





Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of The Mauritius Union Assurance Cy Ltd for the year ended 31 December 2011.

The report was approved by the Board of Directors on $10\,\mathrm{May}\ 2012.$

Dominique Galea

Cosses

Chairman

Lakshmana Lutchmenarraidoo

Chief Executive Officer

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PRINCIPAL ACTIVITIES & ADMINISTRATION

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year comprised the transacting of Short-term (General) insurance business. Following the enactment of the Insurance Act 2005, the Company no longer transacts Long-term (Life) insurance business which has been transferred to its wholly-owned subsidiary, La Prudence (Mauricienne) Assurances Ltée.

ADMINISTRATION

Registered office

4, Léoville L'Homme Street

Port Louis

Republic of Mauritius

Telephone: (230) 207-5500

Fax: (230) 212-2962

Email: info@mauritiusunion.com Website: www.mauritiusunion.com

Auditors

Ernst & Young (Chartered Accountants)

Independent Actuaries

Deloitte & Touche Actuarial & Insurance Solutions Republic of South Africa

Main Bankers

ABC Banking Corporation Ltd
Bank One Ltd
Banque des Mascareignes
Barclays Bank Plc
HSBC Limited
Investec Bank (Mauritius) Limited
The Mauritius Commercial Bank Limited
The State Bank of Mauritius Limited

Secretary

A P Gilbert Poisson (FCCA, ACII)

Share Registry

Abax Corporate Administrators Ltd



BOARD OF DIRECTORS

The following directors were in office at 31 December 2011:

- Mr Dominique GALEA (Chairman)
- Mr Lakshmana LUTCHMENARRAIDOO (CEO)
- Mr Vincent AH CHUEN
- Mrs Priscilla BALGOBIN-BHOYRUL
- Mr Bruno de FROBERVILLE
- Mr Gérard de RAUVILLE
- Mrs Mélanie FAUGIER
- Mr Olivier MAUREL (alternate to Mrs Mélanie Faugier)
- Mr Lawrence POISSON
- Mr Arjoon SUDDHOO











Mr Dominique Galea Chairman Director – appointed in 2010

Mr Dominique Galea, born in 1952, holds a "Hautes Etudes Commerciales" (HEC) degree. He started his career in the textile industry in the early 1980s by setting up an agency business, Kasa Textile & Co Ltd. He has since diversified his activities by acquiring a majority interest in Ducray Lenoir Ltd in 1988, and in Rey & Lenferna Ltd in 1998. The latter subsequently took over Forges Tardieu Ltd in early 2005. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in June 2010 and was elected Chairman. Mr Galea is a member of its Investment Committee and of its Corporate Governance, Nomination & Remuneration Committee. He is also the chairman of La Prudence (Mauricienne) Assurances Ltée, of United Docks Ltd, of Rey & Lenferna Ltd and of Forges Tardieu Ltd, and a director of Associated Brokers Ltd.



Mr Lakshmana Lutchmenarraidoo CEO
Executive Director – appointed in 2011

Mr Lakshmana Lutchmenarraidoo, born in 1951. worked for the State Bank of Mauritius from 1973 to 1986 and holds a Banking Diploma from Finafrica Institute. He was promoted to management level in 1978 and was the Assistant General Manager of the bank from 1982 to 1986. In 1987, he joined the Mauritius Leasing Company Ltd as General Manager before being appointed Managing Director in 1997 and President of the Financial Services arm of the British American Group from 1999 to 2002. He joined Mauritius Post Ltd in July 2002 as Executive Chairman and was appointed Chief Executive Officer of the Mauritius Post and Cooperative Bank Ltd in May 2003. In September 2005, he left the bank to join Mauritours Ltd as General Manager. He joined La Prudence (Mauricienne) Assurances Ltée in September 2007 as General Manager of the general insurance department and was appointed to the board on 28 May 2010.

Mr Lutchmenarraidoo was appointed as Chief Executive Officer of The Mauritius Union Assurance Cy. Ltd in January 2011 and to the Board in April 2011. He is also a director of La Prudence Leasing Finance Ltd, of The National Mutual Fund Ltd, of Associated Brokers Ltd and of Feber Associates Ltd.



Mr Vincent Ah Chuen
Director - appointed in 1992

Mr Vincent Ah Chuen, born in 1944, is the Managing Director of ABC Group of Companies. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in 1992 and is the chairman of its Audit & Risk Committee. Mr Ah Chuen is a Director of Les Moulins de La Concorde Ltée, of ABC Motors Co. Ltd, of New Goodwill Investment Ltd, of POLICY Ltd, of ABC Banking Corporation Ltd, of La Prudence (Mauricienne) Assurances Ltée and the Chairman of Associated Brokers Ltd



Mrs Priscilla Balgobin-Bhoyrul Director - appointed in 2008

Mrs Priscilla Balgobin-Bhoyrul, born in 1975, holds a LLB (Hons) degree from the London School of Economics and Political Science. She was called to the Bar of England and Wales in 1998 and to the Mauritian Bar in 1999. She is a member of the Middle Temple and is currently practising as a barrister-at-law. Her main areas of practice are international, commercial, civil and industrial law. She was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in August 2008.



Mr Bruno de Froberville
Director – appointed in 2010

Mr Bruno de Froberville, born in 1962, is currently the General Manager and owner of Square Lines Ltd, a property development company. He has extensive knowledge of the building sector. From 2005 to 2008 he worked with La Prudence (Mauricienne) Assurances Ltée for property development. He was the general manager and owner of B.E.A.M. Ltd (a residential and industrial buildings company) between July 1994 and December 2004, and the manager of Building Art Ltd from July 1988 to June 1994. He was also the marketing manager of Loom Art Ltd, a manufacturer of handmade carpets. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in August 2010.

Mr de Froberville holds an MBA from the University of Birmingham, a Bachelor in Science and a Major in Marketing from Louisiana State University.



Mr Gérard de RauvilleDirector – appointed in 2011

Mr Gérard de Rauville, born in 1941, practised as a chartered accountant before becoming involved in the business world. He was appointed to the board of Zurich Insurance Company South Africa Limited in 1983, which he has chaired since 2007. He was board member of a number of companies listed on the Johannesburg Stock Exchange and holds numerous appointments on boards of trustees and of unlisted companies. He is a member of the credit committee of Grindrod Bank Ltd, a subsidiary of the Grindrod Group which is listed on the Johannesburg Stock Exchange.

Mr de Rauville was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in June 2011 and is a member of its Audit & Risk Committee and the chairman of its Investment Committee.



Mrs Mélanie Faugier
Director – appointed in 2010

Mrs Mélanie Faugier, born in 1980, is the Managing Director of Cottons Trading Ltd. From June 2004 to July 2007 she was the Trading Manager of Thon des Mascareignes (which belongs to the IBL Group). She also worked for Schlumberger Oilfield Services in Equatorial Guinea and for Association Solidari'terre in Madagascar. Mrs Faugier was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in July 2010 and is a member of the Audit & Risk Committee. She is also the chairperson of the National Mutual Fund Ltd and of Feber Associates Ltd.

Mrs Faugier holds a DEUG in economics from University of Paris I – Panthéon Sorbonne and an Msc in Management from EM Lyon School of Management.



Mr Olivier Maurel
Alternate Director – appointed in 2011

Mr Olivier Maurel, born in 1982, holds a BSc in Marine Biology from James Cook University of Queensland and a BSc in Surveying from Curtin University of Perth. He started his career as a Marine Biologist working in the Seychelles. In June 2010, he co-founded Merestone Ltd, a land and engineering survey company. Mr Maurel is also the director of Multibox Ltd.



Mr Lawrence Poisson
Director – appointed in 2010

Mr Lawrence Poisson, born in 1952, holds a Diploma in Agriculture and Sugar Technology and a Diplôme supérieur en administration des enterprises. He is a Fellow of the Institute of Chartered Secretaries and Administrators. He currently works for Illovo Group Holdings Ltd. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in July 2010, and to that of La Prudence (Mauricienne) Assurances Ltée in September 2010. Mr Poisson is the Chairman of the Corporate Governance, Nomination & Remuneration Committee of The Mauritius Union Assurance Cy. Ltd. He is also a director of Associated Brokers Ltd and of Fondation Mauritius Union Ltd.



Mr Arjoon SuddhooDirector – appointed in 2010

Mr Arjoon Suddhoo, born in 1958, holds a BSc (1st Class Hons) in aeronautical engineering and a PhD in computational mathematics from the University of Manchester and an MBA (Distinction) from the University of Liverpool. He is a member of the Mauritius Institute of Management, a Fellow of the Mauritius Academy of Science and Technology and of the Mauritius Institute of Directors. Mr Suddhoo started his career in 1986 as a research scientist at Rolls Royce Aerospace Ltd, UK which he left in 1993 as the research and development manager. From 1994 to 1998, he was the head of research and planning at the Tertiary Education Commission in Mauritius. He is currently the Executive Director of the Mauritius Research Council, a post he occupies since 1999. He also holds directorships in various other private and governmental organizations and was the Chairman of Air Mauritius Ltd from 2001 to 2005. In 2006, Mr Suddhoo was appointed visiting Professor at Queen's University in Northern Ireland. He is also the author of various publications. He was appointed to the Board of The Mauritius Union Assurance Cy. Ltd in August 2010 and is a member of its Corporate Governance, Nomination & Remuneration Committee.











CHAIRMAN'S REVIEW



Dear Shareholder

On behalf of the Board, I am pleased to submit to you the annual report of the Mauritius Union Group for 2011.

OVERVIEW

On the international scene, continued market volatility around the world caused in part by concerns over the eurozone crisis adversely impacted the local export sector and the stock market.

The insurance industry worldwide suffered heavy losses caused by major catastrophes, notably in Asia, North and South America and Oceania.

In March 2011, Japan was hit by the largest earthquake in its history

which in turn triggered a tsunami that caused extensive damage to its north-eastern seaboard.

Thailand experienced severe widespread flooding during the 2011 monsoon season. The World Bank estimates that the ensuing economic damages and losses reached US\$45.7 billion.

In Oceania, the state of Queensland in Australia experienced rain-triggered flooding which left a global bill of US\$265 billion. The flooding was followed a month later by cyclone Yasi with winds of the order of 290 kilometres per hour hitting the north east part of Queensland. For its part, New Zealand was rocked by a strong earthquake that caused widespread damage to the city of Christchurch.

In the United States, there were deadly tornadoes that killed more than 400 people and that resulted in damages of the order of US\$23 billion.

Brazil witnessed landslides that provoked some 800 deaths and made around 14,000 people homeless.

According to Swiss Re's Sigma report No. 2/2012 on natural disasters, the year 2011 "saw the highest economic losses in history, at USD 370 billion".

All these events inevitably led to a hardening of reinsurance terms. However, it must also be pointed out that the insurance industry was able to sustain such losses and played a key role in risk management and in the financing of post-disaster recovery.

On the local insurance scene, there were fortunately no major events to report, fewer road accidents and no natural disasters, a situation which led to a softening of the market and to aggressive price competition.

After the acquisition of La Prudence (Mauricienne) Assurances Ltée (LPM) in May 2010 by The Mauritius Union Assurance Cy Ltd (MUA), the Group comprised mainly two insurance companies each transacting both General and Life insurance businesses. However, the Insurance Act 2005 made it mandatory for General and Life businesses to operate as two distinct legal entities as from 1st January 2011.

In order to be compliant with that requirement, the Life business of MUA was therefore transferred to LPM and the General Insurance business of LPM was transferred to MUA within the prescribed deadline.

We decided to retain the two existing identities as we firmly believe that MUA and LPM are strong brands and that customers and the public at large will continue to relate to both and indeed to the Group in a positive way.

It is important to bear in mind that the structure of the Mauritian insurance industry is itself evolving markedly.

We therefore need to be alive to the likely impact of such movement on the activities of the Group.

FINANCIAL HIGHLIGHTS

GROUP OVERVIEW	2011	2010
Turnover	Rs 2.04 billion	Rs 1.81 billion
Total Assets	Rs 8.12 billion	Rs 7.95 billion
Net Profit for the year	Rs 456 million	Rs 371 million
Earnings per share	Rs 22.70	Rs 18.45
Net Asset Value	Rs 68.24	Rs 54.94

In spite of a very challenging market environment, the Mauritius Union Group performed well.

Gross earned premium reached Rs2.04 billion as compared to Rs1.81 billion in the previous year, representing a 12.6% increase.

Net profit for the Group rose by 22.8% from Rs371.0 million to Rs455.5 million after accounting for an unrealised loss on equity investments of Rs174.9 million compared to an unrealised gain of Rs289.9 million in 2010.

The 2011 results also include a one-off income tax credit of Rs153.9 million resulting mainly from the recognition of deferred income tax assets following the separation of general insurance operations from life as explained above. Earnings per share correspondingly reached Rs22.70 compared to Rs18.45 in 2010.

