,485	85,652	187,288	36,117	1,019,942	2,600	1,022,542
- (64,037) (64,037) (64,037) (4,290) - (1,835) - (6,125) 14 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4 4	Increase in fair value of available-for-sale financial asssets		•	450,183		•	1	450,183	292	450,475
- (64,037) (4,290) - (1,835) - (64,037) (4,290) - (1,835) - (6,125) 14	Release from fair value reserve on disposal of available-for-sale									
25 200,400 898,205 92,328 290,083 - 1,481,016 3,315 1,4	financial assets		•	(64,037)	1	•	1	(64,037)	•	(64,037)
25 200,400 898,205 92,328 290,083 - 1,481,016 1,481,016 - 1,481,016 - 1,451,219 - 1,451,219 - 1,451,219 - 1,451,219 - 1,451,219 - 1,481,016 3,315 1,48	Movement in reserves of associated companies		•	(4,290)	1	(1,835)	1	(6,125)	•	(6,125)
25 200,400 898,205 9.2,328 290,083 - 1,481,016 3,315 1,48	Movement in reserves of subsidiary companies		•	14	1	•	1	14	4	18
25 200,400 898,205 92,328 290,083 - 1,481,016 3,315 1,7	Revaluation of land and buildings		•	5,850	1	•	•	5,850	1	5,850
25 6,676 (6,676)	Net profit for the year		•	•	1	145,329	1	145,329	1,110	146,439
25 (70,140) - (70,140) (691) 200,400 898,205 92,328 290,083 - 1,481,016 3,315 1,	Transfer of non-distributable share of Life surplus		1	•	9/9/9	(9/9/9)	•	•	٠	1
the Insurance Act 2005  25  26  27  27  200,400 898,205 92,328 290,083 - 1,481,016 3,315 1,7	Transfer of statutory reserve fund no longer required following									
25 (70,140) - (70,140) - (70,140) (691) 200,400 898,205 92,328 290,083 - 1,481,016 3,315 1,4	the coming into force of the Insurance Act 2005		•	•	1	36,117	(36,117)	•	•	1
200,400 898,205 92,328 290,083 - 1,481,016 3,315	Dividends	25	•	•	•	(70,140)		(70,140)	(1691)	(70,830)
	At December 31, 2007		200,400	898,205	92,328	290,083	1	1,481,016	3,315	1,484,331

The notes on pages 68 to 123 form an integral part of these financial statements. Auditors' report on pages 52 and 53.

# Year ended December 31, 2007

			09	98	(98	87	48		44)	24)	72	66	92	37)	27	77	(68	88	ear 
	TOTAL	Rs'000	717,360	42,786	(11,886)	786'9	11,548		(5,7	(10,324)	9,372	760,099	318,165	(80.337)	997,927	5,177	(2,589)	2,588	
	Minority interest	Rs'000	1,855	1	•	1	1		1	1	1	1,855	452	1	2,307	1	,	1	3
	Total	Rs'000	715,505	42,786	(11,886)	186'9	11,548		(5,744)	(10,324)	9,372	758,244	317,713	(80.337)	995,620	5,177	(2,589)	2,588	14
Company	Statutory reserve fund	Rs'000	33,515	1	•	1	1		1	1	1	33,515	1	1	33,515	ı	,		1
s of the Parent	Retained earnings	Rs'000	208,790	10,832	(11,886)	786'9	11,548		(3,451)	(10,324)	9,372	221,868	1		221,868	ı	1		ı
Attributable to equity holders of the Parent Company	Non- distributable share of Life Surplus	Rs'000	1	31,954	1	1	1		1	1	1	31,954	1	1	31,954	ı	1		1
Attributable t	Revaluation and other c reserves (Note 18)	Rs'000	272,800	,	ı	ı			(2,293)	ı	1	270,507	317,713	(80.337)	507,883	5,177	(2,589)	2,588	14
		Rs'000	200,400	,	1	1	ı		•	•	1	200,400	1	1	200,400		1	1	ı
	Notes			2.1(a)	2.1(b)	2.1(c)	2.1(d)		35(a)	35(b)	35(c)								
	The Group		At January 1, 2006, as previously reported	changes in accounting policies / prior period adjustrients. - Share of Life surplus	- Unexpired premium reserve	- Commissions payable/receivable	- Incurred but not reported claims reserve	<ul> <li>Misallocation of the share of results and reserves of associated companies between the Life Fund and the Group and</li> </ul>	overstatement of the 2006 results of an associated company	- De-recognition of deferred tax assets	- Reversal of the inter branch tax equalisation account	At January 1, 2006, as restated	Increase in fair value of available-for-sale financial asssets	Release from fair value reserve on disposal of available-for-sale financial assets		Movement in reserves of associated companies Prior period adjustments:	<ul> <li>Misallocation of the reserves of associated companies between the Life Fund and the Group</li> </ul>		Movement in reserves of subsidiary companies

# Year ended December 31, 2007

			Attributable	Attributable to equity holders of the Parent Company	s of the Parer	it Company			
	- C	Share	Revaluation and other reserves	tevaluation Non- and other distributable reserves share of Note 10	Retained	Statutory reserve	- <del> </del>	Minority	N N N N N N N N N N N N N N N N N N N
dions	NOICS	Rs'000	Rs'000	RS'000	RS'000	Rs'000	Rs'000	Rs'000	Rs'000
Net profit for the year, as previously reported		1	1	ı	51,317	1	51,317	290	51,607
changes in accounting poinces / prod period adjustments. - Share of Life surplus	2.1(a)	1	ı	'	49,804	1	49,804	'	49,804
- Unexpired premium reserve	2.1(b)	1	1	1	(4,626)	ı	(4,626)	ı	(4,626)
- Commissions payable/receivable	2.1(c)	1	1	ı	(1,367)	ı	(1,367)	ı	(1,367)
- Incurred but not reported claims reserve	2.1(d)	•	1	1	(12,143)	1	(12,143)	ı	(12,143)
- Misallocation of the share of results and reserves of associated									1
configurations between the Lille Fund and the Group and overstatement of the 2006 results of an associated company	35(a)	1	1		(11 519)	,	(11 519)	1	(11,519)
- De-recognition of deferred tax assets	35(b)	,	,	1	(10,441)	,	(10,441)	1	(10,441)
- Overprovision of outstanding claims	35(d)			1	12,799	ı	12,799	1	12,799
- Minority's share of subsidiary's dividend	35(e)	1	1	1	1	1	1	396	396
Net profit for the year, as restated		1	1	1	73,824	1	73,824	989	74,510
Transfer to statutory reserve fund from profit for the year		1	1	ı	(2,602)	2,602	1	1	1
Transfer of non-distributable share of Life surplus Dividends	25	1 1	1 1	53,698	(53,698)	1 1	(52.104)	- (968)	(52,500)
At December 31, 2006, as restated		200,400	510,485	85,652	187,288	36,117	1,019,942	2,600	1,022,542

The Non-distributable share of Life Surplus represents the share of the surplus transferred from the Life Assurance Fund which cannot be distributed as dividends to the shareholders. Whenever bonuses are paid/credited to policyholders, an amount representing one-ninth of these bonuses is transferred from this reserve to retained earnings and becomes distributable.

# Year ended December 31, 2007

		Attributable	Attributable to equity holders of the Parent Company	s of the Paren	t Company	
I		Revaluation	Non-			
		and other	distributable		Statutory	
	Share	reserves	share of	Retained	reserve	
Notes	capital	(Note 18)	Life Surplus	earnings	fund	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	200,400	410,694	1	167,598	36,117	814,809
2.1(a)	•	•	85,652	6,938	•	92,590
2.1(b)	1	•	•	(16,512)	•	(16,512)
2.1(c)	•	•	1	5,620	•	5,620
2.1(d)	,	•	•	(262)	•	(262)
35(b)	•	•	•	(20,765)	•	(20,765)
35(c)	•	•	1	9,372	•	9,372
35(d)	•	•	1	12,799	•	12,799
	200,400	410,694	85,652	164,455	36,117	897,318
	1	285,935	•	•	1	285,935
	1	(290'09)	•	•	1	(290'09)
	1	5,850	1	٠		5,850
	1	•	•	141,358	1	141,358
	1	•	9/9/9	(9/9/9)	٠	1
	•	•	•	36,117	(36,117)	•
25	1	•	-	(70,140)	•	(70,140)
	200,400	642,412	92,328	265,113	•	1,200,253

Changes in accounting policies / prior period adjustments:

At January 1, 2007, as previously reported

The Company

The notes on pages 13 to 59 form an integral part of these financial statements.

Transfer of statutory reserve fund no longer required following the coming into force

of the Insurance Act 2005

At December 31, 2007

Transfer of non-distributable share of Life surplus

Release from fair value reserve on disposal of available-for-sale financial assets

Revaluation of land and buildings

Net profit for the year

Increase in fair value of available-for-sale financial assets

- Reversal of the inter branch tax equalisation account

- Overprovision of outstanding claims At January 1, 2007, as restated

- Incurred but not reported claims reserve De-recognition of deferred tax assets

Commissions payable/receivable

Unexpired premium reserve

Share of Life surplus

Auditors' report on pages 3 and 3(a).

# Year ended December 31, 2007

1		Revaluation	evaluation Non-		C d	
		and other	dist		Statutory	
	Share	reserves	share of	Retained	reserve	
Notes	capital	(Note 18)	Life Surplus	earnings	fund	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	200,400	195,030	,	169,673	33,515	598,618
2.1(a)	'	1	31,954	10,832	1	42,786
2.1(b)	'	1	•	(11,886)	•	(11,886)
2.1(c)	,	1	1	786'9	•	786'9
2.1(d)	,	1	1	11,548	•	11,548
35(b)	'	1	,	(10,324)	•	(10,324)
35(c)	'	1	1	9,372	1	9,372
	200,400	195,030	31,954	186,202	33,515	647,101
	'	222,100	1	,	1	222,100
	'	(6,436)	1	1	,	(6,436)
l	200,400	410,694	31,954	186,202	33,515	862,765

The notes on pages 68 to 123 form an integral part of these financial statements. Auditors' report on pages 52 and 53.

Release from fair value reserve on disposal of available-for-sale financial assets

Increase in fair value of available-for-sale financial assets

- Reversal of the inter branch tax equalisation account

At January 1, 2006, as restated

- Incurred but not reported claims reserve - De-recognition of deferred tax assets

Share of Life surplus Unexpired premium reserve Commissions payable/receivable

Changes in accounting policies / prior period adjustments:

At January 1, 2006, as previously reported

# Year ended December 31, 2007

			Attributable	Attributable to equity holders of the Parent Company	rs of the Paren	t Company	
	I	Α.	Revaluation	Non-			
			and other	and other distributable		Statutory	
		Share	reserves	share of	Retained	reserve	
The Company	Notes	capital	(Note 18)	Life Surplus	earnings	fund	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Net profit for the year, as previously reported		ı	1	1	52,631	1	52,631
Changes in accounting policies / prior period adjustments:							
- Share of Life surplus	2.1(a)	,	,	•	49,804	1	49,804
- Unexpired premium reserve	2.1(b)	,	,	•	(4,626)	1	(4,626)
- Commissions payable/receivable	2.1(c)	1	1	1	(1,367)	ı	(1,367)
- Incurred but not reported claims reserve	2.1(d)	1	1	1	(12,143)	ı	(12,143)
- De-recognition of deferred tax assets	35(b)	•	•	1	(10,441)	1	(10,441)
- Overprovision of outstanding claims	35(d)	1	1	1	12,799	ı	12,799
Net profit for the year, as restated		ı	ı	1	86,657	1	86,657
Transfer to statutory reserve fund from profit for the year		1	1	1	(2,602)	2,602	
Transfer of non-distributable share of Life surplus		1	1	53,698	(23,698)	1	1
Dividends	25	1	,	1	(52,104)	1	(52,104)
At December 31, 2006, as restated		200,400	410,694	85,652	164,455	36,117	897,318

The Non-distributable share of Life Surplus represents the share of the surplus transferred from the Life Assurance Fund which cannot be distributed as dividends to the shareholders. Whenever bonuses are paid/credited to policyholders, an amount representing one-ninth of these bonuses is transferred from this reserve to retained earnings and becomes distributable.

The notes on pages 68 to 123 form an integral part of these financial statements. Auditors' renort on pages 52 and 53.