In the light of these results, and in keeping with our strategy of favouring sustainable growth, the Board declared an interim dividend of Rs30.1 million and a final dividend of Rs70.1 million, representing Rs5.00 per share which were paid for the year, compared to Rs88.2 million (Rs4.40 per share) in 2010.

The Net Asset Value per share increased from Rs54.94 to Rs68.24.

Although negatively impacted by falling stock prices, Group total assets reached Rs8,121.9 million.

APPOINTMENT

I would like to welcome Mr Gérard de Rauville who was appointed to the Board in June 2011. Mr de Rauville is also a member of the Audit & Risk Committee and chairman of the Investment Committee.

OUTLOOK FOR 2012

Preliminary estimates for the year 2012 tend to indicate that the economic environment could be even more challenging than in 2011. GDP growth for 2012 is projected to be around 3.8% as opposed to 4.1% in 2011. Such a situation calls for even more caution and rigour.

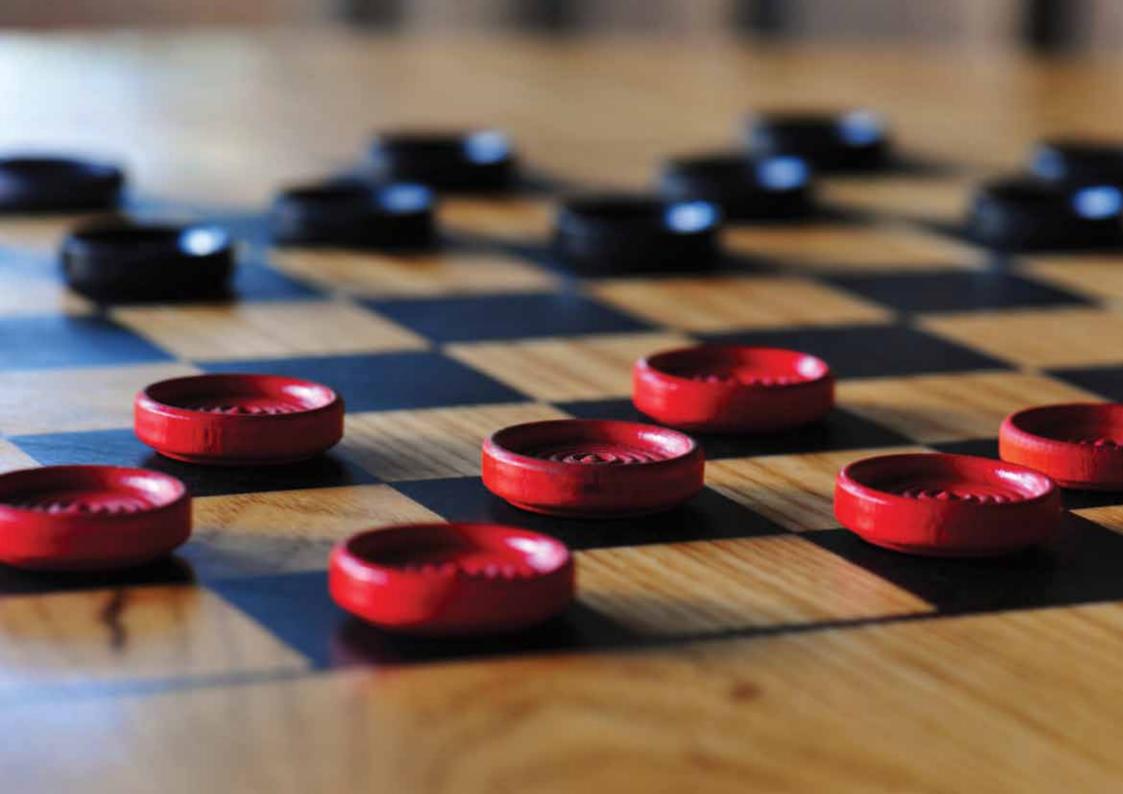
However, I am confident that through our disciplined approach to risk, we shall not only meet these challenges but also capitalise on local and regional opportunities.

I would like to take this opportunity to thank our employees and intermediaries for their commitment and performance to ensure that the Group continues to deliver sustainable value to shareholders in the years to come.

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Dominique Galea 10 May 2012

Mr Lakshmana LUTCHMENARRAIDOO	Chief Executive Officer
Mr Gilbert POISSON (FCCA,ACII)	Deputy Chief Executive Officer, Company Secretary
Mr Dominique AUTARD (MBA Dip Fin Serv (Ins Brok) ANZIIF (Snr. Assoc.) CIP)	Head of Corporate Communication & Marketing Strategy, General Manager of La Prudence Life Insurance
Mrs Delphine AHNEE (LLB (Hons.))	Senior Manager – Claims
Mr Surendranath ANCHARAZ (Bsc. Economics)	Senior Manager – Business Development
Mr Bertrand CASTERES (Engineer in Applied Mathematics, Master's degree in Applied Mathematics, Actuarial science and Finance)	Head of Internal Audit
Mr Naresh GOKULSING (BA (Hons), FCCA, MBA)	Head of Group Strategy and Financial Services
Mr Laval FOO-KUNE (BACC (Wits), CA(SA))	Senior Manager - Finance & Accounting
Mr Clarel MARIE (MBA,ACII)	Senior Manager - La Prudence Life Insurance
Mr Ashraf MUSBALLY (Bsc. (Hons.), MBA & DIC, FCII)	Senior Manager - Underwriting
Mr Iswurduth SEWNUNDUN (B. Eng., MBA)	Senior Manager - IS and Business Projects











Mr Gilbert PoissonDeputy Chief Executive Officer and Company Secretary

Mr Poisson, born in 1953, is a chartered insurer from the Chartered Insurance Institute, London, since 2008. He became a Fellow Member of the Association of Chartered Certified Accountants (UK) in 1979 and an Associate Member of the Chartered Insurance Institute (UK) in 1986. He was an auditor with the accounting firm De Chazal Du Mée & Co until 1978 and assistant audit manager on Lloyds Syndicate audit with Futcher, Head & Gilberts, Chartered Accountants in the United Kingdom until 1981.

He joined The Mauritius Union Assurance Cy. Ltd (MUA) in 1981 as accountant and became Group Finance Manager in 1998. He was appointed Head of Finance and Planning/Assistant to the CEO in July 2005 and is the company secretary since 31 July 2006.

Mr Poisson was appointed as Deputy CEO in January 2011. He also acts as the Group's company secretary and is a director of La Prudence (Mauricienne) Assurances Ltée (LPM) and of the National Mutual Fund Ltd (NMF).



Mr Dominique Autard

Head of Corporate Communication and Marketing Strategy

General Manager, La Prudence Life Insurance

Mr Autard, born in 1971, has been in the Life insurance industry since 1989. He joined MUA in October 2008 as Head of Life. In May 2010 he was appointed to the board of directors of LPM. In October 2010 he was appointed General Manager of La Prudence Life Insurance with responsibility for the strategic development and distribution of the long-term insurance business. He is now also the Head of Corporate Communication and Marketing Strategy of the Group.

Mr Autard has wide-ranging international experience that includes administration management, underwriting, product development, product research, technical and strategic advice, and distribution. He has held positions with a number of well-regarded companies including AXA, AMP and Commonwealth Bank of Australia. Until September 2008 he managed his own consultancy providing advisory services to ING Australia, Westpac Banking Corporation and Suncorp in Australia.

Mr Autard holds an MBA from Charles Sturt University, Australia, a Diploma in Financial Services and is a Senior Associate and a Certified Insurance Professional of the Australian and New Zealand Institute of Insurance and Finance.



Mrs Delphine Ahnee Senior Manager, Claims

Mrs Ahnee, born in 1972, holds an LLB (Hons) degree from the University of Mauritius and was Major de Promotion for her master's thesis on The Conflict of Laws in Private International Law. She worked at the Chambers of the late Mr Edwin Venchard, QC in the field of legal consultancy and contributed to the updating of the Statutory Laws of Mauritius, of the Mauritius Reports and of the Code de Commerce 1997. She has successfully completed the Quality Management System Auditor/Lead Auditor training course.

Mrs Ahnee joined LPM in 2000 as claims manager and gradually assumed higher responsibilities within the company. She was in charge of the general business claims unit until 2004 when the medical insurance claims section was also entrusted to her. She is currently in charge of the Claims department and a director of Fondation Mauritius Union Ltd.



Mr Surendranath Ancharaz Senior Manager, Business Development

Mr Ancharaz, born in 1977, holds a Bachelor's Degree in Economics from the University of Delhi. He joined MUA in September 2000 and worked in various sub-departments of the General Branch. He was appointed Underwriting Manager in January 2007. He is currently responsible for the development of the Branches and Salesperson/Agency Networks.



Mr Bertrand Casteres
Head of Internal Audit

Mr Casteres, born in 1978, is an engineer in applied mathematics and holds a Master's degree in applied mathematics, actuarial science and finance.

Mr Casteres has worked for major insurance companies in Europe. He joined Generali, Paris in 2004 as an actuarial analyst in the Life reserving department. From 2007 to 2009, he worked for the French insurance association (FFSA) as economic and financial manager lobbying regulators and the European Commission on behalf of French insurers, especially as regards the implementation of the European Solvency II Directive.

Before joining the Mauritius Union Group in January 2012 as Head of Internal Audit, Mr Casteres worked in the internal audit department of Aviva Europe as audit senior manager in the financial management and actuarial audit department, conducting internal audit reviews in actuarial processes across Aviva's European subsidiaries (Spain, Ireland, Poland, France and Italy). He was also involved in setting up Solvency II within the Aviva Group and its European subsidiaries and notably led internal audits on capital management, life insurance and general insurance product development and pricing processes, life and general reserving and life insurance risk management process.



Mr Laval Foo-KuneSenior Manager Finance and Accounting

Mr Foo-Kune, born in 1967, is a chartered accountant who holds a BAcc degree from the University of the Witwatersrand, South Africa. He worked for Levenstein & Partners, a medium-size auditing firm in South Africa, from 1992 to 1995. He left the firm to work for Symo Corporation Ltd, a manufacturing group of companies in Johannesburg, as accountant from 1995 to 1996. In 1996, he joined IBM South Africa as senior financial analyst and was responsible for the financial operations of several business units within the company. He left IBM in 1998 to join LPM as Financial Manager. He is in charge of the Finance department of the Group.



Mr Naresh Gokulsing
Head of Group Strategy and Financial Services

Mr Gokulsing, born in 1970, holds a BA in Accounting & Finance from the University of Leeds (UK) and a MBA from Warwick Business School (UK). He is also a Fellow Member of the Association of Chartered Certified Accountants (FCCA). He started his career in the audit and business advisory services division of PriceWaterhouse in 1993. In 1997, he joined Cim Stockbrokers as Head of Research and became General Manager from 2000 to 2002. Naresh moved within the Cimgroup as Head of Finance of Albatross Insurance from 2002 to 2007 and as Chief Operating Officer of Cim Insurance and Cim Life from 2009 to 2011. He also spent one year as Managing Director of Cim Property Fund Management in 2008 to launch Ascencia Ltd, the first commercial property fund in Mauritius. Naresh served as a Director of the Stock Exchange of Mauritius Ltd from 2000 to 2002 and is currently a director of the National Mutual Fund Ltd.



Mr Clarel Marie Senior Manager, La Prudence Life Assurance

Mr Marie, born in 1960, holds an MBA and is an Associate of the Chartered Insurance Institute, London. He worked for the Anglo-Mauritius Assurance Society Ltd from 1979 to 1993 where he acquired broad experience in the long-term insurance business both in the individual life and the pension business. He joined Albatross Insurance in 1993 to develop the long-term individual assurance products and was appointed technical manager for Life and Pension in 2001.

He joined LPM in August 2006 as technical manager of the Life and Pension department and is currently in charge of the operations side of La Prudence Life Insurance. Mr. Marie is also a director of Fondation Mauritius Union Ltd.



Mr Ashraf Musbally Senior Manager, Underwriting

Mr Musbally, born in 1969, graduated in 1993 from City University, London, with a BSc. (Hons) in insurance and investment. He also holds an MBA from Imperial College, London, and is a Fellow of the Chartered Insurance Institute, London. He worked for some time as a management consultant at Kemp Chatteris Deloitte & Touche. He joined LPM in 1997 to manage and develop its health insurance department, a post he held until 2004 when he was appointed Chief Operations Officer – General Insurance. In 2010, he took charge of the health, travel & product development department.

In January 2012 his duties were extended to include the management of the underwriting department of the motor and non-motor businesses.



Mr Iswurduth SewnundunSenior Manager, IS and Business Projects

Mr Sewnundun, born in 1974, graduated in computer science and engineering at the University of Mauritius. He also holds an MBA in marketing from the same university. He joined J. Kalachand & Co. Ltd in 1998 where he worked as systems manager and later as sales manager. He was recruited in May 2005 as Head of Information Systems and appointed senior manager in January 2008.