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# Cash Flow Statements

# Year ended December 31, 2007

		THE GROUP		THE COMPANY	
	Notes	2007	2006 Restated *	2007	2006 Restated *
		Rs'000	Rs'000	Rs'000	Rs'000
Operating Activities					
Net cash generated from/(used in) continuing operations	34(a)	(11,503)	(3,112)	(17,720)	84,703
Operating cash flows from discontinued activities	31	-	12,624	-	-
Dividend received		29,685	24,398	27,000	17,113
Interest received		29,439	18,598	36,770	26,143
Income tax paid		(292)	(215)	-	-
Net cash from operating activities		47,329	52,293	46,050	127,959
Investing Activities					
Disposal of property and equipment		168	1,877	168	1,877
Disposal/maturity of financial assets		109,377	79,153	98,170	11,417
Disposal of investments in subsidiary company,					
net of cash and cash equivalents disposed of	32	-	(76,873)	-	101,000
Disposal of investment in associated companies	10	5,585	-	5,585	-
Dividend received from associated companies	10	2,662	-	-	-
Purchase of property and equipment	5	(3,089)	(7,900)	(2,966)	(7,318)
Purchase of intangible assets	7	(853)	(7,756)	(853)	(7,756)
Purchase of financial assets	11	(189,842)	(143,334)	(187,214)	(7,888)
Loans recovered		17,469	80,580	28,505	80,580
Loans granted/repaid		(17,130)	(90,708)	(17,129)	(155,060)
Net change in loans and receivables		-	(24,000)	-	(24,000)
Investing cash flows from discontinued activities	31	-	226,393	-	
Net cash from/(used in) investing activities		(75,653)	37,432	(75,734)	(7,148)
Financing Activities					
Dividends - Parent Company's shareholders	25	(70,140)	(68,136)	(70,140)	(68,136)
- Minority interest		(691)	(396)	-	-
Financing cash flows from discontinued activities	31	-	(12,219)	-	-
Net cash used in financing activities		(70,831)	(80,751)	(70,140)	(68,136)
Net (decrease)/increase in cash and cash equivalents		(99,155)	8,974	(99,824)	52,675
Movement in cash and cash equivalents					
At January 1,		150,709	141,735	146,894	94,219
(Decrease)/increase		(99,155)	8,974	(99,824)	52,675
At December 31,	34(b)	51,554	150,709	47,070	146,894

<sup>\*</sup> Certain numbers shown here do not correspond to the 2006 financial statements and reflect adjustments made as detailed in Notes 2.1 and 35

# Cash Flow Statement - Life Business

# Year ended December 31, 2007

	Notes	2007	2006 Restated *
		Rs'000	Rs'000
Operating Activities			
Net cash generated from continuing operations	34(c)	42,080	16,300
Dividend received		58,442	41,930
Interest received		56,456	47,245
Net cash from operating activities		156,978	105,475
Investing Activities			
Disposal of property and equipment		618	1,662
Disposal of investment properties		18,031	- 1,002
Disposal/maturity of financial assets		98,147	78,705
Disposal of investment in associated companies	10	5,585	-
Purchase of property and equipment	5	(2,210)	(6,445)
Purchase of intangible assets	7	(837)	(668)
Purchase of financial assets	11	(245,555)	(88,132)
Loans recovered		84,063	89,676
Loans granted/repaid		(100,341)	(137,307)
Purchase of investment properties	6	-	(21,941)
Net change in loans and receivables		-	(9,920)
Net cash used in investing activities		(142,499)	(94,370)
			44.405
Net increase in cash and cash equivalents		14,479	11,105
Movement in cash and cash equivalents		07.050	04.754
At January 1,		37,859	26,754
Increase	0.4/1	14,479	11,105
At December 31,	34(d)	52,338	37,859

<sup>\*</sup> Certain numbers shown here do not correspond to the 2006 financial statements and reflect adjustments made as detailed in Notes 2.1 and 35

Year ended December 31, 2007

#### 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 9(b).

# Significant Accounting Policies and Basis of Preparation

The financial statements 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.

TThe 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 that are mandatory for accounting periods beginning on or after January 1, 2008 or later periods but which the Group has not early adopted.

Except for IFRS 8, Operating segments, the revised IAS1, Presentation of financial statements, and the amendments to IAS 23, Borrowing costs, (effective for periods beginning on or after January 1, 2009), these Standards are not relevant to the Group's operations.

IFRS 8 and the revised IAS 1 are disclosure requirements and will not when adopted, affect the results of the Group. The amendments to IAS 23 eliminate the alternative treatment of expensing borrowing costs on qualifying assets. The revised IAS 1 affects the presentation of owner changes in equity and of comprehensive income.

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.

Year ended December 31, 2007

# 2.1 Changes in Accounting Policies and Financial Impact

### (A) Company and Group

### (a) 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 the Life Assurance Fund to the Income Statement. 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.

The result of this was to:

- (i) Increase profit attributable to shareholders
- (ii) Increase earnings per share (Rs)
- (iii) Increase retained earnings
- (iv) Increase Non-distributable share of Life surplus

2006	2005
Rs'000	Rs'000
49,804	12,317
2.49	0.62
6,938	10,832
85,652	31,954

THE GOUP AND THE COMPANY

LIFE ASSURAI	NCE FUND
2006	2005
Rs'000	Rs'000
(92,590)	(42,786)

(v) Decrease the Life Assurance Fund

#### (b) Unexpired premium reserve (UPR)

The Company changed its method of calculating the unexpired premium in respect of policies/endorsements incepting before the balance sheet date from the half yearly prorata basis (50th method) to the inception basis (daily method).

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2006

	2000	2003
The result of this was to:	Rs'000	Rs'000
(i) Decrease profit attributable to shareholders	(4,626)	(3,793)
(ii) Decrease earnings per share (Rs)	(0.23)	(0.19)
(iii) Decrease retained earnings	(16,513)	(11,887)

Year ended December 31, 2007

THE GOUP AND THE COMPANY

LIFE ASSURANCE FUND

# 2.1 Changes in Accounting Policies and Financial Impact (continued)

# (A) Company and Group (continued)

### (c) Commissions payable/reinsurance commissions receivable

• The liability for commissions payable is now recognised at the inception date of the insurance contract/endorsement instead of when the premium was due.

	2006	2005
The result of this was to:	Rs'000	Rs'000
(i) Increase/(decrease) profit attributable to shareholders	(3,217)	1,317
(ii) Increase/(decrease) earnings per share (Rs)	(0.16)	0.07
(iii) Decrease retained earnings	(9,723)	(6,506)

• Commissions payable and reinsurance commissions receivable relating to unexpired premiums are now recognised and are released to the Income Statement as and when the premiums are earned.

The result of this was to:

(i) Increase profit attributable to shareholders	1,850	463
(ii) Increase earnings per share (Rs)	0.09	0.02
(iii) Increase retained earnings	15,343	13,493

#### (d) Incurred but not reported claims (IBNR)

The IBNR calculation has been changed from an average method based on claims incurred before year end and reported thereafter to 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.

The result of this was to:

(i)	Decrease profit attributable to shareholders	(12,143)	N/c
(ii	Decrease earnings per share (Rs)	(0.61)	N/c
(ii	ii) Increase/(decrease) retained earnings	(595)	11,548
	N/c - not computed		

### (B) Life Business

### (e) Investments in associated companies in the Life Assurance Fund

The Company changed its policy for accounting for associated companies in the Life Assurance Fund from the cost method to the equity method:

	2006	2005
The result of this was to:	Rs'000	Rs'000
Increase the Life Assurance Fund	14,590	5744

These changes in accounting policies have been applied retrospectively. The 2006 comparatives have been restated to reflect the impact of these new accounting policies on the opening balances at January 1, 2006 and on the amounts for the year ended December 31, 2006.

Year ended December 31, 2007

# 2.2 Significant Accounting Policies

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

### (a) 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.

### (b) 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.

Year ended December 31, 2007

# 2. 2 Significant Accounting Policies (continued)

# (c) 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.

### (d) 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).

#### (e) 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 investments.

#### 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.

Year ended December 31, 2007

#### 2. 2 Significant Accounting Policies (continued)

### (f) 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.

#### (g) 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.

#### (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.

#### Initial measurement

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.

#### Derecognition

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.

Year ended December 31, 2007

#### 2. 2 Significant Accounting Policies (continued)

#### (g) Financial Assets (continued)

#### Subsequent measurement

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 guoted 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 guoted 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.

#### **Impairment**

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.

#### 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.

#### 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.

#### Trade payables

Trade payables are stated at their nominal values.

#### **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.

Year ended December 31, 2007

### 2. 2 Significant Accounting Policies (continued)

### (h) 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.

Year ended December 31, 2007

## 2. 2 Significant Accounting Policies (continued)

#### (i) 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.

#### Impairment of reinsurance assets

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.

### (j) 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.

Year ended December 31, 2007

#### 2. 2 Significant Accounting Policies (continued)

## (k) 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.

#### (I) 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.

#### (m) 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.

#### (n) 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.

#### (o) 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 of 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 Income Statement. 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.

Year ended December 31, 2007

### 2. 2 Significant Accounting Policies (continued)

### (p) 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.

### (q) 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.

### (r) 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.

Year ended December 31, 2007

### 2.2 Significant Accounting Policies (continued)

## (s) 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.

#### (t) 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.

### (u) 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.

Year ended December 31, 2007

## 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.

Year ended December 31, 2007

## 3. Management of Insurance and Financial Risks (continued)

### 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 cla	
- OHISTANOINO OT	aims

	<b>2007</b> 2006					
					Restated	
Class of Business	No. of claims	Gross	Net	No. of claims	Gross	Net
		Rs'000	Rs'000		Rs'000	Rs'000
Motor	6,690	141,328	130,374	6,941	148,065	130,739
Fire	182	2,312	1,903	82	1,439	971
Personal Accident	108	4,396	874	285	6,796	1,497
Transport	38	1,360	1,087	32	683	419
Miscellaneous	3,256	226,795	12,538	3,960	218,074	3,667
IBNR	-	8,412	6,592	-	8,295	8,295
	10,274	384,603	153,367	11,300	383,352	145,588

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

### (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 and of 2007				

the end of 2007
Rs'000
0 - 50
50 - 100
100 - 150
150 - 200
200 - 250
250 - 300
More than 300
Total

### Benefits assured per life assured at the end of 2006

Rs'000
0 - 50
50 - 100
100 - 150
150 - 200
200 - 250
250 - 300
More than 300
Total

#### Total benefits insured

Before reins	urance	After rein	surance
Rs'000	%	Rs'000	%
125,696	3	160,334	6
324,730	7	383,558	14
641,554	14	701,608	26
364,637	8	527,058	20
486,107	11	274,569	10
274,168	6	145,598	5
2,351,688	51	507,600	19
4,568,580	100	2,700,325	100

### Total benefits insured

D 6		A.C				
Before reins	urance	After rein	surance			
Rs'000	%	Rs'000	%			
149,282	4	179,343	11			
350,320	8	429,626	26			
608,592	14	460,611	28			
364,324	9	303,933	19			
460,713	11	75,672	5			
248,535	6	47,106	3			
2,043,660	48	132,300	8			
4,225,426	100	1,628,590	100			

Year ended December 31, 2007

#### 3. Management of Insurance and Financial Risks (continued)

#### 3.1 Insurance Risks (continued)

#### 3.1.2 Concentration of insurance risk (continued)

#### (b) Long-term Insurance (continued)

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 2007

01 2007			
)			
50			
an 150			
(	0 50 aan 150	0 50	0 50

Total annuities payable per annum

2007	·	2006		
Rs'000	%	Rs'000	%	
170	3	162	3	
500	8	294	6	
540	9	514	10	
1,234	20	978	19	
838	13	454	9	
2,934	47	2,755	53	
6,216	100	5,157	100	

#### 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.

Year ended December 31, 2007

## 3. Management of Insurance and Financial Risks (continued)

#### 3.1 Insurance Risks (continued)

#### 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	Underwriting year							
claim costs	2003	2004	2005	2006	2007			
	Restated	Restated	Restated	Restated				
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000			
- At end of claim year	22,835	41,130	41,699	56,897	57,044			
- one year later	23,333	29,887	31,964	34,194	-			
- two years later	14,805	13,910	18,963	-	-			
- three years later	9,342	10,377	-	-	-			
- four years later	5,859	-	-	-	-			
						2007	2006	
		Un	derwriting yea	ar			Restated	
	2003	2004	2005	2006	2007	Total	Total	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
Current estimates of cumulative claims	143,081	92,413	157,902	259,261	150,112	802,769	809,822	
Cumulative payments	137,222	82,036	138,939	225,067	93,068	676,332	697,411	
Liability	5,859	10,377	18,963	34,194	57,044	126,437	112,411	
Liability in respect of prior years						18,518	24,882	
IBNR						8,412	8,295	
Total liability (net)						153,367	145,588	