Dear Shareholder,

I have the pleasure to submit the report on the performance of the Company and of the Group for the year 2011.

The year 2011 was the first one of operation under the new structure which was put in place following the acquisition of La Prudence (Mauricienne) Assurances Ltée (LPM) in May 2010 and the application of the provisions of the Insurance Act 2005, whereby the General and Life businesses had to operate as two separate legal entities.

FINANCIAL HIGHLIGHTS

Some of the Group's key performance indicators are shown in tables I and 2, and in charts I to 5 on page 40.

The following sections give a detailed review of each of the Group's activities.

GENERAL INSURANCE

Table I

General Insurance	2011	2010
	(Rs m)	(Rs m)
Gross earned premium	1,418.5*	1,296.5*
Net Underwriting Results	403.5	117.3**

^{*} Increase caused in part by the merger with LPM.

The year 2011 was a mostly uneventful one during which no natural catastrophes occurred. The soft market environment which ensued led to strong competition, mainly through price-cutting, in all classes of business. The Company weathered this adverse context through the adoption of a sound pricing policy aimed at long-term sustainability instead of short-term top line results. Strict underwriting procedures, improved claims management processes and a customer-oriented service resulted in a marked improvement in the bottom line.

Net profit from operations increased by 19% from Rs298 million to Rs354 million.

The motor business sector achieved a 13% increase in gross premium as a result of a rigorously managed pricing policy despite relentless downward pressure on rates.

However, it is of concern that the rates practised by some players are so low as to be technically unviable with the risk that the medium to long term profitability of this sector could be seriously undermined.

Health insurance remains a challenging business that requires close monitoring and management. It is characterized by constantly increasing costs which cannot always be passed on to the customer through higher premiums on account of the erosion of the latter's purchasing power. Improved practices are expected to yield better results in 2012.

^{**} Including exceptional item of Rs200 million net of Reinsurance for the settlement of the MCB case.

GENERAL INSURANCE (CONT'D)

Personal lines, which recorded sustained growth, also produced good results during the year. The network of branches, accredited agents and dedicated sales team provided customers with the advantage of proximity and facilitated the fulfillment of their requirements.

The successful introduction of I-Go, a travel policy which can be purchased online, has been encouraging and has paved the way for greater use of the internet as a sales channel in the future.

The financial and special risks sector posted a steady growth in 2011, a trend which is expected to improve further in 2012.

On the non-motor business lines, aggressive competition resulted in a marginal increase of 5% in gross premium income.

REINSURANCE

Reinsurance remains a focal point of attention of the Board and treaties are reviewed annually to ensure that the most reputable reinsurers continue to provide cover at competitive rates. At the end of 2010, we reviewed our reinsurance treaty structure, increasing treaty limits on certain lines and adding further cover on others.

We also consolidated our reinsurance facilities during the year under review, establishing new working relationships with a number of well-rated international reinsurers, a measure that has helped us improve pricing on accounts where we needed facultative support.

LIFE INSURANCE

Table 2

Long-Term Business	2011	2010
· ·	(Rs m)	(Rs m)
Gross Premium Income	516.0	621.5
Net Underwriting results	165.6	219.2
Net results from operations	21.7	87.6
Net investment income	489.9	43.9*
(Including fair value adjustments)		
Life Assurance Fund	4,855.6	4,891.0

^{*} Reduction caused by adverse impact of equity market.

The life insurance business, now carried out under the separate entity of LPM experienced a growth rate of 20% in gross premium, reaching Rs621.5m (2010:Rs516m) in spite of the difficult market conditions caused by the economic turmoil and a sharp drop in investment returns.

The economic uncertainties prevailing on both local and international markets had an adverse effect on investment operations, with significant drops being recorded in stock prices and in interest rates.

The Life assurance fund stood at Rs4.89 billion at 31 December 2011 compared to Rs4.86 billion at 31 December 2010.

LENDING ACTIVITIES

The limited availability of fixed income instruments capable of providing acceptable rates of return has led to a review of the investment policy with emphasis now being laid on lending activities in order to improve the overall return on investments.

DISTRIBUTION NETWORK

Our well-structured distribution network, which is made up of both internal and external partners, resulted in the good performance we recorded last year. There are eight branches operating across the island located in Curepipe, Flacq, Grand Baie, Mahébourg, Rivière Noire, Rose Belle, Rose Hill, and Trianon and one in Rodrigues. A new branch is scheduled to open shortly in Goodlands.

The Seychelles branch is showing encouraging growth. It has now moved to new and more spacious premises so as to be more accessible and to better serve the clients.

The sales force is constituted of experienced accredited agents and internal and external sales teams who are structured to ensure as wide a distribution network as possible providing a personalized service.

The Company nurtures a close relationship with its insurance brokers who are an important link between clients and insurers.

INVESTMENT MANAGEMENT

After showing some signs of improvement in late 2010 and in early 2011, the situation on the equity market worsened in the latter half of 2011. The Mauritius stock exchange index, the Semdex, ended the year with a net loss of 4% against its 2010 closing level compared to a net gain of 18.5% in 2010.

In comparison, MUA's general insurance investment portfolio posted a net loss of 0.1%, which was better than the Semdex performance but did, nonetheless, impact negatively on the Group's results.

LPM's life insurance investment portfolio performed slightly better, with a net gain of 1.4% during the year, which is below expectations.

SHARE PRICE PERFORMANCE/RETURN TO SHAREHOLDERS

The Mauritian stock market proved to be extremely volatile during the year and even more so during the second semester, mainly on account of a net disinvestment by foreign shareholders, who were themselves adversely affected by the sharp fall on the international markets.

During the year under review, Earnings Per Share (EPS) increased from Rs18.45 in 2010 to Rs22.70 and dividends paid amounted to Rs5.00 per share as compared to Rs4.40 in 2010. The dividend yield was thus 4.10% based on the closing share price of Rs122.00 (Rs146 on 31 December 2010.)

NAV per share rose from Rs54.94 at 31 December 2010 to Rs68.24 at 31 December 2011.

Since its listing on the Stock Exchange of Mauritius in December 1993, MUA shares ranked 6th among the 38 listed companies on 31 December 2011, with an annualized performance of 21.6%.

FEBER ASSOCIATES LTD

Feber Associates Ltd, was the first professional pension fund management company set up in Mauritius. Its objective is to assist in the setting up and management of pension funds for small, medium and large enterprises. It provides expert advice and actuarial services for various types of funds such as self-administered schemes, united mutual superannuation funds, and insured schemes, under defined contribution and defined benefits schemes.

ASSOCIATED BROKERS LTD

Associated Brokers Ltd (ABL) is a member of the Stock Exchange of Mauritius Ltd. As a transaction-oriented firm, it is structured to serve both individuals and institutions

looking for ways to grow their investment portfolio.

ABL's performance has been adversely affected by the current pessimistic mood pervading the stock market, a situation likely to persist for some time in the future.

Its turnover and net profits fell substantially. ABL is forecasting yet another difficult year ahead with a similar level of turnover for 2012 but with reduced profit.

THE NATIONAL MUTUAL FUND LTD

The National Mutual Fund Ltd (NMF) is the pioneer in unit trust investments in Mauritius. For the past 22 years it has been offering local investors the opportunity of accessing a broad range of mainstream asset classes through its two exclusive unit trusts, which are the NMF General Fund and the NMF Property Trust.

In 2011, the activities of NMF were hampered by the subdued economic situation and the fall in prices on the Stock Exchange of Mauritius Ltd.

The NMF saw its number of units in issue increase from 10,841,710 to 11,464,659 during the past year but its total assets fell from Rs579 million to Rs565 million.

The NMF Property Trust saw an increase in its number of units in issue, from 7,503,575 to 7,651,871, but its total assets decreased from Rs96.5 million to Rs94.5 million.

In spite of the slowdown in their activities both the NMF General Fund and the NMF Property Trust maintained a payment of dividends that were slightly above the current savings rate.

HUMAN RESOURCES

During the year 2011, the human resources department of the Group continued to focus on the training and development of MUA personnel. Staff members were encouraged to participate in a number of training sessions and workshops aimed at enhancing skills whilst support was provided to those studying for professional and other qualifications.

In the wake of the merger of MUA and LPM, one of the main challenges was to place all employees on a level playing field which would be conducive to team building. An evaluation of human resources was carried out based on customer service approach/operational efficiency, people management skills/team management skills, financial performance/result oriented approach and overall attitude towards employees and customers. A reshuffle of staff in some departments and a shift from a product-oriented to a customer-centric approach has led to the establishment of a highly motivated and competent work force where career furtherance is based on criteria such as attitude and performance.

INFORMATION SYSTEMS

Customer service being our main focus, we have always aimed at giving our employees the best systems and tools so as to enable them to work at peak operational efficiency.

During the transition period following the merger, we had to work with parallel IT systems that did not always prove compatible on account of the complexity of merging the two databases and the two ranges of products.

We are now taking steps to harmonize and integrate the Group's IT systems.

THE COMMUNITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

The MUA Group once again chose to gear its CSR activities towards education and poverty alleviation and the fight against social injustice in pockets of extreme poverty found around the island.

These activities, which are managed by the Fondation Mauritius Union Ltd, a special purpose vehicle that was incorporated in October 2010, are described in detail in the Corporate Governance Report.

The *Fondation* enables the Group to attain its CSR objectives in an efficient and structured manner.

ECONOMIC OUTLOOK

In its Global Economic Review released in September 2011, the International Monetary Fund (IMF) paints a rather grim picture for the global economy in 2012.

The IMF forecasts a real GDP growth of 2%, provided that European policymakers contain the crisis in the euro area, that US policymakers strike a judicious balance between support for the economy and medium-term fiscal consolidation and that the volatility in global financial markets does not escalate.

Growth in the emerging markets is expected to slow down but is expected to remain at a still very comfortable level of about 6% in 2012.

However, the IMF also points out that the risks are clearly on the down side. If the crisis in the euro area were to run beyond the control of policymakers, or if the already softening activity in the US were to suffer further blows, there would be severe repercussions on global growth. Such a level of stress could undermine financial markets

and institutions in advanced economies, which remain unusually vulnerable.

Whilst oil prices were expected to fall significantly in 2012, they have in fact risen by about 1.8% since the beginning of 2012, to reach US\$105 per barrel. The continued rise in oil prices could hamper global economic growth in 2012.

The IMF forecasts that the euro zone can potentially slide into recession in 2012. Unemployment levels have recently risen to above 10% for the first time in euro zone history and can reasonably be expected to worsen in 2012.

Global equity markets plunged in late 2011 but have shown signs of recovery since the beginning of 2012. However, volatility remains high, coupled with an easing of monetary policy and a reduction in interest rates in emerging/ developing markets.

The Mauritian economy is reported to have performed well in 2011, with an estimated real growth rate of 4.1% as per the IMF statement issued on 25 January 2012.

However, the IMF forecasts that on account of the slowdown in the world economy and of a moderately expansionary fiscal stance, economic growth will decline and will be somewhat lower than 4% in 2012. In fact the projected growth rate was revised downwards to 3.8% in early 2012.

As regards local monetary policy, there seems to be continued pressure in favour of lower interest rates and this is likely to put some strain on operations, especially on the life business side, where we need to offer a minimum guaranteed return to policyholders to make our products more appealing.

PROSPECTS

The current year started with positive news from the US economy which led equity and bond investors to react with immediate enthusiasm, pushing global prices up.

In our view, the biggest short-term threat to this burgeoning US economic recovery remains the European sovereign debt crisis, which is being tackled much too late according to most economists and analysts. The Mauritian export sector is directly impacted by the adverse events hitting Europe and the single European currency. This is probably the main factor that has negatively affected the performance of the local stock market since the start of 2012. However, we are confident that the local economy will be able to show continued resilience to such crises if private investors and the authorities stay focused on long-term growth objectives.

CONCLUDING REMARKS

The Group achieved an acceptable level of performance during the year 2011 despite the unfavourable economic conditions that prevailed both on the international and the local markets.

The coming year will call for prudence and the ability to react swiftly to changing market conditions, since despite some encouraging signs of improvement on the international front the persisting euro debt crisis still casts some shadows on the future.

On behalf of the Board, I would like to thank all members of the staff of the Mauritius Union Group for their efforts and contributions during the past year.

I would also like to express my appreciation to the Chairman and members of the Board of Directors for their support throughout the year. The number of meetings held during the year testifies to their commitment and dedication to the Group. I thank them very much on behalf of the staff and in my own name.

Last, but not the least, I would like to express my gratitude to all our stakeholders for their unflinching support.

Lakshmana Lutchmenarraidoo

10 May 2012

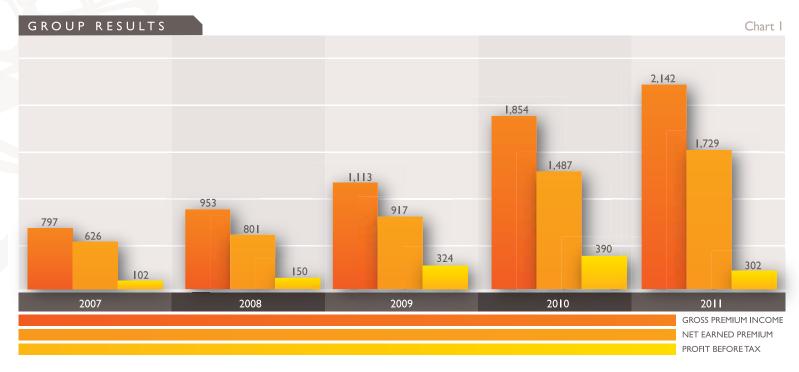


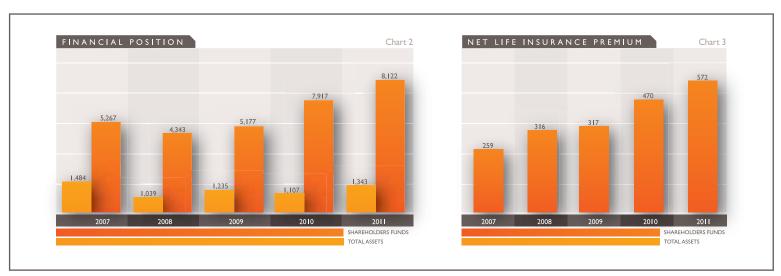


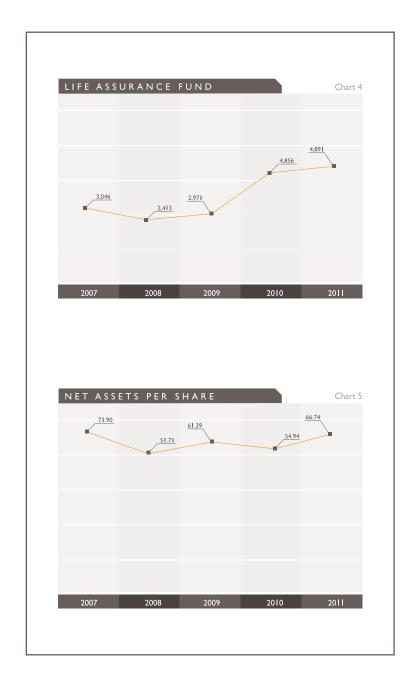
















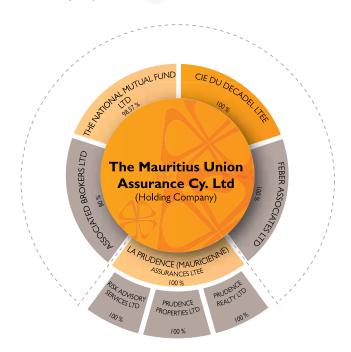
CORPORATE GOVERNANCE REPORT

Statement of Compliance

The Board of directors of The Mauritius Union Assurance Cy. Ltd (the Board) endorses the Code of Corporate Governance for Mauritius issued by the National Committee on Corporate Governance.

The Board advocates the conduct of business practices that display characteristics of good corporate governance, namely discipline, transparency, independence, accountability, fairness and social responsibility. The directors further confirm that the Company has strived to comply in all material respects with the principles of the Code and has provided the necessary explanations where appropriate.

1. Company Structure



2. Board of Directors

The Company has a unitary Board consisting of nine directors, eight of whom are independent non-executives and one executive who is the Chief Executive Officer.

This composition aims to achieve a balanced Board that has the appropriate skills, experience, knowledge and independence required for it to discharge its duties and responsibilities effectively. The Chief Executive Officer is an appointed member of the Board, and as the Code of Corporate Governance recommends a strong presence of executive management, it is proposed to appoint the Deputy Chief Executive Officer to the Board. A resolution to this effect will be presented at the forthcoming Annual Meeting of Shareholders. The Company's constitution will also have to be amended to increase the number of directors to eleven as it currently allows for a maximum of nine directors.

The Board is ultimately responsible for the corporate policy and strategy of the Company and its subsidiaries and is governed by a Board Charter and Code of Good Conduct that were reviewed and adopted on 11 November 2010.

The Board holds a minimum of six scheduled meetings each year during which it considers all statutory matters, including the approval of unaudited quarterly results for publication, of audited financial statements, the declaration of dividends, the review of the company's performance through budgets and forecasts and the Chief Executive Officer's report. In addition, the Board meets between scheduled meetings to address any matter that requires its attention.

The Board met ten times during the year under review.

There is a clear separation between the role of the Chairperson and that of the Chief Executive Officer. The Chairperson leads the Board, ensuring that all directors participate fully and constructively in the functioning of the Company and in the decision-making process. He acts as the main informal link between the Board and management and particularly between the Board and the Chief Executive Officer. He ensures, with the participation of the Company Secretary, unhindered access to information by all board and committee members so that they can contribute in a meaningful way to board meetings and to other discussions and are able to take informed decisions.

The Chief Executive Officer's responsibilities encompass the development and recommendation of a long-term strategy and vision for the company that will generate satisfactory levels of shareholder value and positive, reciprocal relations with relevant stakeholders. He prepares the annual business plans and budgets to be recommended to the Board, strives to achieve the company's financial and operating goals and objectives and ensures that the day-to-day business affairs of the company are being appropriately monitored and managed. The Chief Executive Officer is responsible for 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 conflicting business interest or other relationship, which could materially affect their ability to exercise independent judgement.

Directors newly appointed to the Board are given an induction whereby they receive a pack of materials containing basic information on the Company such

2. Board of Directors (Cont'd)

as contained in its constitution and its code of good conduct and are made aware of the restrictions in respect of dealings in shares and the disclosure obligations in case of conflicts of interest. Upon appointment, directors' interests, if any, are recorded in a Directors' Interest Register which is kept under the control of the Company Secretary and updated as and when required. Meetings are organised with senior staff in order to familiarise the director with the Company's operations, products and business environment.

The board is committed to professional development and encourages its members to participate in the appropriate forum in order to update and improve their skills and knowledge. During the year under review, all board members attended conferences organised on various topics.

The Board has undertaken a formal evaluation of its own performance and that of its individual directors and has entrusted the task to an independent consultant. The objective of the exercise is to assess the performance of the Board as a whole, its individual members including the chairman and identify areas requiring development.

Board members' profiles are set out on pages 10 and 14.

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

2.1 Executive Director's Service Contract

The Chief Executive Officer, Mr Lakshmana Lutchmenarraidoo has a two-year fixed term contract ending on 31 December 2012.

2.2 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 and in which a director was materially interested, either directly or indirectly.

2.3 Changes in Directorship

- Mr Jacques de Navacelle resigned as director in March 2011.
- Mr Lakshmana Lutchmenarraidoo was appointed as director in April 2011.
- Messrs Gérard de Rauville and Olivier Maurel were appointed as director and alternate director, respectively, in June 2011.

2.4 Directorships in other Listed Companies and subsidiaries of listed companies

The directorships held by the Board Members of MUA in other listed companies as at 31 December 2011 are shown in the table below:

Director Listed Companies

Mr. Vincent Ah Chuen POLICY Ltd, Les Moulins de La Concorde Ltée, ABC Motors Co Ltd,

Mr. Bruno de Froberville Mauritius Freeport Development

Mr. Gérard de Rauville Zurich Insurance Company South Africa Limited

Mr. Dominique Galea United Docks Ltd, Forges Tardieu Ltd

Mrs. Priscilla Balgobin-Bhoyrul, Mrs. Mélanie Faugier, Messrs. Lakshmana Lutchmenarraidoo, Lawrence Poisson and Arjoon Suddhoo are not directors of other listed companies or subsidiaries of other listed companies.

2.5 Directors' Interests in Shares of the Company

The direct and indirect interests of the directors in the ordinary shares of the Company as at 31 December 2011, together with their classification, are set out in the table below:

Directors	Classification	Number of Shares			
Directors	Classification	Direct	Indirect		
Mr.Vincent Ah-Chuen	Independent Non-executive	158,387	165,753		
Mrs. Priscilla Balgobin-Bhoyrul	Independent Non-executive	500	-		
Mr. Bruno de Froberville	Independent Non-executive	500	358,859		
Mr. Gérard de Rauville	Independent Non-executive	1,000	-		
Mrs. Mélanie Faugier	Independent Non-executive	500	1,087,830		
Mr. Dominique Galea	Independent Non-executive	500	1,841,987		
Mr. Lakshmana Lutchmenarraidoo	Executive	3,000	_		
Mr. Lawrence Poisson	Independent Non-executive	200,905	-		
Mr. Arjoon Suddhoo	Independent Non-executive	500	_		

2.6 Related Party Transactions

For related party transactions, please refer to Note 38 of the Financial Statements.

2.7 Directors' dealings 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:

- Mr Dominique Galea sold 1,448,668 shares
- Mr Gérard de Rauville purchased 1,000 shares
- Mr Lakshmana Lutchmenarraidoo purchased 2,000 shares

3. Committees of the Board

Three committees of the Board have been constituted, namely an Audit & Risk Committee, an Investment Committee and a Corporate Governance, Nomination & Remuneration Committee.

These committees were set up in order to assist the directors in discharging their duties through a comprehensive evaluation of specific issues. They may seek any information that may be required 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 that they consider necessary to perform their duties.

3.1 Audit & Risk Committee

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 within the remit of the internal and external audits, with the exclusion of legal risks
- the reliability and accuracy of financial information provided to management and other users of financial statements
- the company's compliance with regulatory requirements with regard to both financial and non-financial matters
- the scope and results of the external audit, its cost effectiveness, independence and objectivity
- the nature and extent of non-audit services provided by external auditors

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.

Members of the Audit & Risk Committee are:

- Mr. Vincent Ah Chuen (Chairman)
- Mr. Bruno de Froberville
- Mr. Gérard de Rauville
- Mrs. Mélanie Faugier

Mr. Gilbert Poisson is the secretary of the committee. External and Internal Auditors attend meetings when required.

3.2 Corporate Governance, Nomination & Remuneration Committee

The Corporate Governance, Nomination & Remuneration Committee is appointed by the Board and consists of a Chairman who is an independent non-executive director and at least two members. The committee must have a majority of independent non-executive directors.

- It is responsible for implementing the Code of Corporate Governance for Mauritius (the Code) throughout the Company and ensuring that the reporting requirements on corporate governance are made in accordance with the principles enunciated in the Code. It makes recommendations to the board on the appointment of new executives, non-executive directors and senior management and advises on the composition of the board in general and the balance between executive and nonexecutive directors appointed to the board.
- The committee makes recommendations on the company's general policy on executive, non-executive, independent non-executive directors' fees and senior management remuneration.

Members of the Corporate Governance, Nomination & Remuneration Committee as at 31 December 2011 were:

- Mr. Lawrence Poisson (Chairman)
- Mr. Lakshmana Lutchmenarraidoo
- Mr. Dominique Galea
- Mr. Arjoon Suddhoo
- Mr. Gilbert Poisson Secretary

3.3 Investment Committee

The Investment Committee is appointed by the Board and consists of a Chairman who is an independent non-executive director and at least two members. The main objectives are to:

- Devise the group investment strategy
- Define the investment philosophy and specific investment objectives of the Group consistent with this strategy
- Define responsibilities with regard to the management of the Group investment portfolio
- Determine appropriate levels of investment risk which the Group is prepared to accept with the broader guidelines set by the MUA Risk Policy and the Board
- Determine capital allocation criteria
- Determine appropriate benchmarks for the measurement of performance

While the board is ultimately responsible for ensuring that the appropriate structure and process are in place to effectively manage capital and treasury risk, the Investment Committee decides on the appropriate asset allocation, on portfolio construction and asset manager selection (where applicable) in order to achieve the goals set out in the investment strategy.

The Investment Committee, in consultation with the investment advisors, is responsible for the regular review of the overall investment strategy and the submission of appropriate recommendations to the Board for consideration.