#### 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.

Year ended December 31, 2007

## 3. Management of Insurance and Financial Risks (continued)

### 3. 2 Financial Risks (continued)

#### 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 - 2007 ASSETS	<b>USD</b> Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	MUR Rs'000	TOTAL Rs'000
Property and equipment	-	-	-	-	92,314	92,314
Investment properties	-	-	-	-	8,000	8,000
Intangible assets	-	-	-	-	11,786	11,786
Investments in associated companies	30,650	-	-	-	2,244	32,894
Financial assets	5,110	12,573	13,641	5,501	1,390,529	1,427,354
Loans and receivables	-	-	-	-	29,001	29,001
Amount receivable from Life business	-	-	-	-	133,203	133,203
Trade and other receivables	-	-	-	-	145,450	145,450
Recoverable from reinsurers	-	-	-	-	254,968	254,968
Bank balances and cash	-	1	-	-	51,636	51,637
Life business assets	120,287	138,323	57,950	12,949	2,884,398	3,213,907
	156,047	150,897	71,591	18,450	5,003,528	5,400,514
THE CDOLID 2006	HSD	ELID	CPD	SCD	MID	TOTAL
THE GROUP - 2006	USD Ps'000	EUR Ps'000	GBP Ps'000	SGD Ps'000	MUR Ps'000	TOTAL Ps'000
THE GROUP - 2006 ASSETS	USD Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	MUR Rs'000	TOTAL Rs'000
ASSETS					Rs'000	Rs'000
ASSETS  Property and equipment					Rs'000 91,044	Rs'000 91,044
ASSETS  Property and equipment Investment properties					Rs'000 91,044 6,320	Rs'000 91,044 6,320
ASSETS  Property and equipment Investment properties Intangible assets				Rs'000 - -	Rs'000 91,044 6,320 14,055	Rs'000 91,044 6,320 14,055
Property and equipment Investment properties Intangible assets Statutory deposits	Rs'000			Rs'000	Rs'000 91,044 6,320 14,055 8,000	Rs'000 91,044 6,320 14,055 8,000
Property and equipment Investment properties Intangible assets Statutory deposits Investments in associated companies	Rs'000 - - - - 35,919	Rs'000		Rs'000	Rs'000 91,044 6,320 14,055 8,000 9,400	Rs'000 91,044 6,320 14,055 8,000 45,319
Property and equipment Investment properties Intangible assets Statutory deposits Investments in associated companies Financial assets	Rs'000 35,919 1,089	Rs'000		Rs'000	Rs'000 91,044 6,320 14,055 8,000 9,400 864,751	Rs'000 91,044 6,320 14,055 8,000 45,319 877,589
Property and equipment Investment properties Intangible assets Statutory deposits Investments in associated companies Financial assets Loans and receivables	Rs'000 35,919 1,089	Rs'000		Rs'000	Rs'000 91,044 6,320 14,055 8,000 9,400 864,751 19,576	Rs'000 91,044 6,320 14,055 8,000 45,319 877,589 19,576
Property and equipment Investment properties Intangible assets Statutory deposits Investments in associated companies Financial assets Loans and receivables Amount receivable from Life business	Rs'000 35,919 1,089	Rs'000		Rs'000	Rs'000 91,044 6,320 14,055 8,000 9,400 864,751 19,576 92,590	Rs'000 91,044 6,320 14,055 8,000 45,319 877,589 19,576 92,590
Property and equipment Investment properties Intangible assets Statutory deposits Investments in associated companies Financial assets Loans and receivables Amount receivable from Life business Trade and other receivables	Rs'000 35,919 1,089	Rs'000		Rs'000	Rs'000 91,044 6,320 14,055 8,000 9,400 864,751 19,576 92,590 138,689	Rs'000 91,044 6,320 14,055 8,000 45,319 877,589 19,576 92,590 138,689
Property and equipment Investment properties Intangible assets Statutory deposits Investments in associated companies Financial assets Loans and receivables Amount receivable from Life business Trade and other receivables Recoverable from reinsurers	Rs'000	Rs'000		Rs'000	Rs'000 91,044 6,320 14,055 8,000 9,400 864,751 19,576 92,590 138,689 258,784	Rs'000 91,044 6,320 14,055 8,000 45,319 877,589 19,576 92,590 138,689 258,784

Year ended December 31, 2007

## 3. Management of Insurance and Financial Risks (continued)

## 3. 2 Financial Risks (continued)

## 3.2.1 Market risk (continued)

(i) Foreign exchange risk (continued)

Concentration of financial assets and liabilities THE COMPANY - 2007 ASSETS	<b>USD</b> Rs'000	EUR Rs'000	GBP Rs'000	<b>SGD</b> Rs'000	MUR Rs'000	TOTAL Rs'000
Property and equipment	-	-	-	-	91,919	91,919
Intangible assets	-	-	-	-	7,207	7,207
Investments in subsidiary companies	-	-	-	-	11,979	11,979
Investments in associated companies	22,582	-	-	-	1,700	24,282
Financial assets	5,110	12,573	13,641	5,501	1,014,935	1,051,760
Loans and receivables	-	-	-	-	128,381	128,381
Amount receivable from Life business	-	-	-	-	133,203	133,203
Trade and other receivables	-	-	-	-	131,882	131,882
Recoverable from reinsurers	-	-	-	-	254,968	254,968
Bank balances and cash	-	1	-	-	47,069	47,070
	27,692	12,574	13,641	5,501	1,823,243	1,882,651
THE COMPANY - 2006	USD	EUR	GBP	SGD	MUR	TOTAL
ASSETS	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property and equipment	-	-	-	-	90,656	90,656
Intangible assets	_	_	_	_	9,476	9,476
Statutory deposits	_	-	-	-	8,000	8,000
Investments in subsidiary companies	_	_	_	-	11,979	11,979
Investments in associated companies	22,582	-	-	-	5,450	28,032
Financial assets	1,089	11,749	-	-	646,262	659,100
Loans and receivables	-	-	-	-	130,011	130,011
Amount receivable from Life business	_	-	-	-	92,590	92,590
Trade and other receivables	-	-	-	-	133,113	133,113
Recoverable from reinsurers	-	-	-	-	258,784	258,784
Bank balances and cash	30	-	-	-	146,864	146,894
	23,701	11,749				

Year ended December 31, 2007

## 3. Management of Insurance and Financial Risks (continued)

## 3. 2 Financial Risks (continued)

## 3.2.1 Market risk (continued)

(i) Foreign exchange risk (continued)

Concentration of financial assets and liabilities	Concentration	of financial	assets and	liabilities
---	---------------	--------------	------------	-------------

Property and equipment Investment properties Investment properties Investments in associated companies Interpretation Inter	LIFE - 2007	USD	EUR	GBP	SGD	MUR	TOTAL
Investment properties  Intangible assets  Investments in associated companies  Financial assets  Loans and receivables  Trade and other receivables  Bank balances and cash  Non-current assets held-for-sale	ASSETS	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Investment properties  Intangible assets  Investments in associated companies  Financial assets  Loans and receivables  Trade and other receivables  Bank balances and cash  Non-current assets held-for-sale	Property and equipment	-	-	-	-	95,308	95,308
Investments in associated companies  Financial assets  89,551 138,299 57,950 12,949 2,181,956 2,480,705  Loans and receivables  414,819 414,819  Trade and other receivables  36,377 36,377  Bank balances and cash  Non-current assets held-for-sale  46,346 46,346  120,287 138,323 57,950 12,949 2,884,398 3,213,907	Investment properties	-	-		-	50,000	50,000
Financial assets  Loans and receivables  414,819 414,819  Trade and other receivables  36,377 36,377  Bank balances and cash  Non-current assets held-for-sale  89,551 138,299 57,950 12,949 2,181,956 2,480,705  414,819 414,819  36,377 36,377  52,229 52,338  Non-current assets held-for-sale  120,287 138,323 57,950 12,949 2,884,398 3,213,907	Intangible assets	-	-		-	1,159	1,159
Loans and receivables       -       -       -       -       414,819       414,819         Trade and other receivables       -       -       -       36,377       36,377         Bank balances and cash       85       24       -       -       52,229       52,338         Non-current assets held-for-sale       -       -       -       -       46,346       46,346         120,287       138,323       57,950       12,949       2,884,398       3,213,907	Investments in associated companies	30,651	-	-	-	6,204	36,855
Trade and other receivables       -       -       -       -       36,377       36,377         Bank balances and cash       85       24       -       -       52,229       52,338         Non-current assets held-for-sale       -       -       -       -       46,346       46,346         120,287       138,323       57,950       12,949       2,884,398       3,213,907	Financial assets	89,551	138,299	57,950	12,949	2,181,956	2,480,705
Bank balances and cash       85       24       -       -       52,229       52,338         Non-current assets held-for-sale       -       -       -       -       -       46,346       46,346         120,287       138,323       57,950       12,949       2,884,398       3,213,907	Loans and receivables	-	-	-	-	414,819	414,819
Non-current assets held-for-sale 46,346 46,346 120,287 138,323 57,950 12,949 2,884,398 3,213,907	Trade and other receivables	-	-	-	-	36,377	36,377
120,287 138,323 57,950 12,949 2,884,398 3,213,907	Bank balances and cash	85	24	-	-	52,229	52,338
	Non-current assets held-for-sale	-	-	-	-	46,346	46,346
LIFE - 2006 LISD FUR GRP SCD MUR TOTAL		120,287	138,323	57,950	12,949	2,884,398	3,213,907
LIFF - 2006 LISD FUR GRP SCD MUR TOTAL							
LIL 2000 IVION TOTAL	LIFE - 2006	USD	EUR	GBP	SGD	MUR	TOTAL
ASSETS Rs'000 Rs'000 Rs'000 Rs'000 Rs'000 Rs'000	ASSETS	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Property and equipment 95,029 95,029	Property and equipment	_	_	_		95 N29	95,029
		_	_	_	_		61,298
		_	_	_	_		1,944
		_	_	_	_		8,000
	3 1	35.919	_	_	_		48,898
			140.610	26.390	-		1,596,895
		-	-		_		402,135
		-	-	-	_		25,669
		737	92	-	_		37,859
	Non-current assets held-for-sale	-		-	-		25,599
96,315 140,702 26,390 - 2,039,919 2,303,326	-	96 315	140 702	26 390		2 030 010	2 303 336

The financial liabilities of the Group, the Company and the Life business are denominated in Mauritian rupees except for legal costs of Rs Nil (Rs20m in 2006).

Sensitivity analysis	Gro	up	Comp	oany	Lit	fe
Impact of change in foreign exchange rate	2007	2006	2007	2006	2007	2006
on foreign investments	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
± 2.5%	± 1,687	± 1,220	± 1,485	± 886	± 8,238	± 6,585

Year ended December 31, 2007

## 3. Management of Insurance and Financial Risks (continued)

#### 3. 2 Financial Risks (continued)

#### 3.2.1 Market risk (continued)

#### (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

Impact of change in fixed income securities on results:

Group and	Company	Life			
2007	2006	2007	2006		
Rs'000	Rs'000	Rs'000	Rs'000		
+ 1 125	+ 1 334	+ 6 250	+ 5 938		

± 250 basis points

#### (ii) 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	Gro	up	Com	oany	Lit	fe
Impact of change in price of equity investment:	2007	2006	2007	2006	2007	2006
on overall investments	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
± 2.5%	± 31,456	± 20,814	± 21,902	$\pm 15,030$	± 60,899	$\pm 40,473$

### 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.

#### 3.2.3 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.

Year ended December 31, 2007

### 3. Management of Insurance and Financial Risks (continued)

#### 3. 2 Financial Risks (continued)

#### 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.

Year ended December 31, 2007

# 4. Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

#### 4. 2 Insurance Contracts (continued)

#### (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
Rs'000	Rs'000	Rs'000	%
2,215,154	923,280	3,138,434	0.0%
2,243,054	895,380	3,138,434	1.26%
2,208,209	930,225	3,138,434	0.31%
2,341,848	843,706	3,185,554	5.72%
2,239,454	898,980	3,138,434	1.10%
2,248,085	890,349	3,138,434	1.49%
	Rs'000 2,215,154 2,243,054 2,208,209 2,341,848 2,239,454	Basic liabilitybonus reserveRs'000Rs'0002,215,154923,2802,243,054895,3802,208,209930,2252,341,848843,7062,239,454898,980	Basic liabilitybonus reserveLife FundRs'000Rs'000Rs'0002,215,154923,2803,138,4342,243,054895,3803,138,4342,208,209930,2253,138,4342,341,848843,7063,185,5542,239,454898,9803,138,434

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.

Year ended December 31, 2007

## 4. Critical Accounting Estimates and Judgements in Applying Accounting Policies (continued)

#### 4.3 Held-to-maturity Investments

The Group applies International Accounting Standard IAS 39, Financial Instruments: Recognition and Measurement, on classifying nonderivative 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 38), 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 analusis 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.

Year ended December 31, 2007

## 5. Property and Equipment

(a) THE GROUP - 2007	Land and		Office equipment		
	Freehold	freehold	fixtures &	Motor	
	land	land	fittings	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
Disposal adjustment	-	-	(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

THE GROUP - 2006 Restated	Land and buildings Office  Buildings on equipment					
	Freehold	freehold	fixtures &	Motor		
	land	land	fittings	vehicles	Total	
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
At January 1, 2006						
- Cost	4,681	49,912	34,870	12,304	101,767	
- Valuation	12,219	9,056	-	-	21,275	
Transfer	-	4,715	4,347	-	9,062	
Transfer to Investment Property (note 6)	-	(8,000)	-	-	(8,000)	
Additions	-	420	2,541	4,939	7,900	
Disposals	_	-	(532)	(4,391)	(4,923)	
At December 31, 2006						
- Cost	4,681	42,332	41,226	12,852	101,091	
- Valuation	12,219	13,771	-	-	25,990	
	16,900	56,103	41,226	12,852	127,081	
DEPRECIATION						
At January 1, 2006	-	2,387	16,122	3,889	22,398	
Transfer	-	-	9,062	-	9,062	
Transfer to Investment Property (note 6)	-	(1,680)	-	-	(1,680)	
Charge for the year	-	1,397	4,838	2,601	8,836	
Disposal adjustment		-	(331)	(2,248)	(2,579)	
At December 31, 2006		2,104	29,691	4,242	36,037	
NET BOOK VALUE At December 31, 2006	16,900	53,999	11,535	8,610	91,044	

#### Year ended December 31, 2007

## 5. Property and Equipment (continued)

(b) THE	COMPANY	_	2007
1107 111			

COST OR VALUAT	TION
	1 11 11/11

At January 1, 2007

- Cost

- Valuation

Additions

Disposals

Revaluation surplus

Revaluation adjustment

At December 31, 2007

- Cost

- Valuation

#### **DEPRECIATION**

At January 1, 2007 Charge for the year Disposal adjustment Revaluation adjustment At December 31, 2007

**NET BOOK VALUE** 

At December 31, 2007

### THE COMPANY - 2006

### **COST OR VALUATION**

At January 1, 2006

- Cost

- Valuation Transfer

Additions Disposals

#### At December 31, 2006

- Cost

- Valuation

#### **DEPRECIATION**

At January 1, 2006 Transfer Charge for the year Disposal adjustment At December 31, 2006