The Committee met once in 2011. Its members are:

- Mr Gérard de Rauville (Chairman)
- Mr Laval Foo-Kune
- Mr Dominique Galea
- Mr Lakshmana Lutchmenarraidoo
- Mr. Gilbert Poisson Secretary

3.4 Directors' attendance at board meetings and committees of the Board

Directors	Board meetings	Audit & Risk Committee	Corporate Governance Committee	Investment Committee
Mr.Vincent Ah-Chuen	10 out of 10	5 out of 5	-	
Mrs. Priscilla Balgobin-Bhoyrul	6 out of 10	-	-	
Mr. Bruno de Froberville	9 out of 10	3 out of 3	-	
Mr. Gérard de Rauville	5 out of 7	2 out of 3	-	I out of I
Mrs. Mélanie Faugier	8 out of 10	4 out of 5	-	
Mr. Dominique Galea	10 out of 10	-	2 out of 2	I out of I
Mr. Lakshmana Lutchmenarraidoo	8 out of 8		I out of I	I out of I
Mr. Lawrence Poisson	10 out of 10	-	2 out of 2	
Mr. Arjoon Suddhoo	8 out of 10	-	2 out of 2	

3.5 Directors' remuneration whilst in office

Directors	remuneratio Com Rs '	pany	remuneration from Subsidiaries Rs '000		
	2011	2010	2011	2010	
Mr Vincent Ah Chuen	280	250	-	12	
Mrs Priscilla Balgobin-Bhoyrul	180	180	-	-	
Mr Pierre de Chasteigner du Mée	-	90	-	668	
Mr Manickchand Beejan	-	-	140	-	
Mr Jacques de Navacelle	65	10,980	-	12	
Mr Bruno de Froberville	180	60	-	-	
Mr Gérard de Rauville	90	-	-	-	
Mr Antoine Delaporte	-	340	-	-	
Mrs Mélanie Faugier	250	75	45	-	
Mr Dominique Galea	550	200	-	-	
Mr Jérôme Lagesse	-	160	-	-	
Mr Lakshmana Lutchmenarraidoo	5,495	-	-	-	
Mr Lawrence Poisson	280	75	-	-	
Mr Pierre-Yves Pougnet	-	205	-	12	
Mr Georges A. Robert	-	160	-	11	
Mr Axel Roussety	-	90	40	-	
Mr Arjoon Suddhoo	215	60	-	-	
TOTAL	7,585	12,925	225	715	

4. Directors' remuneration policy

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

The remuneration policy is based on transparency and merit while performance-based reward is at the heart of organisational culture.

5. Shareholding

- In accordance with the Constitution of the Company, no shareholder can hold more than 5% of the issued share capital of the Company without the prior authorisation of the Board of Directors.
- As at 31 December 2011, the following shareholders owned more than 5% of the issued share capital:
 - Ducray-Lenoir Investments Ltd 10.06%
 - Devlin Investments Ltd 7.5%
 - Société Robert de Froberville 7.16%
- There are no restrictions on the transfer of fully paid-up shares.
- There are no pre-emptive rights attached to the shares.

5.1 Distribution of shareholding at 31 December 2011

No. of shares	No. of shareholders	No. of shares owned	% of total issued shares
I – 5,000	1,038	1,076,789	5.37%
5,001 - 50,000	242	3,799,229	18.95%
50,001 - 100,000	27	1,994,928	9.95%
100,001 - 250,000	22	3,037,299	15.15%
250,001 - 500,000	5	1,586,830	7.9%
500,001 - 20,040,000	7	8,544,925	42.64%
TOTAL	1,341	20,040,000	100.00%

6. Common Directors at 31 December 2011

		LEGAL ENTITY									
Directors	Mauritius Union	Assurances Cy. Ltd	La Prudence (Mauricienne) Assurances Ltée	Associated Brokers Ltd	Feber Associates Ltd	National Mutual Fund Ltd	Fondation Mauritius Union Ltd	Cie du Decadel Ltée	Risk Advisory Services Ltd	Prudence Properties Ltd	Prudence Realty Ltd
Mr Vincent Ah Chuen	•		•	•							
Mr Dominique Autard			•								
Mrs Priscilla Balgobin-Bhoyrul	•										
Mr Manickchand Beejan			•		•	•		•	•	•	•
Mr Bruno de Froberville	•										
Mr Gérard de Rauville	•										
Mrs Mélanie Faugier	•				•	•					
Mr Dominique Galea	•		•	•							
Mr Lakshmana Lutchmenarraidoo	•		•	•	•	•	•	•	•	•	•
Mr Gilbert Poisson			•			•					
Mr Lawrence Poisson	•		•	•			•				
Mr Axel Roussety			•								
Mr Arjoon Suddhoo	•										

7. Shareholders' Agreement

The Company is not aware of any shareholders' agreement.

8. Management Agreement

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

9. Dividend Policy

The payment of dividends is subject to the profitability of the Company, to its cash flow and to its capital expenditure requirements.

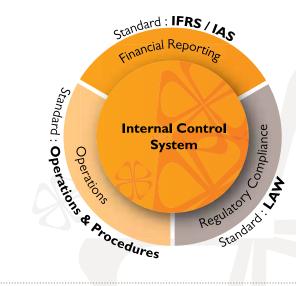
10. Share Option

The Company has no share option plan.

11. Internal Audit

The function of the internal audit is to provide assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management. Internal auditors are independent appraisers of existing controls. For this reason, the department recommends but does not design and implement controls.

It should be noted that part of its responsibility namely regulatory compliance and effectiveness of operations, has been delegated to the Risk & Compliance department while the Internal Audit department focuses on financial reporting, efficiency of operations and auditing of risk & compliance activities. An overview of the company's internal control system is depicted hereunder:



Our in-house internal audit team carries out the internal audit. The scope of their work To strengthen control, a Risk Management Framework has been implemented to: encompasses

- · identify risk areas and evaluate the level of risk for each risk area
- review internal control processes and make appropriate recommendations thereon to the Audit & Risk Committee and to the Management
- · monitor the implementation of the recommendations and report on these to the audit committee

They carried out nine internal audit reviews during 2011.

11.1 Reporting Lines

The internal audit derives its authority from the Board through the Audit & Risk Committee. 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.

11.2 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 is congruent with the degree of risk attributable to the area being audited.

11.3 Restrictions

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

12. 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 taking into account 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.

- · Ensure that all material risks are identified and reported to management, to the Audit & Risk Committee, and to the Board
- that mitigation activities are developed, communicated, agreed upon and measured to ensure objectives are achieved
- · ensure continuous identification of new risks that may arise so as to implement the required mitigating controls

The following risk areas have been identified for the Company:

12.1 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.

The Company's underwriting strategy attempts to ensure that the underwritten risks are acceptable, well priced and diversified in type, magnitude of risk and industry. The processing of statistics by specialised computer software proves of considerable help in assessing and reviewing 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. The maximum loss for a given risk that the Company may suffer in any one year is thus predetermined through effective proportional, excess of loss, catastrophe and facultative reinsurance covers.

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 about 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.

12.2 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 a number of deposits, equity investments, property investments and bank balances denominated in foreign currencies and is primarily exposed to fluctuations of the United States dollar, of the euro and of the British Pound. 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 that is chaired by the Chief Executive Officer. The Legal Department closely monitors payment procedures and debt recovery through appropriate legal action if necessary.

(iii) Liquidity risk

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

(iv) Market risk

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

(v) Reinsurers' default

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

12.3 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. One or more of the following may cause such losses:

(a) Human Resources Risk

Such risk stems from the fact that staff members entrusted with the management and control of various stages of the business process chain lack the requisite knowledge, skills and experience needed to ensure that critical business objectives are achieved and that significant business risks are reduced to an acceptable level. An internal training programme has been initiated to minimise such risk and external training is also provided with the same objective in mind.

(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 monitors such matters.

(c) Business Interruption Risk

The Company's capability to operate normally is highly dependent on the availability of information technology, of skilled labour and of other resources. If people with the requisite experience and skills or other key resources were unavailable or if critical systems happened to break down, the Company would experience difficulty in transacting business. A business continuity plan has been devised which is based on the duplication of our records and information systems on back-up servers at a remote location. Insurance transactions are updated daily to these servers, through the Mauritius Telecom frame relay network. Full customer service can be delivered from the remote 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. Such events can cause significant damage to the Company's reputation, profitability, future business and market share. The Customer Complaints Handling Unit oversees these risks.

(e) Health and Safety Risk

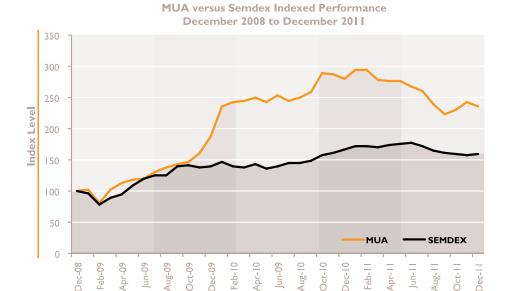
Worker health and safety risks are significant if unchecked because they can expose the Company to substantial liability in respect of workers' compensation. Noncompliance with Health and Safety Legislation may result in heavy fines. The Health and Safety Committee ensures that these risks are minimised through control, follow-up and communication procedures. The Human Resources Department ensures compliance with labour laws.

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

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

13. Share Price Information

The chart below shows the evolution of the MUA share price as compared to the Mauritius Stock Exchange Index (Semdex)



The Mauritius Union Assurance Company Limited • Annual Report 2011

14. Charitable Donations

Charitable donations were made by the Company during the year to 13 recipients for an amount of Rs834,445 as compared to Rs1,243,067.56 in 2010. These donations were channeled through Fondation Mauritius Union Ltd which handles the Group's CSR activities, as detailed in section 17.3.

This year's actions were again centered on the fight against poverty.

No charitable donations were made by subsidiaries.

15. Political Donations

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

16. Auditors' Remuneration

	GRO	OUP	COMPANY		
	2011	2010	2011	2010	
Audit fees paid to:	Rs'000	RS'000	Rs'000	RS'000	
- Ernst & Young	2,294	-	995	-	
- BDO & Co		650	-	518	
- Other firms	-	1,349	-	-	
Fees paid for other services provided by - Ernst & Young	581		196		
Details:			.,,		
Tax computation fees	380	-	81	-	
• Review of the annual statutory return to the FSC	201	-	115	-	
- BDO & Co Details:	-	1,511		1,511	
Advisory services		179		179	
Tax computation fees	-	93		78	
Audit of the annual statutory return to the FSC	-	104		104	
Financial due diligence		1,150		1,150	
- Other firms Details:	-	159	-	-	
• Tax computation fees	-	159	-	-	

17. 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 recognised as a way for a company to strike a right balance between economic, environmental, and social integration, often through commitment and activities that extend beyond compliance with legislation.

In this respect, the Fondation Mauritius Union Limited was incorporated on 14 October 2010 and received official Corporate Social Responsibility (CSR) Accreditation from the National Empowerment Foundation in December 2010. Using the Fondation as a special purpose vehicle, we are now able to execute our CSR projects in a more efficient and structured manner, thereby contributing to the betterment of the community.

17.1 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 cognizance of the Code and have pledged to abide by its contents.

17.2 Environment, Health & Safety

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

A Health and Safety procedure has been formulated and posted on MUA's intranet. It explains and demonstrates the Company's attitude towards health and safety as well as the steps, arrangements and systems the Company has put 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.

CORPORATE GOVERNANCE REPORT

The security and comfort of employees posted in branches is also taken into account. There are regular visits to branches. Risk assessment and ergonomics reports are generated to ensure that the working environment remains a safe and healthy one.

Employees also get regular training on the handling of fire extinguishers, on evacuation simulation exercises and first aid care. Activities such as eye check-up and corporate massage sessions were organized for the benefit of staff.

17.3 Corporate Social Responsibility

CSR activities were guided for the most part by the Company's corporate mission statement and values.

Initiatives in that context were once again geared towards poverty alleviation and the fight against social injustice in specific parts of the island. We also extended our support to needy constituents living in Rodrigues through Caritas Rodrigues.

Some of the CSR activities for 2011 are given below:

- · Education and poverty alleviation -
 - Stanley ZEP Government School Support to educational materials and activities
 - Pointes aux Sables ZEP Government School
 - CARITAS Rodrigues Projet d'accompagnement scolaire
 - Sa Nou Vize Centre Educational programmes for more than 60 needy children attending school
 - L'Etoile Du Berger
- Health and Sport-
 - EDYCS Logistical support to the Epilepsy Educational Centre and rehabilitation centre
 - Trust Fund For Excellence in Sport
- Training and Empowerment
 - St Gabriel College Supporting the college fees for 6 students living in absolute poverty to pursue prevocational courses
 - Association des Malades et Handicapés de L'Est Centre Joie de Vivre through the Circle Charitable trust
 - Centre de solidarité pour une nouvelle vie

Actions by the Fondation Mauritius Union Ltd in 2012 will be based on an open-source approach by conducting a three-phase process: **hear, create and deliver**. We shall raise awareness of each employee with regard to CSR and continually work to improve the impact in the daily life of needy people of our community through small actions that makes a great difference.

18. Time-table of important upcoming events

15 June 2012 29 June 2012	Payment of Interim Dividends Annual Meeting of Shareholders
13 August 2012	Publication of unaudited accounts for quarter ended 30 June 2012
14 November 2012 14 November 2012	Declaration of Final Dividends Publication of unaudited accounts for quarter ended 30 September 2012
18 December 2012	Payment of Final Dividends

19. Directors' Statement of Responsibilities

19.1 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
- Made judgments and estimates that are reasonable and prudent
- Prepared the financial statements on a going concern basis
- Kept proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company
- Taken appropriate measures to safeguard the assets of the Company through the application of appropriate internal control and risk management systems and procedures
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

19.2 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 and a risk and compliance function have 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 Committee.