**NET BOOK VALUE** At December 31, 2006

Land and	buildings	Office		
	Buildings on	equipment		
Freehold	freehold	fixtures &	Motor	
land	land	fittings	vehicles	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
4,681	42,316	41,169	12,540	100,706
12,219	13,771	-	-	25,990
-	76	1,844	1,046	2,966
-	-	(274)	(357)	(631)
100	5,750	-	-	5,850
-	(3,047)	-	-	(3,047)
4,681	42,392	42,739	13,229	103,041
12,319	16,474	-	-	28,793
17,000	58,866	42,739	13,229	131,834
-	1,923	29,885	4,232	36,040
-	1,123	4,509	1,833	7,465
-	-	(246)	(298)	(544)
-	(3,046)	-	-	(3,046)
-	-	34,148	5,767	39,915
17,000	58,866	8,591	7,462	91,919

Land and buildings Buildings on		Office			
Freehold freehold land land		fixtures & fittings	Motor vehicles	Total	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	4,681	41,896	35,082	11,605	93,264
	12,219	9,056	-	-	21,275
	-	4,715	4,347	-	9,062
	-	420	2,272	4,626	7,318
	-	-	(532)	(3,691)	(4,223)
	4,681	42,316	41,169	12,540	100,706
	12,219	13,771	-	-	25,990
	16,900	56,087	41,169	12,540	126,696
	-	686	16,706	3,189	20,581
	-	-	9,062	-	9,062
	-	1,237	4,615	2,591	8,443
	-	-	(498)	(1,548)	(2,046)
	-	1,923	29,885	4,232	36,040
	16,900	54,164	11,284	8,308	90,656

#### Year ended December 31, 2007

## 5. Property and Equipment (continued)

At January 1, 2007

- Cost
- Valuation

Additions

Disposals

Revaluation surplus

Revaluation adjustment

- At December 31, 2007
- Cost
- Valuation

#### **DEPRECIATION**

At January 1, 2007 Transfer

nansıcı

Charge for the year Disposal adjustment

Revaluation adjustment **At December 31, 2007** 

NET BOOK VALUE

At December 31, 2007

#### LIFE BUSINESS - 2006

## **COST OR VALUATION**

At January 1, 2006

- Cost

- Valuation

Transfer

Additions

Disposals

At December 31, 2006

- Cost

- Valuation

#### **DEPRECIATION**

At January 1, 2006

Transfer Charge for the year

Disposal adjustment

At December 31, 2006

NET BOOK VALUE At December 31, 2006

	Buildings on			
Freehold	freehold	fixtures&	Motor	
land	land	fittings	vehicles	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
4,681	46,379	44,498	12,547	108,105
12,219	13,743	-	-	25,962
-	76	1,700	434	2,210
-	-	(304)	(1,242)	(1,546)
100	6,228	-	-	6,328
-	(3,589)	-	-	(3,589)
4,681	46,455	45,894	11,739	108,769
12,319	16,382	-	-	28,701
17,000	62,837	45,894	11,739	137,470
-	2,385	32,302	4,351	39,038
-	1,204	4,679	1,761	7,644
-	-	(264)	(667)	(931)
-	(3,589)	-	-	(3,589)
-	-	36,717	5,445	42,162

9,177

17,000

62,837

Freehold land         freehold fixtures & fittings         Motor vehicles         Total           Rs'000         Rs'000         Rs'000         Rs'000         Rs'000           4,681         45,959         38,430         13,442         102,512           12,219         9,028         -         -         21,247           -         4,715         4,347         -         9,062           -         420         2,279         3,746         6,445           -         -         (558)         (4,641)         (5,199)           4,681         46,379         44,498         12,547         108,105           12,219         13,743         -         -         25,962           16,900         60,122         44,498         12,547         134,067           -         -         9,062         -         9,062           -         1,318         4,802         2,548         8,688           -         -         (511)         (3,250)         (3,761)           -         2,385         32,302         4,351         39,038		Land and buildings Office  Buildings on equipment						
Rs'000         Rs'000         Rs'000         Rs'000         Rs'000         Rs'000         Rs'000           4,681         45,959         38,430         13,442         102,512           12,219         9,028         -         -         21,247           -         4,715         4,347         -         9,062           -         420         2,279         3,746         6,445           -         -         (558)         (4,641)         (5,199)           4,681         46,379         44,498         12,547         108,105           12,219         13,743         -         -         25,962           16,900         60,122         44,498         12,547         134,067           -         -         9,062         -         9,062           -         -         9,062         -         9,062           -         1,318         4,802         2,548         8,668           -         -         (511)         (3,250)         (3,761)           -         2,385         32,302         4,351         39,038		_		Motor				
4,681       45,959       38,430       13,442       102,512         12,219       9,028       -       -       21,247         -       4,715       4,347       -       9,062         -       420       2,279       3,746       6,445         -       -       (558)       (4,641)       (5,199)         4,681       46,379       44,498       12,547       108,105         12,219       13,743       -       -       25,962         16,900       60,122       44,498       12,547       134,067         -       -       9,062       -       9,062         -       -       9,062       -       9,062         -       1,318       4,802       2,548       8,668         -       -       (511)       (3,250)       (3,761)         -       2,385       32,302       4,351       39,038	land	land	fittings	vehicles	Total			
12,219       9,028       -       -       21,247         -       4,715       4,347       -       9,062         -       420       2,279       3,746       6,445         -       -       (558)       (4,641)       (5,199)         4,681       46,379       44,498       12,547       108,105         12,219       13,743       -       -       25,962         16,900       60,122       44,498       12,547       134,067         -       -       9,062       -       9,062         -       -       9,062       -       9,062         -       1,318       4,802       2,548       8,668         -       -       (511)       (3,250)       (3,761)         -       2,385       32,302       4,351       39,038	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000			
12,219       9,028       -       -       21,247         -       4,715       4,347       -       9,062         -       420       2,279       3,746       6,445         -       -       (558)       (4,641)       (5,199)         4,681       46,379       44,498       12,547       108,105         12,219       13,743       -       -       25,962         16,900       60,122       44,498       12,547       134,067         -       -       9,062       -       9,062         -       -       9,062       -       9,062         -       1,318       4,802       2,548       8,668         -       -       (511)       (3,250)       (3,761)         -       2,385       32,302       4,351       39,038								
- 4,715 4,347 - 9,062 - 420 2,279 3,746 6,445 - (558) (4,641) (5,199)  4,681 46,379 44,498 12,547 108,105 12,219 13,743 - 25,962 16,900 60,122 44,498 12,547 134,067  - 1,067 18,949 5,053 25,069 - 9,062 - 9,062 - 1,318 4,802 2,548 8,668 - (511) (3,250) (3,761) - 2,385 32,302 4,351 39,038	4,681	45,959	38,430	13,442	102,512			
- 420 2,279 3,746 6,445 - (558) (4,641) (5,199)  4,681 46,379 44,498 12,547 108,105 12,219 13,743 - 25,962 16,900 60,122 44,498 12,547 134,067  - 1,067 18,949 5,053 25,069 - 9,062 - 9,062 - 1,318 4,802 2,548 8,668 - (511) (3,250) (3,761) - 2,385 32,302 4,351 39,038	12,219	9,028	-	-	21,247			
-       -       (558)       (4,641)       (5,199)         4,681       46,379       44,498       12,547       108,105         12,219       13,743       -       -       25,962         16,900       60,122       44,498       12,547       134,067         -       1,067       18,949       5,053       25,069         -       -       9,062       -       9,062         -       1,318       4,802       2,548       8,668         -       -       (511)       (3,250)       (3,761)         -       2,385       32,302       4,351       39,038	-	4,715	4,347	-	9,062			
4,681       46,379       44,498       12,547       108,105         12,219       13,743       -       -       25,962         16,900       60,122       44,498       12,547       134,067         -       1,067       18,949       5,053       25,069         -       -       9,062       -       9,062         -       1,318       4,802       2,548       8,668         -       -       (511)       (3,250)       (3,761)         -       2,385       32,302       4,351       39,038	-	420	2,279	3,746	6,445			
12,219       13,743       -       -       25,962         16,900       60,122       44,498       12,547       134,067         -       1,067       18,949       5,053       25,069         -       -       9,062       -       9,062         -       1,318       4,802       2,548       8,668         -       -       (511)       (3,250)       (3,761)         -       2,385       32,302       4,351       39,038		-	(558)	(4,641)	(5,199)			
12,219       13,743       -       -       25,962         16,900       60,122       44,498       12,547       134,067         -       1,067       18,949       5,053       25,069         -       -       9,062       -       9,062         -       1,318       4,802       2,548       8,668         -       -       (511)       (3,250)       (3,761)         -       2,385       32,302       4,351       39,038								
16,900       60,122       44,498       12,547       134,067         -       1,067       18,949       5,053       25,069         -       -       9,062       -       9,062         -       1,318       4,802       2,548       8,668         -       -       (511)       (3,250)       (3,761)         -       2,385       32,302       4,351       39,038	4,681	46,379	44,498	12,547	108,105			
- 1,067 18,949 5,053 25,069 9,062 - 9,062 - 1,318 4,802 2,548 8,668 (511) (3,250) (3,761) - 2,385 32,302 4,351 39,038	12,219	13,743	-	-	25,962			
9,062 - 9,062 - 1,318 4,802 2,548 8,668 (511) (3,250) (3,761) - 2,385 32,302 4,351 39,038	16,900	60,122	44,498	12,547	134,067			
9,062 - 9,062 - 1,318 4,802 2,548 8,668 (511) (3,250) (3,761) - 2,385 32,302 4,351 39,038								
- 1,318 4,802 2,548 8,668 - (511) (3,250) (3,761) - 2,385 32,302 4,351 39,038	-	1,067	18,949	5,053	25,069			
(511) (3,250) (3,761) - 2,385 32,302 4,351 39,038	-	-	9,062	-	9,062			
- 2,385 32,302 4,351 39,038	-	1,318	4,802	2,548	8,668			
	-	-	(511)	(3,250)	(3,761)			
16,900 57,737 12,196 8,196 95,029	-	2,385	32,302	4,351	39,038			
16,900 57,737 12,196 8,196 95,029								
	16,900	57,737	12,196	8,196	95,029			

95,308

6,294

Year ended December 31, 2007

### 5. Property and Equipment (continued)

(d) 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.

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

THE GROUP THE COMPANY LIFE 2007 2006 2007 2006 2007 2006 Restated Restated Restated Rs'000 Rs'000 Rs'000 Rs'000 Rs'000 Rs'000 103,041 108,769 107,109 104,652 100,706 108,105 46,445 44,774 42,938 41,384 45,621 44,380 60,664 59,878 **60,103** 59,322 63,148 63,725

THE COLUMNIA

Cost Accumulated depreciation Net book value

## 6. Investment Properties - at Fair Value

	THE GROUP		THE CO	MPANY	LIFE	
	2007	2006	2007	2006	2007	2006
		Restated		Restated		Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	-	-	-	-	61,298	49,226
Prior period adjustment:			-	-	-	-
- transfer from property and equipment (note 5)	6,320	6,320	-	-	-	-
At January 1, as restated	6,320	6,320	-	-	61,298	49,226
Additions	-	-	-	-	-	21,941
Transfer to non-current assets held-for-sale (Note 16)	-	-	-	-	(25,112)	(26,850)
Increase in fair value	1,840	-	-	-	13,814	16,981
adjustment	(160)	-	-	-	-	
At December 31,	8,000	6,320	-	-	50,000	61,298

The investment properties of the Group and the Life business were revalued at December 31, 2007 by independent valuers on an open market value basis, by reference to market evidence of transaction prices for similar properties.

## 7. Intangible Assets

3		THE GROUP		THE COMPANY	LIFE
2007	Goodwill	Computer software	Total	Computer software	Computer software
<del></del>	Rs'000	Rs'000	Rs'000	Rs'000	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
At December 31, 2007	T <sub>1</sub> J / /	1,201	11,700	1,201	1,137

Year ended December 31, 2007

## 7. Intangible Assets

	THE GROUP		THE COMPANY	LIFE
	Computer		Computer	Computer
Goodwill	software	Total	software	software
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
4,579	8,486	13,065	7,129	5,659
-	7,756	7,756	7,756	668
-	(1,357)	(1,357)	-	-
4,579	14,885	19,464	14,885	6,327
-	5,159	5,159	3,931	3,631
-	1,478	1,478	1,478	752
-	(1,228)	(1,228)	-	_
-	5,409	5,409	5,409	4,383
4,579	9,476	14,055	9,476	1,944
	Rs'000 4,579 - - 4,579	Goodwill         Computer software           Rs'000         Rs'000           4,579         8,486           -         7,756           -         (1,357)           4,579         14,885           -         5,159           -         1,478           -         (1,228)           -         5,409	Goodwill         computer software         Total           Rs'000         Rs'000         Rs'000           4,579         8,486         13,065           -         7,756         7,756           -         (1,357)         (1,357)           4,579         14,885         19,464           -         5,159         5,159           -         1,478         1,478           -         (1,228)         (1,228)           -         5,409         5,409	Goodwill         Computer software         Total software           Rs'000         Rs'000         Rs'000           4,579         8,486         13,065         7,129           -         7,756         7,756         7,756           -         (1,357)         (1,357)         -           4,579         14,885         19,464         14,885           -         5,159         3,931           -         1,478         1,478         1,478           -         (1,228)         (1,228)         -           -         5,409         5,409         5,409

## 8. Statutory Deposits

Statutory deposits in 2006 (as required by the Insurance Act 1987) were made with the Financial Services Commission and were subject to restrictions contained in the Act. The deposits were reclassified as financial assets in 2007 as they are no longer required under the Insurance Act 2005.

## 9. Investments in Subsidiary Companies - Cost

	2007	2006
(a) UNQUOTED - AT COST	Rs'000	Rs'000
At January 1,	11,979	112,979
Disposals	-	(101,000)
At December 31,	11,979	11,979

(b) The financial statements of the following subsidiary companies, which are incorporated in Mauritius, have been included in the consolidated financial statements. The subsidiaries have a reporting date of December 31 and operate on the local market.

			•	% of ownership interest and
	Main	Nominal value of investment	Class of	voting power held
	Activities	2007 & 2006	shares held	2007 & 2006
		Rs'000		
MUA Commercial Vehicles Agency Limited	Investment holding	1,000	Ordinary	100%
Associated Brokers Ltd	Stockbroker	862	Ordinary	80%

THE COMPANY

### Year ended December 31, 2007

## 10. Investments in Associated Companies

	THE GROUP		THE COMPANY		LIF	E
	<b>2007</b> 2006		2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	65,171	42,892	28,032	28,032	34,308	34,308
Prior year adjustment (note 35(a))	(19,852)	(5,744)	-	-	14,590	5,744
At January 1, as restated	45,319	37,148	28,032	28,032	48,898	40,052
Share of results	111	5,583	-	-	777	6,258
Dividend received	(2,662)	-	-	-	(2,945)	-
Share of currency translation reserve	(4,290)	2,588	-	-	(4,290)	2,588
Disposal	(5,585)	-	(3,750)	-	(5,585)	-
At December 31,	32,894	45,319	24,282	28,032	36,855	48,898

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

		% holding		% holding		
	Class of	THE COMPANY		LIFE		
	shares held	2007	2006	2007	2006	Year ended
Union and POLICY Offshore Ltd	Ordinary	25%	25%	25%	25%	December 31, 2007
NCBP Holding Ltd	Ordinary	13.09%	13.09%	36.15%	36.15%	December 31, 2007
Union and P.O.L.I.C.Y Investment Co. Ltd *	Ordinary	-	25%	-	25%	December 31, 2007

<sup>\*</sup> The investment in Union and P.O.L.I.C.Y Investment Co. Ltd was disposed on November 30, 2007.

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

<u>Name</u>	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest and voting power held Direct
	Rs'000	Rs'000	Rs'000	Rs'000	%
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 (up to					
November 30, 2006)	-	-	-	2,853	50
	180,296	29,254	180,595	1,820	
2006 Restated					
- Union and POLICY Offshore Ltd	144,715	1,037	31,316	14,602	50
- NCBP Holding Ltd	61,366	35,172	84,541	2,206	49.24
- Union and P.O.L.I.C.Y Investment Co Ltd	29,619	132	11,344	6,203	50
2 2 2 2	235,700	36,341	127,201	23,011	

### Year ended December 31, 2007

## 11. Financial Assets

		2007			2006 Restated	
(a) THE GROUP	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	-	780,709	780,709	543,458	527,208	1,070,666
Reclassification (Note 35(g))	96,880	-	96,880	-	-	-
At January 1, as restated	96,880	780,709	877,589	543,458	527,208	1,070,666
Additions	113,298	76,544	189,842	-	143,334	143,334
Reclassification from:						
- loans and receivables (Note 12)	-	-	-	94,930	-	94,930
- trade and other receivables (Note 13)	-	-	-	1,950	-	1,950
Reclassification of Statutory deposits	8,000	-	8,000	-	-	-
Disposals	(7,476)	(91,076)	(98,552)	(543,458)	(207,998)	(751,456)
Increase in fair value	-	450,475	450,475	-	318,165	318,165
At December 31,	210,702	1,216,652	1,427,354	96,880	780,709	877,589
Analysed as follows:						
Non-current	73,512	1,216,652	1,290,164	96,880	775,081	871,961
Current	137,190	-	137,190	-	5,628	5,628
	210,702	1,216,652	1,427,354	96,880	780,709	877,589
The increase in fair value is allocated as follows:						
Company and subsidiaries	-	450,183	450,183	-	317,713	317,713
Minority interest	-	292	292	-	452	452
	-	450,475	450,475	-	318,165	318,165
		2007			2006	

### (b) THE COMPANY

At January 1, as previously reported Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12) - trade and other receivables (Note 13) Reclassification of Statutory deposits Disposals Increase in fair value At December 31,

Analysed as follows: Non-current Current

	2007			2006	
				Restated	
Held-to-	Available-	Total	Held-to-	Available-	Total
maturity	for-sale		maturity	for-sale	
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
-	562,221	562,221	-	345,034	345,034
96,880	-	96,880	-	-	-
96,880	562,221	659,101	-	345,034	345,034
113,298	73,916	187,214	-	7,888	7,888
-	-	-			
-	-	-	94,930	-	94,930
-	-	-	1,950	-	1,950
8,000	-	8,000	-	-	-
(7,476)	(81,014)	(88,490)	-	(12,801)	(12,801)
-	285,935	285,935	-	222,100	222,100
210,702	841,058	1,051,760	96,880	562,221	659,101
73,512	841,058	914,570	96,880	562,221	659,101
137,190	-	137,190	-	-	-
210,702	841,058	1,051,760	96,880	562,221	659,101

Year ended December 31, 2007

## 11. Financial Assets (continued)

(b) THE COMPANY (continued)

(i) Available-for-sale financial assets					2007	2006
Available-for-sale financial assets include the following Equity securities-at fair value:	:				Rs'000	Rs'000
- Listed					1,134,825	731,068
- DEM quoted					40,612	32,544
- Unquoted - local					4,390	4,259
- foreign					36,825	12,838
Total available-for-sale financial assets					1,216,652	780,709
(ii) Held-to-maturity investments						
Unlisted debt securities at amortised cost					210,702	96,880
Total held-to-maturity investments					210,702	96,880
Total investments in financial assets					1,427,354	877,589
				,		
(c) LIFE		2007			2006	
					Restated	
	Held-to-	Available-		Held-to-	Available-	
	maturity	for-sale	Total	maturity	for-sale	Total
		for-sale Rs'000	Rs'000	maturity Rs'000	for-sale Rs'000	Rs'000
At January 1, as previously reported	maturity Rs'000	for-sale Rs'000	Rs'000 <b>1,570,176</b>	maturity	for-sale	
Reclassification (Note 35(g))	Rs'000 - 26,719	for-sale Rs'000 <b>1,570,176</b>	Rs'000 <b>1,570,176</b> <b>26,719</b>	maturity Rs'000 1,670	for-sale Rs'000 1,012,768	Rs'000 1,014,438
Reclassification (Note 35(g)) At January 1, as restated	maturity  Rs'000  - 26,719  26,719	for-sale Rs'000 1,570,176 - 1,570,176	Rs'000 <b>1,570,176</b> <b>26,719</b> <b>1,596,895</b>	maturity Rs'000 1,670 - 1,670	for-sale Rs'000 1,012,768	Rs'000 1,014,438 - 1,014,438
Reclassification (Note 35(g)) At January 1, as restated Additions	Rs'000 - 26,719	for-sale Rs'000 <b>1,570,176</b>	Rs'000 <b>1,570,176</b> <b>26,719</b>	maturity Rs'000 1,670	for-sale Rs'000 1,012,768	Rs'000 1,014,438
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from:	maturity  Rs'000  - 26,719  26,719	for-sale Rs'000 1,570,176 - 1,570,176	Rs'000 <b>1,570,176</b> <b>26,719</b> <b>1,596,895</b>	maturity Rs'000 1,670 - 1,670	for-sale Rs'000 1,012,768	Rs'000 1,014,438 - 1,014,438 88,132
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12)	maturity  Rs'000  - 26,719  26,719	for-sale Rs'000 1,570,176 - 1,570,176	Rs'000 <b>1,570,176</b> <b>26,719</b> <b>1,596,895</b>	maturity Rs'000 1,670 - 1,670 - 24,920	for-sale Rs'000 1,012,768	Rs'000 1,014,438 - 1,014,438 88,132 24,920
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12) - trade and other receivables (Note 13)	maturity  Rs'000  26,719  26,719  62,683	for-sale Rs'000 1,570,176 - 1,570,176	Rs'000 1,570,176 26,719 1,596,895 245,555	maturity Rs'000 1,670 - 1,670	for-sale Rs'000 1,012,768	Rs'000 1,014,438 - 1,014,438 88,132
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12) - trade and other receivables (Note 13) Reclassification of Statutory deposits	maturity Rs'000 - 26,719 26,719 62,683 8,000	for-sale Rs'000 1,570,176 - 1,570,176 182,872	Rs'000 1,570,176 26,719 1,596,895 245,555 - - 8,000	maturity Rs'000 1,670 - 1,670 - 24,920 1,799	for-sale Rs'000 1,012,768 - 1,012,768 88,132	Rs'000 1,014,438 - 1,014,438 88,132 24,920 1,799
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12) - trade and other receivables (Note 13) Reclassification of Statutory deposits Disposals	maturity  Rs'000  26,719  26,719  62,683	for-sale Rs'000 1,570,176 - 1,570,176 182,872	Rs'000 1,570,176 26,719 1,596,895 245,555	maturity Rs'000 1,670 - 1,670 - 24,920 1,799	for-sale Rs'000 1,012,768	Rs'000 1,014,438 - 1,014,438 88,132 24,920 1,799 - (73,915)
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12) - trade and other receivables (Note 13) Reclassification of Statutory deposits	maturity Rs'000 - 26,719 26,719 62,683 8,000	for-sale Rs'000 1,570,176 - 1,570,176 182,872 - (77,436)	Rs'000 1,570,176 26,719 1,596,895 245,555 - - 8,000 (92,898)	maturity Rs'000 1,670 - 1,670 - 24,920 1,799	for-sale Rs'000 1,012,768 - 1,012,768 88,132 - (73,915)	Rs'000 1,014,438 1,014,438 88,132 24,920 1,799 (73,915) (1,670)
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12) - trade and other receivables (Note 13) Reclassification of Statutory deposits Disposals Redeemed	maturity  Rs'000  26,719  26,719  62,683  8,000 (15,462)	for-sale Rs'000 1,570,176 - 1,570,176 182,872	Rs'000 1,570,176 26,719 1,596,895 245,555 - - 8,000 (92,898) - 723,154	maturity Rs'000 1,670 - 1,670 - 24,920 1,799 - (1,670)	for-sale Rs'000 1,012,768 - 1,012,768 88,132	Rs'000 1,014,438 - 1,014,438 88,132 24,920 1,799 - (73,915)
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12) - trade and other receivables (Note 13) Reclassification of Statutory deposits Disposals Redeemed Increase in fair value At December 31,	maturity  Rs'000  26,719  26,719  62,683  8,000 (15,462)	for-sale Rs'000 1,570,176 - 1,570,176 182,872 - (77,436) - 723,154	Rs'000 1,570,176 26,719 1,596,895 245,555 - - 8,000 (92,898) - 723,154	maturity Rs'000 1,670 - 1,670 - 24,920 1,799 - (1,670)	for-sale Rs'000 1,012,768 - 1,012,768 88,132 - (73,915) - 543,191	Rs'000 1,014,438 - 1,014,438 88,132 24,920 1,799 - (73,915) (1,670) 543,191
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12) - trade and other receivables (Note 13) Reclassification of Statutory deposits Disposals Redeemed Increase in fair value At December 31,  Analysed as follows:	maturity Rs'000 - 26,719 26,719 62,683 8,000 (15,462) 81,939	for-sale Rs'000 1,570,176 - 1,570,176 182,872 - (77,436) - 723,154 2,398,766	Rs'000 1,570,176 26,719 1,596,895 245,555 - 8,000 (92,898) - 723,154 2,480,705	maturity Rs'000 1,670 - 1,670 - 24,920 1,799 - (1,670) - 26,719	for-sale Rs'000 1,012,768	Rs'000 1,014,438 - 1,014,438 88,132 24,920 1,799 - (73,915) (1,670) 543,191 1,596,895
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12) - trade and other receivables (Note 13) Reclassification of Statutory deposits Disposals Redeemed Increase in fair value At December 31,  Analysed as follows: Non-current	maturity  Rs'000  26,719 26,719 62,683  - 8,000 (15,462) - 81,939	for-sale Rs'000 1,570,176 - 1,570,176 182,872 - (77,436) - 723,154	Rs'000 1,570,176 26,719 1,596,895 245,555  - 8,000 (92,898) - 723,154 2,480,705	maturity Rs'000 1,670 - 1,670 - 24,920 1,799 - (1,670)	for-sale Rs'000 1,012,768 - 1,012,768 88,132 - (73,915) - 543,191	Rs'000 1,014,438 - 1,014,438 88,132 24,920 1,799 - (73,915) (1,670) 543,191
Reclassification (Note 35(g)) At January 1, as restated Additions Reclassification from: - loans and receivables (Note 12) - trade and other receivables (Note 13) Reclassification of Statutory deposits Disposals Redeemed Increase in fair value At December 31,  Analysed as follows:	maturity  Rs'000  26,719  26,719  62,683  -  8,000 (15,462) -  81,939  55,870 26,069	for-sale Rs'000 1,570,176 - 1,570,176 182,872 - (77,436) - 723,154 2,398,766	Rs'000 1,570,176 26,719 1,596,895 245,555 - - 8,000 (92,898) - 723,154 2,480,705	maturity Rs'000 1,670 - 1,670 - 24,920 1,799 - (1,670) - 26,719	for-sale Rs'000 1,012,768	Rs'000 1,014,438 - 1,014,438 88,132 24,920 1,799 - (73,915) (1,670) 543,191 1,596,895