19.3 Risk Management

Through the Audit & Risk Committee, Directors are made aware of the risk areas that 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 10 May 2012 and signed on its behalf by:

Consission

Dominique Galea Chairman

Lakshmana Lutchmenarraidoo Chief Executive Officer

Gilbert Poisson
Company Secretary





SECRETARY'S CERTIFICATE

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

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

Gilbert Poisson

Company Secretary

10 May 2012

AUDITOR'S REPORT

Report on the Financial Statements

We have audited the consolidated financial statements of The Mauritius Union Assurance Company Limited (the "Company") and its subsidiaries (together referred to as the "Group") on pages 70 to 139 which comprise the statements of financial position as at December 31, 2011 and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 70 to 139 give a true and fair view of the financial position of the Group and of the Company as at December 31, 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing. the requirement of the Code.

Insurance Act 2005

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

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 advisors, and dealings in the ordinary course of business.

We have obtained all the 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 requirement of the Code.

Insurance Act 2005

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

ERNST & YOUNG

Ebène, Mauritius

PATRICK NGTSEUNG, A.C.A

Date: 30 March 2012



		THE GR	OUP	THE COMPANY		
ASSETS	Notes	2011	2010	2011	2010	
Non-Current Assets		Rs'000	RS'000	Rs'000	RS'000	
Property and equipment	5	299,496	218,584	211,328	27,485	
Investment properties	6	190,053	257,000	74,000	_	
Intangible assets	7	567,750	588,879	354,270	9,601	
Investment in subsidiary companies	8	-	-	217,900	877,299	
Financial assets	9	4,712,208	4,420,344	888,846	600,909	
Loans and receivables	10	856,485	671,458	146,545	64,683	
Deferred tax assets	17	119,059	31,668	119,059	5,756	
Retirement benefit assets	18	-	1,798	-	-	
		6,745,051	6,189,731	2,011,948	1,585,733	
Current Assets						
Financial assets	9	58,741	142,929	10,800	50,673	
Loans and receivables	10	89,598	107,824	36,248	19,225	
Insurance and other receivables	11	462,719	385,422	353,046	176,628	
Prepayments		4,031	977	4,031	977	
Deferred acquisition costs receivable		57,752	38,232	57,752	38,232	
Amount receivable from subsidiary		-	-	10,732	-	
Reinsurance assets	12	292,875	397,058	292,875	219,515	
Cash and cash equivalents	37(b)	411,193	680,149	179,433	148,234	
		1,376,909	1,752,591	944,917	653,484	
Assets of disposal group classified as held-for-sale	14	-	5,878	-	3,385,266	
Total Assets		8,121,960	7,948,200	2,956,865	5,624,483	

		THE GR	OUP	THE COMPANY		
EQUITY AND LIABILITIES	Notes	2010	2009	2010	2009	
Equity attributable to equity holders of the parent		Rs'000	RS'000	Rs'000	RS'000	
Issued share capital	15	200,400	200,400	200,400	200,400	
Reserves		1,147,712	854,496	965,412	803,011	
Non-distributable share of Life surplus		19,450	46,129	-	46,129	
Total ordinary shareholders' equity		1,367,562	1,101,025	1,165,812	1,049,540	
Non-controlling interests		5,784	6,095	-	-	
Total equity		1,373,346	1,107,120	1,165,812	1,049,540	
Technical Provisions						
Life assurance fund	16	4,890,975	4.855.650			
Insurance contract liabilities	12	1,434,276	1,603,784	1,434,276	1,102,755	
modrance conditace habilities		6,325,251	6,459,434	1,434,276	1,102,755	
Non-Current Liabilities		0,323,231	0, 137, 131	1,737,270	1,102,733	
Borrowings	19	180,993	_	180,993	_	
Deferred tax liabilities	17	18,735	85,067		5,756	
Retirement benefit obligations	18	7,006	1,237	7,006	_	
		206,734	86,304	187,999	5,756	
Current Liabilities						
Borrowings	19	24,297	2,487	16,248	2,487	
Trade and other payables	20	155,820	271,193	116,400	88,923	
Deferred acquisition costs payable		30,476	14,947	30,476	14,947	
Current tax liabilities		6,036	6,715	5,654	5,365	
		216,629	295,342	168,778	111,722	
Liabilities of disposal group classified as held-for-sale	14	-		-	3,354,710	
Total Equity and Liabilities		8,121,960	7,948,200	2,956,865	5,624,483	

DIRECTORS

These financial statements have been approved for issue by the Board of Directors on March 30, 2012:

The notes on pages 70 to 139 form an integral part of these financial statements.

Auditors' report on pages 58 and 59.

		THE GROUP		THE COMPANY		
	Notes	2011	2010	2011	2010	
Continuing enerations		Rs'000	RS'000	Rs'000	RS'000	
Continuing operations: Gross Premiums earned	22	2,040,096	1,812,535	1,418,537	905,732	
Premiums ceded to reinsurers	22	(310,849)	(325,746)	(261,575)	(163,832)	
Net earned premiums		1,729,247	1,486,789	1,156,962	741,900	
Net carried premiums	22	1,727,277	1,700,707	1,130,702	711,700	
Fees and commission income		98,213	74,000	79,736	40,019	
Investment income	23	308,460	252,926	506,118	57,246	
Realised gains	24	18,508	434,397	18,366	386,073	
Unrealised gains and losses	25	(174,855)	289.913	-	_	
Other operating revenue	26	38,960	42,698	1,897	1,539	
Total revenue		2,018,533	2,580,723	1,763,079	1,226,777	
Gross claims paid	13	(1,326,759)	(916,543)	(969,356)	(437,021)	
Claims ceded to reinsurers	13	121,172	72,026	108,946	34,558	
Gross change in contract liabilities	13	235,716	(709,735)	271,041	(185,455)	
Change in contract liabilities ceded to reinsurers	13	(118,586)	(80,504)	(118,586)	(83,964)	
Net claims and benefits		(1,088,457)	(1,634,756)	(707,955)	(671,882)	
Commission and brokerage fees payable		(151,516)	(152,800)	(125,186)	(91,427)	
Other operating and administrative expenses	27	(466,437)	(402,894)	(302,853)	(152,607)	
Impairment of subsidiaries	8	(100,101)	(102,071)	(379,435)	(102,007)	
Total claims, benefits and other expenses		(1,706,410)	(2,190,450)	(1,515,429)	(915,916)	
			,		,	
Profit from operations		312,123	390,273	247,650	310,861	
Finance costs	28	(10,543)		(10,381)	(1,098)	
Profit before tax		301,580	390,273	237,269	309,763	
Income tax credit/ (expense)	21	153,965	(19,230)	117,173	(11,321)	
Profit for the year from continuing operations		455,545	371,043	354,442	298,442	
Discourtismed assertions						
Discontinued operations: Surplus for the year from life business	29				350 504	
Transfer to life assurance fund	27	-	-	-	358,594 (358,594)	
Profit for the year		455,545	371,043	354,442	298,442	
Front for the year	_	433,343	371,043	334,442	270,442	
Attributable to :						
Equity holders of the parent		454,888	369,835			
Non-controlling interests		657	1,208			
		455,545	371,043			
Basic and diluted earnings per share (Rs/cs)	36	22.70	18.45			

The notes on pages 70 to 139 form an integral part of these financial statements. Auditors' report on pages 58 and 59.

STATEMENTS OF COMPREHENSIVE INCOME FOR YEAR ENDED DECEMBER 31, 2011

		THE	GROUP	THE CO	MPANY
	Notes	2011	2010	2011	2010
		Rs'000	RS'000	Rs'000	RS'000
Net Profit for the year Other comprehensive Income:		455,545	371,043	354,442	298,442
(Decrease)/increase in fair value of available-for-sale financial assets	9(a)	(72,663)	(17,001)	(71,509)	9,474
Release from fair value reserve on disposal of available-for-sale financial assets		(16,761)	(416,427)	(15,811)	(415,345)
Revaluation of property and equipment		3,475	994	2,460	-
Deferred tax on revaluation of property, plant and equipment		(2,666)	_	-	
Other comprehensive income for the year - net of tax		(88,615)	(432,434)	(84,860)	(405,871)
Total comprehensive income for the year		366,930	(61,391)	269,582	(107,429)
Attributable to :					
Equity holders of the parent		366,727	(62,933)	269,582	(107,429)
Non-controlling interests		203	1,542	-	
		366,930	(61,391)	269,582	(107,429)

Attributable to owners of the Parent

THE GROUP	Notes	Share Capital Rs'000	Revaluation Reserves Rs'000	Currency Translation Reserves	Fair value Reserve on available-for- sale financial assets Rs'000	Retained Earnings Rs'000	Total Reserve Rs'000	Non- distributable share of Life Surplus*	Non-controlling Interests	TOTAL Rs'000
Balance at January 1, 2011		200,400	333	-	41,685	812,478	854,496	46,129	6,095	1,107,120
Net profit for the year		-	-	-	-	454,888	454,888	-	657	455,545
Other comprehensive income			809		(88,970)		(88,161)		(454)	(88,615)
Total comprehensive income		-	809	-	(88,970)	454,888	366,727	-	203	366,930
Movement in reserves Transfer of distributable share of Life Surplus Dividends Balance at December 31, 2011	32	200,400	1,142	-	(74)	84 26,679 (100,200) 1,193,929	10 26,679 (100,200) 1,147,712	(26,679) - 19,450	(517) 5,784	(100,717) 1,373,346
Balance at January 1, 2010		200,400	-	1,047	475,437	496,506	972,990	56,861	5,241	1,235,492
Net profit for the year		-	-	-	-	369,835	369,835	-	1,208	371,043
Other comprehensive income			994		(433,762)		(432,768)		334	(432,434)
Total comprehensive income		_	994	_	(433,762)	369,835	(62,933)		1,542	(61,391)
Movement in reserves		-	(661)	(1,047)	10	1,096	(602)	2,834	3	2,235
Transfer of distributable share of Life Surplus		-	-	-	-	13,566	13,566	(13,566)	-	-
Transfer of revaluation reserves from Life Fund		-	-	-	-	19,651	19,651	-	-	19,651
Dividends	32					(88,176)	(88,176)		(691)	(88,867)
Balance at December 31, 2010		200,400	333		41,685	812,478	854,496	46,129	6,095	1,107,120

^{*} See note 34.

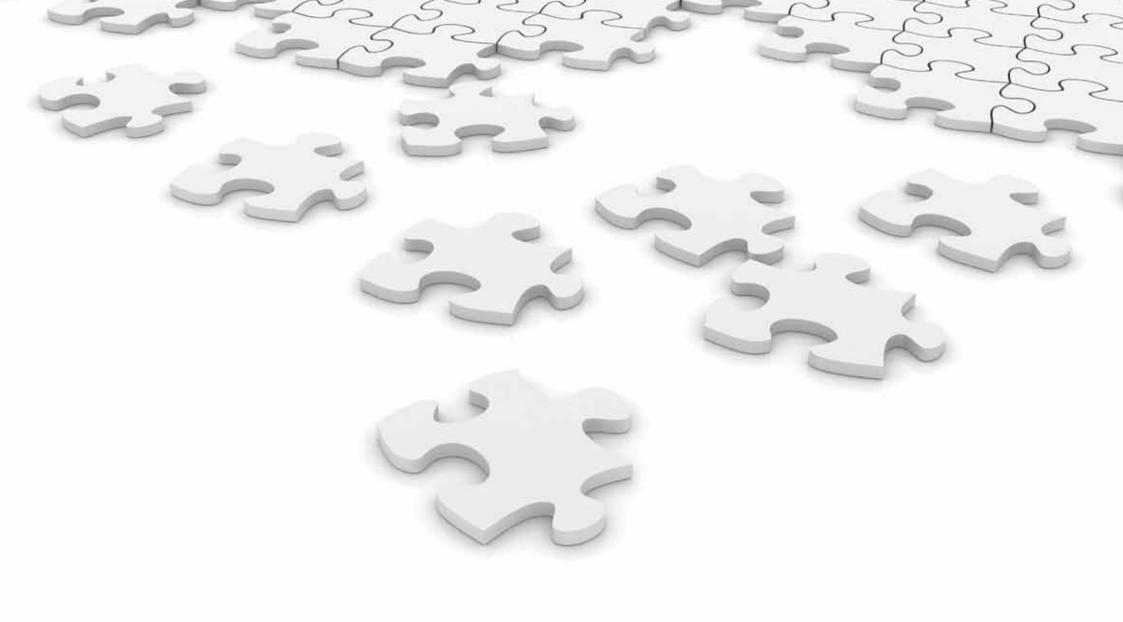
The notes on pages 70 to 139 form an integral part of these financial statements. Auditors' report on pages 58 and 59.