#### Year ended December 31, 2007

(d) Available-for-sale financial assets	THE GROUP		THE COMPANY		LIFE	
	2007	2006	2007	2006	2007	2006
		Restated		Restated		Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Equity securities - at fair value:						
- Listed	1,134,825	731,068	760,237	513,390	1,928,243	1,210,323
- DEM quoted	40,612	32,544	39,610	31,744	112,394	83,446
- Unquoted - local	4,390	4,259	4,386	4,249	59,380	49,748
- foreign	36,825	12,838	36,825	12,838	298,749	226,659
Total available-for-sale financial assets	1,216,652	780,709	841,058	562,221	2,398,766	1,570,176
Held-to-maturity investment						
Unlisted debt securities at amortised cost	210,702	96,880	210,702	96,880	81,939	26,719
Total investments in financial assets	1,427,354	877,589	1,051,760	659,101	2,480,705	1,596,895

- (e) Held-to-maturity investments comprise treasury notes, bonds and fixed deposits with interest rates ranging from 8% to 13% with maturity dates ranging from 2 to 156 months from the Balance Sheet date.
- (f) 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.
- (g) The currency analysis of the financial assets is as follows:

	THE GROUP		THE COMPANY	
	<b>2007</b> 2006		2007	2006
		Restated		Restated
	Rs'000	Rs'000	Rs'000	Rs'000
USD	5,110	1,089	5,110	1,089
EUR	12,573	11,749	12,573	11,749
GBP	13,641	-	13,641	-
SGD	5,501	-	5,501	-
MUR	1,390,529	864,751	1,014,935	646,263
	1,427,354	877,589	1,051,760	659,101

LIFE

2006 Restated

Rs'000

59,659

140,610

26,390

1,370,236 1,596,895

2007

Rs'000

89,551

138,299

57,950

12,949 2,181,956

2,480,705

#### Year ended December 31, 2007

## 12. Loans and Recei vables

	THE GI	ROUP	THE CO	MPANY	LIF	E
	2007	2006	2007	2006	2007	2006
		Restated		Restated		Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Mortgage loans	11,085	3,597	11,085	3,597	358,601	330,122
Loans on life policies	-	-	-	-	40,256	45,646
Bank deposits/bonds	-	90,000	-	90,000	-	24,920
Secured loans	17,625	20,636	117,296	131,344	20,350	26,367
Reclassification to financial assets (Note 11)	-	(94,930)	-	(94,930)	-	(24,920)
CDS guarantee fund	291	273	-	-	-	-
Provision for impairment of loans:						
- Mortgage loans	-	-	-	-	(3,928)	-
- Loan on life policies	-	-	-	-	(460)	-
	29,001	19,576	128,381	130,011	414,819	402,135
Analysed as follows:						
Non-current Non-current	23,631	16,327	123,011	126,762	380,423	369,644
Current	5,370	3,249	5,370	3,249	34,396	32,491
	29,001	19,576	128,381	130,011	414,819	402,135

- (a) The Company has recognised a provision for impairment of Rs4.4m (2006:Rs Nil) during the year ended December 31, 2007. This has been included in the management expenses of the Life Assurance Fund.
- (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

At January 1,
Increase in provision recognised in the Life Assurance Fund
At December 31

2007	2006
Rs'000	Rs'000
-	-
(4,388)	-
(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.

#### Year ended December 31, 2007

#### 13. Trade and other Receivables

THE GROUP THE COMPANY LIFE 2007 2007 2006 2007 2006 2006 Restated Restated Restated Rs'000 Rs'000 Rs'000 Rs'000 Rs'000 Rs'000 Premium debtors and agents' balances 103,225 101,751 103,225 101,751 5,792 4,895 Provision for doubtful debts (4,774)(4,253)(4,774)(4,253)98,451 97,498 98,451 97,498 5,792 4,895 Reinsurance assets 2,123 2,123 4,616 Other receivables and prepayments 31,308 44,876 33,396 27,820 23,611 19,423 Reclassification to financial assets (Note 11) (1,950)(1,950)(1,799)Loans at call 9,745 9,745 2,358 3,150 138,689 131,882 133,113 145,450 36,377 25,669

(a) Premium debtors and agents' balances that are less than three months past due are not considered impaired. As at December 31, 2007 Rs42.4m (The Group and the Company Rs39.9m, Life Rs2.5m) (2006: Rs66.1m (The Group and the Company 64m, Life Rs2.1m)) were more than 3 months past due but not impaired. The ageing analysis of these premium debtors is as follows:

up to 3 months
3 to 6 months
6 to 12 months

THE CO	MPANY	LI	-E		
2007	2006	2007	2006		
	Restated		Restated		
Rs'000	Rs'000	Rs'000	Rs'000		
58,573	33,493	3,302	2,830		
25,323	39,964	1,601	1,365		
14,555	19,195	348	187		
-	4,846	541	513		
98,451	97,498	5,792	4,895		

THE GROUP AND

(b) Movement in provisions for doubtful debts

> 12 months

At January 1, Increase in provision recognised in the Income Statement At December 31,

THE COMPANY			
2007	2006		
Rs'000	Rs'000		
4,253	4,001		
521	252		
4,774	4,253		

THE GROUP AND

- (c) The other classes whithin 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.

Year ended December 31, 2007

## 14. Reinsurance Assets and Insurance Liabilities

	THE GROUP AND THE COMPANY	
	2007	2006 Restated
Short-term insurance Gross	Rs'000	Rs'000
- Claims reported and loss adjustment expenses (Note 15(i))	376,191	375,057
- Claims incurred but not reported (IBNR) (Note 15(i))	8,412	8,295
- Unearned premiums (Notes 15(ii) & 19)	231,712	195,341
Total gross insurance liabilities	616,315	578,693
Recoverable from reinsurers - Claims reported and loss adjustment expenses (Note 15(i))	231,236	237,764
- Unearned premiums (Note 15(i))	23,732	21,020
Total resinsurers' share of insurance liabilities	254,968	258,784
Total resirisarets strate of irisarance habilities	234,700	230,704
Net		
- Claims reported and loss adjustment expenses (Note 15(i))	144,955	137,293
- Claims incurred but not reported (IBNR) (Note 15(i))	8,412	8,295
- Unearned premiums (Note 15(ii))	207,980	174,321
Total net insurance liabilities	361,347	319,909

Year ended December 31, 2007

2006

2006

### 15. Movements in Reinsurance Assets and Insurance Liabilities

### (i) GENERAL BUSINESS

(a) Short term insurance

(i) Claims					Restated	
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Claims reported and loss adjustment expenses	387,856	(237,764)	150,092	375,588	(256,538)	119,050
Claims incurred but not reported (IBNR)	7,700	-	7,700	15,000	-	15,000
At January 1, as previously reported	395,556	(237,764)	157,792	390,588	(256,538)	134,050
Prior period adjustments:						
- Claims incurred but not reported (IBNR) (Note 2.1(A) (d))	595	-	595	(11,548)	-	(11,548)
- Overprovision of outstanding claims (Note 35(d))	(12,799)	-	(12,799)	-	-	-
At January 1, as restated	383,352	(237,764)	145,588	379,040	(256,538)	122,502
Increase in liabilities	308,553	(12,264)	296,289	265,223	(2,888)	262,335
Cash paid for claims settled in the year	(307,302)	18,792	(288,510)	(260,911)	21,662	(239,249)
At December 31,	384,603	(231,236)	153,367	383,352	(237,764)	145,588
Claims reported and loss adjustment expenses	376,191	(231,236)	144,955	375,057	(237,764)	137,293
Claims incurred but not reported (IBNR)	8,412	-	8,412	8,295	-	8,295
	384,603	(231,236)	153,367	383,352	(237,764)	145,588

2007

2007

(ii) Unearned premiums reserve

At January 1, as previously reported Impact of change in method of calculating unexpired premiums in respect of policies/endorsements incepting before the Balance Sheet date (Note 2.1(b)) At January 1, as restated Movement during the year At December 31,

			Restated				
Gross	Reinsurance	Net	Gross	Reinsurance	Net		
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000		
197,170	(39,362)	157,808	188,498	(38,806)	149,692		
(1,829)	18,342	16,513	1,735	(13,622)	(11,887)		
195,341	(21,020)	174,321	186,763	(25,184)	161,579		
36,371	(2,712)	33,659	8,578	4,164	12,742		
231,712	(23,732)	207,980	195,341	(21,020)	174,321		

Year ended December 31, 2007

### 16. Non-Current Assets Held-For-Sale

At January 1, Transfer from investment property (Note 6) Disposals Increase/(decrease) in fair value At December 31,

LIFE					
2007	2006				
Rs'000	Rs'000				
25,599	8,164				
25,112	26,850				
(17,435)	-				
13,070	(9,415)				
46,346	25,599				

- Non-current assets held-for-sale represent the Rose Hill building and Land at Ebene amounting to Rs7.3m and Rs39m respectively.
- Rental income on the Rose Hill building amounted to Rs0.66m (2006: Rs0.65m).
- The Mon Loisir building situated at 5, Léoville L'Homme Street, Port Louis was sold in December 2007 for Rs18m.
- Direct operating expenses arising from the non-current assets held-for-sale relate to Municipal rates and amounted to Rs0.1m (2006: Rs0.1m).

## 17. Share Capital

Ordinary shares of Rs.10 each

Number of ordinary shares ('000)

Authorised	Issued and fully paid					
2007&2006	2007	2006				
Rs'000	Rs'000	Rs'000				
500,000	200,400	200,400				
50,000	20,040	20,040				

Year ended December 31, 2007

### 18. Revaluation and other Reserves

### (a) THE GROUP

Revaluation and other reserves are analysed as follows:

At January 1, as previously reported
Prior period adjustments (Note 35(a))
At January 1, as restated
Increase in fair value of available-for-sale financial assets
Release from fair value reserve on disposal of available-for-sale financial assets
Revaluation of land and buildings
Movement in reserves of subsidiary companies
Movement in reserves of associated companies
At December 31,

	2007				
Currency					
Revaluation	translation	Fair value			
reserve	reserve	reserve	TOTAL		
Rs'000	Rs'000	Rs'000	Rs'000		
5,801	9,764	499,802	515,367		
-	(4,882)	-	(4,882)		
5,801	4,882	499,802	510,485		
-	-	450,183	450,183		
-	-	(64,037)	(64,037)		
5,850	-	-	5,850		
-	-	14	14		
-	(4,290)	-	(4,290)		
11,650	592	885,963	898,205		

2007

2006 Restated

Currency

	Revaluation translation Fair		Fair value	
	reserve	reserve	reserve	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	5,801	4,587	262,412	272,800
Prior period adjustments (Note 35(a))		(2,293)		(2,293)
At January 1, as restated	5,801	2,294	262,412	270,507
Increase in fair value of available-for-sale financial assets			317,713	317,713
Release from fair value reserve on disposal of available-for-sale financial assets	-	-	(80,337)	(80,337)
Movement in reserves of subsidiary companies	_	-	14	14
	5,801	2,294	499,802	507,897
Movement during the year				
- as previously reported	-	5,177	-	5,177
- prior period adjustments (Note 35(a))		(2,589)	-	(2,589)
- as restated	-	2,588	-	2,588
At December 31,	5,801	4,882	499,802	510,485

Note: The movement in the currency translation reserve represents exchange differences on the translation of the investment in an associated company whose functional currency is the United States Dollar.

2007

#### (b) THE COMPANY

Revaluation and other reserves are analysed as follows:

At January 1,
Increase in fair value of available-for-sale financial assets
Release from fair value reserve on disposal of
available-for-sale financial assets
Revaluation of land and buildings
At December 31,

		2007		2006			
	Revaluation	Fair value		Capital	Fair value		
	reserve	reserve	TOTAL	708953	reserve	TOTAL	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
	5,801	404,893	410,694	5,801	189,229	195,030	
ts	-	285,935	285,935	-	222,100	222,100	
	-	(60,067)	(60,067)	-	(6,436)	(6,436)	
	5,850	-	5,850	-	-	-	
	11,651	630,761	642,412	5,801	404,893	410,694	

2007

Year ended December 31, 2007

THE GROUP AND

## 19. Unearned Premiums Reserve

THE COMPANY 2007 2006 Restated Rs'000 Rs'000 At January 1, as previously reported 178,828 174,876 Prior period adjustments: - Impact of change in method of calculating unexpired premiums in respect of policies/endorsements incepting before the Balance Sheet date (Note 2.1(b)) 16,513 11,887 At January 1, as restated 195,341 186,763 Movement during the year (Note 15(ii)) 8,578 36,371 231,712 195,341 At December 31,

## 20. Deferred Income Tax

Deferred income tax is calculated on all temporary differences under the liability method at 15% (2006 - 15% and 22.5%).

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

	THE GROUP		THE CO	THE COMPANY		E
	2007	2006	2007	2006	2007	2006
		Restated		Restated		Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	20,704	10,324	20,765	10,324	-	-
Prior period adjustments:						
- De-recognition of the deferred tax assets (Note 35(b))	(20,765)	(10,324)	(20,765)	(10,324)	-	_
At January 1, as restated	(61)	-	-	-	-	-
Credit for the year as previously reported	-	10,441	-	10,441	-	-
Prior period adjustments:						
- De-recognition of the deferred tax assets (Note 35(b))	-	(10,441)	-	(10,441)	-	-
Charge/(Credit) for the year	13	(61)	-	-	-	-
At December 31,	(48)	(61)	-	-	-	-

Year ended December 31, 2007

### 20. Deferred Income Tax (continued)

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:

Deferred tax liabilities (Note (c) (i)) Deferred tax assets (Note (c) (ii))

THE G	ROUP	THE CO	THE COMPANY		E
2007	2006	2007	2006	2007	2006
	Restated		Restated		Restated
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(5,741)	(4,864)	(5,693)	(4,803)	(11,425)	(8,253)
5,693	4,803	5,693	4,803	11,425	8,253
(48)	(61)	-	-	-	-

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

	THE G	ROUP	THE CO	MPANY	LIF	E
	2007	2006	2007	2006	2007	2006
		Restated		Restated		Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(i) Deferred income tax liabilities						
Revaluation of property and equipment	(5,664)	(4,787)	(5,664)	(4,787)	(5,736)	(4,787)
Interest accrued but not due	(29)	(16)	(29)	(16)	(543)	(392)
Change in fair value of investment properties	-	-	-	-	(5,146)	(3,074)
Difference between capital allowances and depreciation	(48)	(61)	-	-	-	-
	(5,741)	(4,864)	(5,693)	(4,803)	(11,425)	(8,253)
(ii) Deferred income tax assets						
Difference between capital allowances and depreciation	2,091	762	2,091	762	1,730	611
Change in non-current assets held-for-sale	-	-	-	-	777	2,738
Provision for bad debts	716	638	716	638	-	-
Provision for impairment of loans	-	-	-	-	658	-
Retirement benefit obligations	-	61	-	61	-	61
Provision for legal costs	2,886	3,342	2,886	3,342	-	-
Tax losses carried forward	-	-	-	-	8,260	4,843
	5,693	4,803	5,693	4,803	11,425	8,253

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.678m** (2006: Rs.362m) 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. Deductible temporary differences total Rs1.1m in respect of provision for legal costs.

Year ended December 31, 2007

## Retirement Benefit Obligations

#### (a) Pension benefits

(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 Defined Contribution Pension Scheme administered by the Company.

(ii) Amounts recognised in the Balance Sheet in respect of the No Worse Off Guarantee Present value of unfunded obligations

Fair value of plan assets

Liability in the Balance Sheet

The retirement benefit obligations have been allocated as follows:

Life Business Company and Group

2007	2006	2007	2006
Rs'000	Rs'000	Rs'000	Rs'000
-	408	-	408
-	-	-	-
-	408	-	408

THE GROUP AND THE COMPANY

2007	2006	
Rs'000	Rs'000	
-	408	
-	408	
-	816	

LIFE

(iii) The amounts recognised in the Income Statement in respect of the No Worse Off Guarantee are as follows:

Current service cost

Interest cost

Expected return on plan assets

Actuarial (gains)/losses

Past service cost

Total included in staff costs (Note 30)

Actual return on plan assets

		-	408
		-	408
		-	816
THE GRO	UP AND		
THE CO	MPANY	LI	FE
2007	2006	2007	2006

Rs'000 Rs'000 Rs'000 Rs'000 69 69 (408)(1.801)(408)(1.801)(408)(1,732)(408)(1,732)

(iv) Movement in the liability recognised in the Balance Sheet:

At January 1,

Total included in staff costs as above

At December 31.

THE GRO	UP AND		
THE COMPANY		LIFE	
2007	2006	2007	2006
Rs'000	Rs'000	Rs'000	Rs'000
408	2,140	408	2,140
(408)	(1,732)	(408)	(1,732)
-	408	-	408

The principal actuarial assumptions used for accounting purposes were:

Discount rate Future salary increases

Future pension increases

2007 2006 11% 10% 10% 8% 0% 0%

THE GROUP, THE COMPANY AND LIFE

Year ended December 31, 2007

### 22. Borrowings

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

### 23. Trade and other Payables

Loans repaid in advance
Premiums prepaid
Amounts due to reinsurers
Other payables and accruals

THE G	THE GROUP		THE COMPANY		LIFE		
2007	2006	2007	2006	2007	2006		
	Restated		Restated		Restated		
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000		
55	25	55	25	919	851		
5,148	4,243	5,148	4,243	5,545	5,700		
15,518	12,997	15,518	12,997	1,432	3,443		
60,939	83,510	41,791	74,952	26,702	6,760		
81,660	100,775	62,512	92,217	34,598	16,754		

- (a) Trade and other payables are denominated in Mauritian Rupees except for legal costs Rs Nil (Rs20m 2006).
- (b) The carrying amounts of trade and other payables approximate their fair values.

### 24. Current Tax Liabilities

### (a) Income Statement

Income tax provision for the year at 15% (2006 -15% and 22.5%) Alternative Minimum Tax Under provision in previous year

Movement in deferred tax (Note 20) Tax charge for the year

### (b) Balance Sheet

Income tax provision for the year at 15% Alternative Minimum Tax

THE G	ROUP	THE COMPANY			
2007	2006	2007	2006		
	Restated		Restated		
Rs'000	Rs'000	Rs'000	Rs'000		
599	196	-	-		
3,571	-	3,571	-		
95	102	-	-		
4,265	298	3,571	-		
(13)	61	-	-		
4,252	359	3,571	-		

THE G	ROUP	THE COMPANY			
2007	2006	2007	2006		
	Restated		Restated		
Rs'000	Rs'000	Rs'000	Rs'000		
599	196	-	-		
3,571	-	3,571	-		
4,170	196	3,571	-		

### Year ended December 31, 2007

LIFE

### 24. Current Tax Liabilities (continued)

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

	THE G	THE GROUP THE COI		OMPANY	
	2007	2006	2007	2006	
	Rs'000	Rs'000	Rs'000	Rs'000	
Profit before taxation	150,691	77,099	144,929	42,190	
Tax thereon (15%)	23,124	11,007	21,739	9,493	
Tax effect of :					
- Income not subject to tax	(24,244)	(31,433)	(22,260)	(28,607)	
- Expenses not deductible for tax purposes	1,334	2,613	154	804	
- Depreciation on non-qualifying assets	192	307	168	284	
- Prior period adjustment	197	-	197	-	
- Deferred tax assets not recognised	2	17,865	2	18,026	
Underprovision in previous year	76	-	-	-	
Alternative Minimum Tax	3,571	-	3,571	-	
	4,252	359	3,571	-	

	2007	2006
		Restated
	Rs'000	Rs'000
Surplus before taxation	901,645	660,034
Tax thereon (15%)	135,247	148,508
Tax effect of :		
- Income not subject to tax	(117,998)	(132,345)
- Expenses not deductible for tax purposes	707	834
- Depreciation on non-qualifying assets	181	297
- Pension claims and annuities	21,666	32,034
- Pension premium and consideration for annuity	(28,956)	(39,836)
-Change in pension liability	(58,974)	(28,311)
- Share of associated company results	527	-
- Deferred tax assets not recognised	47,600	18,820
	-	-

Year ended December 31, 2007

### 25. Di vi dends pai d

THE GROUP AND
THE COMPANY

#### 2007 2006 Rs'000 Rs'000 20,040 17,034 50,100 35,070 70,140 52,104

### **Paid**

Interim ordinary dividend of 10% (2006 - 8.5%) Final ordinary dividend of 25% (2006 - 17.5%)

### 26. Revenue

### Continuing operations:

Revenue is made up as follows: Gross earned insurance premiums - General Business Insurance premium ceded to reinsurers Net earned premiums - General Business Brokerage fees

### Discontinued operations:

Rental income including interest income

THE G	ROUP	THE COMPANY			
2007	2006	2007	2006		
	Restated		Restated		
Rs'000	Rs'000	Rs'000	Rs'000		
484,572	381,790	484,572	381,790		
(117,983)	(78,725)	(117,983)	(78,725)		
366,589	303,065	366,589	303,065		
6,629	5,911	-	-		
373,218	308,976	366,589	303,065		
-	3,747	-	-		
373,218	312,723	366,589	303,065		

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 insurance contracts, net of reinsurances, adjusted for unearned premiums.

#### Year ended December 31, 2007

#### 27. Investment and other Income

#### (a) (i) Investment and other income

Dividends receivable

Exceptional income from MUA Leasing Co Ltd

Interest on loans and deposits

Interest on bank accounts

Brokerage fees

Rent receivable

Other income

THE G	ROUP	THE COMPANY			
2007	2006	2007	2006		
Rs'000	Rs'000	Rs'000	Rs'000		
29,685	24,398	27,000	17,113		
-	-	-	93,765		
24,956	13,350	32,889	21,129		
4,483	5,248	3,881	5,014		
6,629	5,911	-	-		
977	872	-	-		
2,317	1,712	2,092	1,572		
69,048	51,491	65,863	138,593		

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

Profit on disposal of available-for-sale financial assets

2007	2006	2007	2006	
Rs'000	Rs'000	Rs'000	Rs'000	
76,699	83,195	71,583	8,083	

#### (b) Life Business

Other income

Dividends receivable Interest on loans and deposits Interest on bank accounts Profit on disposal of available-for-sale financial assets Rent receivable

2007	2006
Rs'000	Rs'000
58,442	41,930
52,622	43,065
3,834	4,180
5,249	3,120
658	649
4,037	1,187
124,842	94,131

THE COMPANY

### 28. Share of Life Surplus Transferred from Life Assurance Fund

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 from the Life Assurance Fund to the Income Statement at Rs.49.1m (2006 - Rs.57.3m)

### 29. Profit before Taxation

The profit before taxation has been arrived at After crediting: Investment income - available-for-sale financial assets Profit on disposal of available-for-sale financial assets Profit/(loss) on sale of property and equipment And charging: Employee benefit expense (Note 30) Depreciation on property and equipment (Note 5) Amortisation of intangible assets (Note 7) Legal costs (Note (a) below)

THE G	ROUP	THE COIVIPAINY			
2007	2006	2007	2006		
Rs'000	Rs'000	Rs'000	Rs'000		
29,685	24,398	27,000	110,878		
76,699	83,195	71,583	8,083		
81	(300)	81	(300)		
32,835	33,233	30,798	31,699		
7,742	8,836	7,465	8,443		
3,122	1,478	3,122	1,478		
14,850	70,586	14,850	70,586		

THE CDOID

Note (a): Legal costs relate to the MCB case (Note 38) and have been disclosed separately due to the materiality of the amount involved.

#### Year ended December 31, 2007

### 30. Employee Benefit Expense

	THE GI	ROUP	THE COI	MPANY	LIF	E
	2007	2006	2007	2006	2007	2006
		Restated		Restated		Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Salaries and wages	30,644	32,001	28,736	30,782	23,511	23,825
Social security costs	953	1,069	899	824	736	674
Pension costs						
- Defined contributions	1,645	1,895	1,571	1,825	878	1,493
- Defined benefits (Note 21)	(408)	(1,732)	(408)	(1,732)	(408)	(1,732)
	32,835	33,233	30,798	31,699	24,716	24,260

### 31. Discontinued Operation

- (a) The Company entered into a sale agreement to dispose of MUA Leasing Company Ltd, which carried out all of the Group's leasing activities. The disposal was effected in order to generate cash flow for the expansion of the Group's main activities. The disposal was completed on January 31, 2006, on which date control of MUA Leasing Company passed to Capital Leasing Company Ltd.
- (b) The results of the leasing operation for the period January 1, 2006 to January 31, 2006 were as follows:

	Period ended
	January 31,
	2006
	Rs'000
Lease income	1,921
Investment and other income	2,827
Interest expense	(5,505)
Provision and adjustments to income for credit losses	(5)
Non-interest income	1,060
Profit before tax	298
Income tax	
Profit for the period from discontinued operations	298
	Period ended
	January 31,
	2006
	Rs'000
(c) The net cash flows attributable to the leasing operations were as follows:	
Operating cash flows	12,624
Investing cash flows	226,393
Financing cash flows	(12,219)
Total cash flows	226,798

Year ended December 31, 2007

### 32. Business Combinations

(a) Disposal of subsidiary

As disclosed in Note 31, on January 31, 2006 the Group discontinued its leasing operations on the disposal of its subsidiary, MUA Leasing Company Ltd.