	Notes	Issued Share Capital	Revaluation Reserves	Fair value Reserve on available-for- sale financial assets	Retained Earnings	Total Reserve	Non- distributable share of Life Surplus*	TOTAL
THE COMPANY		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2011 Net profit for the year Other comprehensive income Total comprehensive income Transfer to Subsidiary * Restructuring adjustment Dividends		200,400	- - 2,460	66,917 - (87,320)	736,094 354,442	803,011 354,442 (84,860)	46,129	1,049,540 354,442 (84,860)
	32	-	2,460	(87,320)	(6,981) (100,200)	269,582 (6,981) (100,200)	(46,129)	269,582 (46,129) (6,981)
Balance at December 31, 2011	32	200,400	2,460	(20,403)	983,355	965,412		1,165,812
Balance at January 1, 2010 Net profit for the year Other comprehensive income		200,400	-	472,788 - (405,871)	492,611 298,442	965,399 298,442 (405,871)	56,861	1,222,660 298,442 (405,871)
Total comprehensive income		-	-	(405,871)	298,442	(107,429)		(107,429)
Movement in reserves Transfer of distributable share of Life Surplus		-	-	-	13,566	13,566	2,834 (13,566)	2,834
Transfer of revaluation reserves from Life Fund Dividends	32	-	-	-	19,651 (88,176)	19,651 (88,176)	=	19,651 (88,176)
Balance at December 31, 2010	32	200,400		66,917	736,094	803,011	46,129	1,049,540

^(*) As from January 1, 2011, the Company operates only in the General Insurance business. Consequently the Non distributable share of Life Surplus relating to the Life Insurance business as at December 31, 2010 had been transferred to its subsidiary La Prudence Mauricienne Assurance Limitee.

THE GR	OUP	THE COMPANY		
2011	2010	2011	2010	
Rs'000	RS'000	Rs'000	RS'000	
264,848	341,651	27,190	147,385	
103,883 176,806 (10,543) (1,961) 533,033	86,257 108,549 - (10,604) 525,853	422,219 40,840 (10,381) - 479,868	13,784 35,227 (1,098) (8,456) 186,842	
43,451 487,687 1,601 - (32,693) - (11,061) (991,596) - 179,833 (356,069) (25,000) (703,847)	3,405 1,645,831 - 1,114 (31,475) - (11,548) (1,170,769) (528,687) 133,073 (214,633)	42,871 137,116 70,753 - (189,469) (74,000) (7,191) (199,802) (425) 36,250 (135,952) (25,000) (344,849)	853 1,000,749 - 557 (15,637) - (5,070) (293,798) (800,000) 16,755 (32,661)	
(100,200) (143) (100,343) (271,157) 677,662 (271,157) (3,361)	(88,176) (691) (88,867) 263,297 414,835 263,297 (470)	(100,200) - (100,200) 34,819 145,747 34,819 (1,133)	(88,176) (88,176) (29,586) 175,213 (29,586) 120 145,747	
	2011 Rs'000 264,848 103,883 176,806 (10,543) (1,961) 533,033 43,451 487,687 1,601 - (32,693) - (11,061) (991,596) - 179,833 (356,069) (25,000) (703,847) (100,200) (143) (100,343) (271,157)	Rs'000 RS'000	2011 2010 Rs'000 Rs'000 RS'000 Rs'000 264,848 341,651 27,190 103,883 86,257 422,219 176,806 108,549 40,840 (10,543) - (10,381) (1,961) (10,604) - 533,033 525,853 479,868 43,451 3,405 42,871 487,687 1,645,831 137,116 1,601 - 70,753 - 1,114 - (32,693) (31,475) (189,469) - - (74,000) (11,061) (11,548) (7,191) (991,596) (1,170,769) (199,802) - (528,687) (425) 179,833 133,073 36,250 (356,069) (214,633) (135,952) (25,000) - (25,000) (703,847) (173,689) (344,849) (100,200) (88,176) (100,200)	









NOTES TO THE FINANCIAL STATEMENTS



I. CORPORATE INFORMATION AND ACTIVITIES

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.

Following changes in the insurance legislation , whereby an insurance company cannot undertake both life (long term) and non life business (short term), as from January 1, 2011, the company's principal activity was to transact only in short term insurance business. The life business of the Company was transferred to La Prudence Mauricienne Limitee , (LPM) one of the company's subsidiary companies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost basis as modified by the revaluation of land and buildings, available for sale investments and investment properties which are stated at their fair value as disclosed in the accounting policies hereafter.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Companies Act 2001. Where necessary, comparative figures have been ammended to conform with changes in presentation in the current year.

Financial assets and financial liabilities are offset and the net amount reported in the statement of the financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expense will not be offset in the profit or loss unless specifically disclosed in the accounting policies of the Group.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Basis of consolidation

The consolidated financial statements comprise the financial statements of The Mauritius Union Assurance Company Limited and its subsidiaries as at December 31, 2011.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, income and expenses, unrealised gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Derecognises the cumulative translation differences, recorded in equity
- · Recognises the fair value of the consideration received
- · Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

In comparison to the above mentioned requirements which were applied on a prospective basis, the following differences applied:

- Non-controlling interests represented the portion of profit or loss and net assets that were not held by the Group and were presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from the parent shareholders' equity. Acquisitions of non-controlling interests were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS adopted in the year commencing I January 2011:

IAS 24 Related Party Disclosures (amendments) effective I January 2011

Improvements to IFRS's (May 2010)

The adoption of the standards or interpretations is described below:

IAS 24 Related Party Transaction (Amendments)

The definition of a related party has been clarified to simplify the identification of related party relationships, particularly in relation to significant influence and joint control. A partial exemption from the disclosures has been included for government-related entities and for these entities, the general disclosure requirements of IAS 24 shall not apply. Instead, alternative disclosures are required. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

Improvements to IFRS's

In May 2010, the IASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard.

The adoption of the following amendments resulted in changes to presentation and disclosure and to accounting policies but no impact on the financial position or performance of the Group.

IAS I Presentation of Financial Statements: The amendment clarifies that an entity may present an analysis of each component of other comprehensive income either in the statement of changes in equity or in the notes to the financial statement.

Other amendments resulting from Improvements to IFRS's to the following standards and interpretations did not have any impact on the accounting policies, financial position or performance of the Group.

IFRS 3 Business Combinations (Contingent consideration arising from business combination prior to adoption of IFRS 3 (as revised in 2008))

IFRS 3 Business Combinations (Un-replaced and voluntarily replaced share-based payment awards)

IAS 27 Consolidated and Separate Financial Statements

IAS 34 Interim Financial Statement

IFRIC 13 Loyalty Programmes (determining the fair value of award credits)

2.3 Standards issued but not yet effective

The following standards, amendments to existing standards and interpretations were in issue but not yet effective. They are mandatory for accounting periods beginning on the specified dates, but the Group has not early adopted them:

IFRS I First-time Adoption of International Financial Reporting Standards (Amendment) - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters- Effective as from July 2011

The amendment provides that, when an entity's date of transition to IFRS is on, or after, the date its functional currency ceases to be subject to hyperinflation, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date that were subject to severe hyperinflation, at fair value, on the date of transition to IFRS. This fair value may be deemed cost of those assets and

liabilities in the opening IFRS statement of financial position. A further amendment to the Standard is the removal of the legacy fixed dates in IFRS I relating to derecognition and day one gain or loss transactions have also been removed. The standard now has these dates coinciding with the date of transition to IFRS. The amendments may be applied earlier than the effective date. This standard is not applicable to the Group.

IFRS 7 Financial Instruments: Disclosures (Amendment) – Effective as from July 2011

The amendment requires additional qualitative and quantitative disclosures relating to transfers of financial assets, where financial assets are derecognised in their entirety, but where the entity has a continuing involvement in them and, secondly, where financial assets are not derecognised in their entirety. The amendments may be applied earlier than the effective date and this fact must be disclosed. Comparative disclosures are not required for any period beginning before the effective date. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

2.3 Standards issued but not yet effective (Cont'd)

IFRS 7 Financial Instruments: Disclosures- Effective as from Jan 2013

Common disclosure requirements were issued that are intended to help investors and other users to better assess the effect or potential effect of offsetting arrangements on a company's financial position. The new requirements are set out in Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). As part of that project the IASB also clarified aspects of IAS 32 Financial Instruments: Presentation. The amendments address consistencies in current practice when applying the requirements. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

IFRS 9 Financial Instruments- Effective as from January 2013 and January 2015

The Standard covers the classification and measurement of financial assets, as the first part of its project to replace IAS 39. The adoption of the first part will have an effect on the classification and measurement of the Group's financial assets.

IFRS 9 Financial Instruments - Classification and measurement of financial assets, Accounting for financial liabilities and derecognition- Effective as from January 2015

The mandatory effective date of IFRS 9 has been deferred to I January 2015. The amendments also provide relief from restating comparative information and require disclosures (in IFRS 7) to enable users of financial statements to understand the effect of beginning to apply IFRS 9. The Group has not assessed the impact that this standard will have on the financial position and performance.

IFRS 10 Consolidated Financial Statements- Effective as from January 2013

The Standard replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities (including special purpose entities or 'structured entities' as they are now referred to in the new standards, or 'variable interest entities'). The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent which may imply changes in entities within a group. This Group is still considering the impact of the new standard.

IFRS 11 Joint Arrangements- Effective January 2013

The Standard supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities - Non-monetary Contributions by Venturers. IFRS 11 uses some of the terms that were used in IAS 31, but with different meanings and describes the accounting for a 'joint arrangement'. The core principle of IFRS 11 is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. This application of this standard will not have any impact on the financial position of the Group.

IFRS 12 Disclosure of Interests in Other Entities- Effective January 2013

The Standard combines the disclosure requirements for an entity's interests in subsidiaries, joint arrangements, associates and structures entities into one comprehensive disclosure standard. Many of the disclosure requirements were previously in IAS 27, 28 and 31, while others are new. The objective of IFRS 12 is for an entity to disclose information that helps users of its financial statements evaluate (i) the nature of, and risks associated with, its interests in other entities and (ii) the effects of those interests on its financial

position, financial performance and cash flows. This Group is still considering the impact of this new standard.

IFRS 13 Fair Value Measurement- Effective as from 1 January 2012

The Standard defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRSs or address how to present changes in fair value. The Group has not yet assessed the impact that this standard will have on the financial position and performance.

IAS I Presentation of Items in Other Comprehensive Income -Amendments to IAS I- Effective as from 1 July 2012

The amendments to IAS I change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

2.4 Significant accounting judgements, estimates and assumptions (Cont'd)

(ii) Long term insurance

Estimates of future benefit payments under long-term insurance contracts are provided for, based on estimates made by the Group's Independent Actuaries. Estimates are made as to the expected number of deaths for each of the years in which the Group 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 Group'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.

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. (Also see note 3.1.2).

	_				
	Basic liability	Future bonus reserve	Total Life Fund	Change in basic liability	Impact on profit or loss and equity
Variable					
Base run	4,611,158	279,817	4,890,974	0.00%	0.00%
Future mortality 10% worse	4,636,138	259,598	4,895,736	0.54%	-0.54%
Future lapses 10% higher	4,608,080	284,813	4,892,893	-0.07%	0.07%
Future investment returns 1% lower	4,846,281	109,004	4,955,285	5.10%	-5.10%
Future inflation 1% higher	4,664,149	239,485	4,903,634	1.15%	-1.15%
Future maintenance expenses 10% higher	4,686,663	219,841	4,906,504	1.64%	-1.64%

For 10% worse mortality assumption, annuitant, deferred child and educassurance and deferred annuitant mortality has been taken as 10% lighter. For all other business, future mortality is assumed to be 10% higher.

Held-to-maturity investments

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

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

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.

2.4 Significant accounting judgements, estimates and assumptions (Cont'd)

(ii) Long term insurance (Cont'd)

Impairment of other assets

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

Revaluation of property and equipment

The Group measures its land and building at revalued amounts with changes in fair value being recognised in other comprehensive income respectively. The Group engaged an independent professional valuer to determine the fair value. These estimates have been based on the market data regarding current yield on similar properties. The actual amount of the land and buildings could therefore differ significantly from the estimates in the future

Useful lives and residual values of property and equipment

Determining the carrying amounts of property and equipment requires the estimation of the useful lives and residual values of these assets which carry a degree of uncertainty. The directors have used historical information relating to the Group and the relevant industries in which the Group's entities operate in order to best determine the useful lives and residual values of property and equipment.