The net assets of MUA Leasing Company Ltd at the date of disposal were as follows:

	January 31,
	2006
	Rs'000
Balances with Category 1 banks	173,845
Securities	432,702
Finance leases	210,948
Intangible asset	127
Property and equipment	157
Other assets	2,207
Deposits	(711,982)
Trade and other payables	(8,504)
	99,500
Loss on disposal	(2,528)
Total consideration in cash	96,972
Net cash outflow arising on disposal:	
Cash consideration received	100,000
Cost of disposal	(3,028)
Cash and cash equivalents disposed of	(173,845)
	(76,873)

### 33. Earnings Per Share

	THE G	ROUP
	2007	2006
		Restated
(a) From continuing operations	Rs'000	Rs'000
Earnings per share is based on the following:		
Profit for the year after minority interest	145,329	76,054
Number of ordinary shares in issue and ranking for dividends	20,040,000	20,040,000
	7.05	0.00
Earnings per share Rs	7.25	3.80
(b) From discontinued operations		2006
		Rs'000
Loss attributable to shareholders of the Group from discontinued operations		(2,230)
		00 040 000
Number of ordinary shares in issue and ranking for dividends		20,040,000
Loss per share Re		(0.11)

### Year ended December 31, 2007

### 34. Notes to the Cash Flow Statements

		THE G	ROUP	THE CO	MPANY
		2007	2006	2007	2006
	Notes		Restated		Restated
		Rs'000	Rs'000	Rs'000	Rs'000
(a) Cash generated from operations					
Profit before taxation		150,691	77,099	144,929	86,657
Share of results of associated companies		(111)	(5,583)	-	-
Increase in fair value of investment properties		(1,840)	-	-	-
Provision for retirement benefit obligations		(408)	(1,732)	(408)	(1,732)
Provision for bad debts / impairment		(102)	-	-	
Dividend income	27	(29,685)	(24,398)	(27,000)	(17,113)
Interest received	27	(29,439)	(18,598)	(36,770)	(26,143)
Depreciation	5	7,742	8,836	7,465	8,443
Amortisation	7	3,122	1,478	3,122	1,478
(Profit)/loss on sale of property and equipment		(81)	300	(81)	300
Profit on disposal of available-for-sale financial assets	27	(76,699)	(83,195)	(71,583)	(8,083)
Costs incurred on sale of investment in subsidiary company		-	-	-	3,028
Movement in unearned premiums reserve	15(b)	33,659	12,742	33,659	12,742
		56,849	(33,051)	53,333	59,577
Change in trade and other receivables		(62,031)	(39,164)	(54,147)	(42,264)
Change in outstanding claims		7,779	23,113	7,779	23,113
Change in trade and other payables		(14,100)	45,990	(24,685)	44,277
Net cash generated from operations		(11,503)	(3,112)	(17,720)	84,703

	2007	2006	2007	2006
		Restated		Restated
(b) Bank balances and cash	Rs'000	Rs'000	Rs'000	Rs'000
Interest bearing bank balances	51,637	50,665	47,070	46,849
Bank deposits	-	100,000	-	100,000
Other cash and bank balances	-	44	-	45
	51,637	150,709	47,070	146,894
Bank overdraft (Note 22)	(83)	-	-	-
	51,554	150,709	47,070	146,894

THE GROUP

THE COMPANY

### Year ended December 31, 2007

### 34. Notes to the Cash Flow Statements (continued)

The table to the dad in the determinant (continued)		LIF	Έ
		2007	2006
	Notes		Restated
		Rs'000	Rs'000
(c) Cash generated from operations			
Surplus before taxation		176,366	102,500
Share of results of associated companies		(777)	(6,258)
Increase in fair value of investment properties		(13,814)	(16,981)
(Increase)/decrease in fair value of non-current assets held-for-sale	16	(13,070)	9,415
Provision for retirement benefit obligations		(408)	(1,732)
Provision for bad debts / impairment		4,388	-
Dividend income	27	(58,442)	(41,930)
Interest received	27	(56,456)	(47,245)
Depreciation	5	7,644	8,668
Amortisation	7	1,622	752
(Profit)/loss on sale of property and equipment		(3)	(224)
Profit on sale of investment properties		(596)	-
Profit on disposal of available-for-sale financial assets		(51,330)	(39,823)
		(4,876)	(32,858)
Change in trade and other receivables		(11,501)	1,207
Change in outstanding claims		-	(26)
Change in trade and other payables		58,457	47,977
Net cash generated from operations		42,080	16,300
		LIE	.г
		2007	
		2007	2006 Restated
(d) Bank balances and cash		Rs'000	Rs'000
Interest bearing bank balances Other cash and bank balances		52,338	37,856
Other Cash and Dalik Dalik Ces		52,338	37,859
		02,330	31,009

Year ended December 31, 2007

THE GROUP

### 35. Prior Period Adjustments and Financial Impact

Prior year adjustments were in respect of the following:

(a) Misallocation of the share of results and reserves of associated companies between the Life Fund and the Group and overstatement of the results of an associated company

	2006	2005
The result of this was to:	Rs'000	Rs'000
(i) Increase profit attributable to shareholders	11,519	3,594
(ii) Increase earnings per share (Rs)	0.57	0.18
(iii) Increase retained earnings	14,970	3,451
(iv) Increase revaluation and other reserves	4,882	2,293
(b) De-recognition of the deferred tax assets recognised in the years ended		
December 31, 2005 and 2006		
	THE GROU	JP AND
	THE CON	
	2006	2005
The result of this was to:	Rs'000	Rs'000
(i) Increase profit attributable to shareholders	10,441	11,983
(ii) Increase earnings per share (Rs)	0.52	0.61
(iii) Increase retained earnings	20,765	10,324
(c) Reversal of the inter-branch tax equalisation account of Rs9,372k recognised in 2004.		
This reversal is consequent to the de-recognition of the deferred tax assets.		
The result of this was to:		
(i) Decrease retained earnings	(9,372)	(9,372)
(ii) Increase trade and other receivables	9,372	9,372
(iii) Increase trade and other payables	9,372	9,372
	LIFE ASSURA	NCE FUND
	2006	2005
	Rs'000	Rs'000
(iv) Increase the Life Assurance Fund	9,372	9,372

(d) Overprovision of outstanding claims of Rs12,799k in the year ended December 31, 2006 and at December 31, 2006

	THE COMPANY	
	2006	2005
The result of this was to:	Rs'000	Rs'000
(i) Decrease profit attributable to shareholders	(12,799)	-
(ii) Decrease earnings per share (Rs)	(0.64)	-
(iii) Decrease retained earnings	(12,799)	-

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#### Year ended December 31, 2007

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### 35. Prior Period Adjustments and Financial Impact (continued)

### (e) Misallocation of the dividend paid to the minority shareholders of a subsidiary

	2006	2005
The result of this was to:	Rs'000	Rs'000
(i) Increase profit attributable to shareholders	396	-
(ii) Increase earnings per share (Rs)	0.02	-
(iii) Decrease the minority interests in the net profit	(396)	-

### (f) Reclassification of the subsidiary's building from Property and equipment to Investment properties

The result of this was to:

(i)	Increase investment properties	6,320	6,480
(ii)	Decrease property and equipment	(6,320)	(6,480)

These prior year adjustments have been corrected retrospectively and the 2006 comparatives have been restated to reflect their impact on the opening balances at January 1, 2006 and on the amounts for the year ended December 31,2006.

#### (g) Reclassification from Loans and receivables and Accounts receivable to Financial assets

	THE GROUP AND THE COMPANY	LIFE
	2006	2006
The result of this was to:	Rs'000	Rs'000
(i) Increase financial assets	96,880	26,719
(ii) Decrease loans and receivables	(94,930)	(24,920)
(iii) Decrease accounts receivable	(1,950)	(1,799)

### 36. Outstanding Financial Commitments

	2007	2000
	Rs'000	Rs'000
Loans approved by the Board of Directors but not yet disbursed	8,415	20,788
Capital expenditure contracted for at the Balance Sheet date but not recognised in the financial statements	-	1,283
	8,415	22,071

Year ended December 31, 2007

### 37. Segment Information

### **GROUP**

(a) Primary reporting format - business segments

2007
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	Life	General	Stockbroking	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Revenues				
Gross earned premiums (Note 26)	-	484,572	-	484,572
Premiums ceded to reinsurers	-	(117,983)	-	(117,983)
Brokerage fees	-	-	6,629	6,629
Share of Life surplus	49,113	-	-	49,113
Total revenue, including share of Life surplus	49,113	366,589	6,629	422,331
Segment results	49,113	95,263	6,204	150,580
Share of results of associates				111
Profit before taxation				150,691
Taxation				(4,252)
Net profit for the year				146,439

2006 Restated

	(	CONTINUIN	DISCONTINUED		
	Life	General	Stockbroking	l	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Revenues					
Gross earned premiums (Note 26)	-	381,790	-	-	381,790
Premiums ceded to reinsurers	-	(78,725)	) -	-	(78,725)
Brokerage fees	-	-	5,911	-	5,911
Rental income including interest income	-	-	-	3,747	3,747
Share of Life surplus	57,304	-	-	-	57,304
Total revenue, including share of Life surplus	57,304	303,065	5,911	3,747	370,027
Segment results	57,304	10,779	3,433	(2,230)	69,286
Share of results of associates					5,583
Profit before taxation					74,869
Taxation				_	(359)
Net profit for the year				_	74,510

### Year ended December 31, 2007

### 37. Segment Information (continued)

arra degerra rina er erra (eeee.)	2007				
	Life	General	Stockbroking	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	3,213,907	2,117,298	36,415	-	5,367,620
Associated companies	-	-	-	32,894	32,894
				_	5,400,514
Technical provisions	3,046,106	616,315		-	3,662,421
Segment liabilities	167,801	66,170	19,791		253,762
Minority Interest					3,315
Shareholders' interests					1,481,016
				_	5,400,514
Canital auganditura	2 210	20/7	122		E 200
Capital expenditure Depreciation	2,210 7,644	2,967 7,465		-	5,299 15,386
Amortisation	1,622	3,122		-	4,744
Amortisation	1,022	5,122			7,177
			2006		
			Restated		
	Life	General	Stockbroking	Unallocated	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	2,303,326	1,635,951	21,405	-	3,960,682
Associated companies	-	-	-	45,319	45,319
				=	4,006,001
	0.400.554	===			
Technical provisions	2,193,574	578,693		-	2,772,267
Segment liabilities	109,752	93,098	8,342		211,192
Minority interest					2,600
Shareholders' interests				_	1,019,942 4,006,001
				=	4,000,001
Capital expenditure	6,445	7,318	582	=	14,345
Depreciation	8,668	8,443		_	17,504
Amortisation	752	1,478		-	2,230
	. 02	.,170			2,200

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

Year ended December 31, 2007

#### 38. MCB Case

On February 7, 2007, the Company issued a communiqué informing shareholders and the public at large of the judgment of the High Court of London delivered on February 6, 2007.

The judgment was given on preliminary issues raised in the context of an action entered by some of the Company's reinsurers in England. The action was entered against both the Company and The Mauritius Commercial Bank Ltd ('MCB'). The judge was called upon to decide whether the alleged losses as particularised by MCB in the proceedings before the Mauritius court are within the scope of insuring clause 2 (Premises) of the reinsurance contract.

The judge held that the alleged losses claimed by MCB are not covered by clause 2 (Premises) and ordered MCB to pay the costs of the Company in the proceedings before the High Court of London in relation to those proceedings.

Subsequently, MCB applied to the High Court of London to set aside the cost order made against it and on May 4, 2007, the High Court granted the application. As a result, the Company has paid its own costs as well as those incurred by MCB with respect to (a) the preliminary issues before the High Court of London, and (b) MCB's application.

The costs involved were fully provided for in the interim financial statements for the 6 months ended June 30, 2007. As at the balance sheet date, all the legal costs of the Company have been fully provided for.

The judgment delivered on May 4, 2007 did not alter the substance of the finding of the judge that clause 2 (Premises) in the re-insurance policy, which reproduces the corresponding clause of the local insurance contract, did not respond to the pleaded claim of MCB.

Year ended December 31, 2007

### 39. Related Party Transactions

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	
	2007	2006	2007	2006	2007	2006 Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Loans granted to						
Subsidiary company	-	-	-	133,295	-	-
Directors and key management personnel	-	-	-	-	1,000	1,500
Amount owed by						
Subsidiary company	-	-	99,670	110,707	-	-
Directors and key management personnel	614	-	614	-	2,215	1,763
Purchase of goods and services from						
Subsidiary company	-	-	373	262	448	-
Other related parties	56	-	56	-	56	-
Sale of services to						
Other related parties	56	22	56	22	43	43
Income receivable from:						
Subsidiary companies	-	-	10,690	9,366		-
Associated companies	-	-	2,662	-	2,947	-
Remuneration of key management personnel						
Directors and key management personnel	9,607	8,227	9,147	7,942	7,692	6,638
Salaries and short-term employee benefits	6,700	4,732	6,700	4,732	5,482	3,872
Post-employments benefits	258	347	258	347	211	284
Termination benefits	1,045	2,090	1,045	2,090	855	1,710

### Year ended December 31, 2007

Group

### 40. Three Year Summary

	2007	2006	2005
		Restated	Restated
	Rs'000	Rs'000	Rs'000
(a) Income Statements			
Continuing operations			
Revenue	373,218	308,976	289,019
On and the same of the	450 500	71 [1/	110.05/
Operating profit	150,580	71,516	112,956
Share of result of associated companies  Profit before taxation	111 150,691	5,583 77,099	3,545 116,501
Taxation	(4,252)	(359)	(221)
Profit from continuing operations	146,439	76,740	116,280
Discontinued operations	110,107	70,710	110,200
Loss from discontinued operations	_	(2,230)	(10,380)
Net profit for the year	146,439	74,510	105,900
		,	
Attributable to:			
- Equity holders of the company from continuing operations	145,329	73,824	105,461
- Minority interest	1,110	686	439
	146,439	74,510	105,900
	4.5.004	0.50/	
Rate of dividend - Interim	10.0%	8.5%	14%
- Final	25.0%	17.5%	8%
Earnings per share from continuing operations (Rs/cs)	7.25	3.80	5.86
Loss per share from discontinued operations (Rs/cs)	7.25	(0.11)	(0.53)
Net assets per share (Rs/cs)	73.90	50.90	37.75
		Group	
	2007	2006	2005
		Restated	Restated
	Rs'000	Rs'000	Rs'000
(b) Balance Sheets	1 504 000	1 1 4 5 / 1 /	1 004 4/7
Non-current assets	1,591,992	1,145,616	1,024,467
Life business non-current assets	3,018,381	2,181,708 557,059	1,532,274
Current assets Life business current assets	594,615 149,180	96,019	1,100,806 97,207
Life business current assets  Life business non-currents asset held for sale	46,346	25,599	8,164
Total assets	5,400,514	4,006,001	3,762,918
10141 433013	0,100,011	1,000,001	0,702,710
Total equity	1,484,331	1,022,542	758,441
Technical provisions	3,662,421	2,772,267	2,148,419
Non-current liabilities	48	469	467,646
Life business non-current liabilities	133,203	92,998	41,786
Current liabilities	85,913	100,971	328,661
Life business current liabilities	34,598	16,754	17,965
Total equity and liabilities	5,400,514	4,006,001	3,762,918