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the

discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

Recoverable amount on insurance and other receivables

In preparing those consolidated financial statements, the directors have made estimates of the recoverable amounts of insurance and other receivables and impaired those receivables where the carrying amounts exceeded recoverable amounts. The estimation of recoverable amounts involve an assessment of the financial condition of the debtors concerned and estimate of the timing and the extent of cash flows likely to be received by the Group.

Recognition of deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that is probable that taxable profit will be available against which losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Limitation of sensitivity analysis

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

Sensitivity analysis does not take into consideration that the Group's assets and liabilities are managed. Other limitations include the use of hypothetical market

movements to demonstrate potential risk that only represent the Group's view of possible near-term market changes that cannot be predicted with any certainty.

2.5 Summary of significant accounting policies

(a) Business combinations and goodwill

Basis of consolidation prior to 1 January 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the noncontrolling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

2.5 Summary of significant accounting policies

(a) Business combinations and goodwill (Cont'd)

Basis of consolidation prior to 1 January 2010

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as

minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

(b) Foreign currency translation

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.

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 profit or loss 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

the Statement of Comprehensive Income or in the Life Assurance Fund.

(c) Insurance contracts

(i) Classification of insurance contracts

The Group issues contracts which transfer insurance risk. Insurance contracts are those contracts which 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.

Some insurance contracts contain a Discretionary Participation Feature (DPF). These types of insurance contracts entitle the contract holder, in supplement of 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 is however at the discretion of the Group. The Group has an obligation to eventually pay to contract holders 93.5% (2010: 93.5%) of the DPF eligible surplus (i.e all interest and realised gains and losses arising from the assets backing these contracts). The remaining 6.5% (2010: 6.5%) 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 annually to a Non Distributable reserve under shareholder's equity. All DPF liabilities including unallocated surpluses, both guaranteed and discretionary, at the end of the reporting period are held within insurance contract liabilities, as appropriate.

2.5 Summary of significant accounting policies

(c) Insurance contracts

(i) Classification of insurance contracts (Cont'd)

100% of all profits arising out of the non-profit annuity and unit-linked books of business is now allocated to shareholders.

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

Short-term insurance contracts

Short-term insurance contracts are mainly in respect of motor business but the Group also sells fire and allied perils, health, marine, engineering and other miscellaneous insurance contracts. These contracts protect the Group'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.

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.

<u>Long-term insurance contracts without fixed terms and</u> 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 Group. The Group has an obligation to eventually pay to contract holders 93.5% (2010: 93.5%) of the DPF eligible surplus (i.e. all interest and realised gains and losses arising from the assets backing these contracts). The remaining 6.5% (2010: 6.5%) 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 annually to a Non Distributable reserve under shareholders' equity.

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.

(ii) Reinsurance Contracts

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

Reinsurance contracts used by the Group 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 Group 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 Group falling under the terms and limits of the treaties are reinsured automatically.

(iii) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the profit or loss.

2.5 Summary of significant accounting policies

(c) Insurance contracts

(iv) Impairment of reinsurance assets

Reinsurance assets are reviewed for impairment at each reporting date or more frequently when an indication of impairment arises during the reporting year. If a reinsurance asset is impaired, the Group reduces the carrying amount accordingly and recognises that impairment in the profit or loss. A reinsurance asset is impaired if there is objective evidence, as a result of an event that occurred after initial recognition of that asset, that the Group may not recover all amounts due under the terms of the contract and that the event has a measurable impact on the amounts that the Group will receive from the reinsurer.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

(v) Claims expenses and outstanding claims provisions

Outstanding claims provisions are based on the ultimate costs of all claims incurred but not settled at the end of financial reporting period, 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 profit or loss 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 end of the financial reporting period. 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.

(vi) Incurred but not reported claims (IBNR)

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

(vii) 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.

(viii) Deferred Acquisition Costs

The liability for commissions payable is now recognised at the inception date of the insurance contract/endorsement.

Commissions payable and reinsurance commissions receivable relating to unexpired premiums are recognised and released to the profit or loss as and when the premiums are earned.

(ix) Provision for unearned premiums

The provision for unearned premiums represents the portion of premiums written on short-term insurance contracts relating to periods of insurance risks subsequent to the statement of financial position date. It is calculated on the inception basis (daily method). The movement on the provision is taken to the profit or loss in order for revenue to be recognised over the period of the risk. The provision is derecognised when the contract expires, is discharged or cancelled.

Liability adequacy test

Short-term insurance

At end of financial reporting period, 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 profit or loss and a provision is established for losses arising from the liability adequacy test (the unexpired risk provision).

Long-term insurance

The Group'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.

2.5 Summary of significant accounting policies

(d)Financial instruments - initial recognition and subsequent measurement

Financial assets

Categories of financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, held-to-maturity investments, available-for-sale , loans and receivables 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) At fair value through profit or loss

A financial asset is classified into the 'financial assets at fair value through profit or loss category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or if so designated by management. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- Held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and

- Managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. The Company's investment strategy is to invest in equity and debt securities and to evaluate them with reference to their fair values. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

Gains or losses arising, from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the profit or loss within 'investment income', in the period in which they arise.

(ii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of loans and receivables that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognised at the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributable to the acquisition are also included in the cost of the investment. After initial measurement, held to maturity financial assets are measured at amortised cost using the effective interest method.

Interest on held-to-maturity investments are included in the profit or loss as 'investment income'. In the case of an impairment, it has been reported as deduction for the carrying value of an investment and recognised in the profit or loss.

(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 end of the financial reporting period.

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

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

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in other comprehensive income while assets backing up the life fund are recognised in the Life Assurance Fund. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arms' length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis.

When financial assets classifed as available - for- sale are sold, the accumulated fair value adjustments recognised in equity are recycled through other comprehensive income in the profit or loss.

Dividends on available for sale equity instruments are recognised in the profit or loss when the Group's right to receive payments is establised.

2.5 Summary of significant accounting policies

(d)Financial instruments - initial recognition and subsequent measurement

(iv) 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 end of the financial reporting period or non-current assets for maturities greater than twelve months . They are measured at amortised cost using the effective interest rate method.

(v) Trade receivables

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

(e) Impairment of financial assets

Available -for- sale financial assets

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired

In the case of equity investments classified as availablefor-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement - is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-forsale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original

effective interest rate. The carrying amount of the asset is reduced and the loss is recorded in the profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. The impairment assessment is performed at each reporting date.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Loan receivables

Evidence of impairment may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that it will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.5 Summary of significant accounting policies

(e) Financial instruments - initial recognition and subsequent measurement

Financial liabilites

Financial liabilites within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings as appropriate. The Group determines the classification of its financial liabilites at initial recognition.

All financial liabilities are recognised initially at fair value plus, in case of borrowings, directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts and borrowings.

(i) Trade payables

Trade payables are stated at their amortised amount.

(ii) 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 profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

Derecognition of financial instruments

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

the rights to receive cash flows from the asset have expired;

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(f) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. Income and expenses will not be

offset in the consolidated profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group.

(g) 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.

(h) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

(i) Equity movements

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are paid.

Dividends for the year that are approved after the reporting date are dealt with as a non-adjusting event after the reporting date.

2.5 Summary of significant accounting policies

(j) 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 accumulated depreciation and accumulated impairment. 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.

Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from that would be determined using fair value at the end of the reporting date. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated by the revalued amount of the asset. Any revaluation surplus is recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss, in which case the increase is recognised in the profit or loss. A revaluation deficit is recognised in the profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve. 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:

Buildings Office equipment, fixtures and fittings 10 - 33.33% Motor vehicles

Land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted prospectively if appropriate, at each financial reporting period end. The residual value of all property and equipment is nil.

Rate per

annum

1% - 2%

20%

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.

(k) Investment property

Property held to earn rentals or capital appreciation or both and not occupied by the Company is classified as investment property. Investment property are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are included in the profit or loss and the Life Assurance Fund in the period in which they arise.

Investment property is derecognised either when it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the profit or loss in the year of retirement or disposal.

Transfers made to or from investment property are only made when there is a change in use evidenced by the end of owner-occupation, commencement of an operating lease to another party or completion of construction or development. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under plant and equipment up to the date of the change in use.

When the Company completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the profit or loss.

(I) Intangible assets

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 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 profit or loss and the Life Assurance Fund.

2.5 Summary of significant accounting policies

(I) Intangible assets

Goodwill (Cont'd)

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. Where the recoverable amount of the cash - generating units is less than their carrying amount an impairment loss is recognised. The Group performs its impairment test of goodwill as at December 31.

- Acquisition of client portfolio

The cost of acquisition of a client portfolio is capitalised and amortised using the straight-line method over five to twenty five years.

Computer software

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

(m) Impairment of non financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The

recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previous impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

(n) Cash and cash equivalents

Cash and bank balances comprise cash at bank and in hand in the statement of financial position.

For the purpose of the cash flow, cash and cash equivalents consist of cash and bank balances with maturity of three months or less net of outstanding bank overdraft. These are carried at amortised cost.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(p) Segment reporting

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

(q) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date, in the countries where the Group operates and generates taxable income. The income tax is recognised as a charge in the profit or loss.

2.5 Summary of significant accounting policies

(q) Taxes (Cont'd)

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The principal temporary differences arise from depreciation on property, plant and equipment, revaluations of certain non-current assets, tax losses carried forward and on retirement benefit obligations.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Corporate Social Responsibility

In line with the definition within the Income Tax Act 1995, Corporate Social Responsibility (CSR) is regarded as a tax and is therefore subsumed with the income tax shown within the Statement of Comprehensive Income and the income tax liability on the Statement of Financial Position.

The CSR charge for the current period is measured at the amount expected to be paid to the Mauritian tax authorities. The CSR rate and laws used to compute the amount are those charged or substantively enacted by the reporting date.

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 declared and 7.5% of book profit.

2.5 Summary of significant accounting policies

(r) Revenue recognition

(i) Premiums earned

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).

Premiums on long-term insurance contracts are recognised in the Life Assurance Fund when receivables, i.e. when payments are due.

(ii) Consideration for annuities

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

(iii) Other revenues

Other revenues are recognised on the following bases:

- Fees and commission income on the accrual basis in accordance with the substance of the relevant agreements.
- Interest income it is recognised using the effective interest method as it accrues.
- Dividend income when the shareholder's right to receive payment is established.

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

The Group recognises the shareholders' share of the DPF eligible surplus on an annual basis and transfers this amount from/to the Life Assurance Fund to/from

the shareholders' share of Life surplus in equity. The non-distributable share of the surplus is transferred annually from retained earnings to a non-distributable reserve in the Other comprehensive income. Whenever bonuses are paid/credited to policyholders, an amount representing 7% (2010: 7%) of these bonuses is transferrred from the non-distributable reserve to retained earnings in the Statement of Changes in Equity.

(t) Life Assurance Fund

The increase in the Life Assurance Fund represents the increase in the value of policy liabilities. The adequacy of the liabilities is determined annually by actuarial valuation. At the end of every year, a valuation of the assets and liabilities, and therefore of the DPF eligible surplus, is performed. In the light of this valuation a final bonus is set for policyholders. The cost of this bonus is met in full at the end of every year. The amount of the DPF eligible surplus distributable to shareholders is limited to 7% (2010: 7%) of the cost to the final bonuses allocated to policyholders. The shareholders' share of the DPF eligible surplus is recognised annually and transferred from the Life Assurance Fund to the Shareholders' share of Life surplus in equity when there is a surplus or from shareholders' equity to Life Fund when there is a deficit. The non-distributable share of the surplus is transferred annually from the retained earnings to a non-distributable reserve in the Statement of Changes in Equity. Whenever bonuses are paid/ credited to policyholders, an amount representing 7% (2010: 7%) of these bonuses is transferred from the non-distributable surplus to retained earnings in the Statement of Changes in Equity.

(u) 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 profit or loss /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 statement of financial position in respect of the NWOG is the present value of the defined benefit obligation at the statement of financial position, together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Treasury Bills and recent corporate debenture issues.

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

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

2.5 Summary of significant accounting policies

(v) Lease

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement at the inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005, in accordance with the transitional requirements of IFRIC 4.

Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance cost in the income statement.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases that do not transfer to the Company substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term. Contingent rentals are recognised as an expense in the period in which they are incurred.

As at 31 December 2011 all the leases were treated as operating lease in the books of the Company.

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

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

3.1 Insurance Risks

Insurance risk is transferred when the Group 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 Group 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 Group 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 Group's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Group has underwriting limits by type of risks and by industry. Performance of individual insurance policies are reviewed by management and the Group 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 Group 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 Group include proportional, excess-of-loss and catastrophe coverage and, as such, the maximum loss that the Group 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 Group. 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 Group's Independent Actuaries.

3.1 Insurance Risks (Cont'd)

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.

THE GROUP AND THE COMPANY	THE	GROUP	AND	THE	COM	1PANY
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Class of Business

Motor Fire Personal Accident Transport Miscellaneous IBNR Total

THE GROUP

Class of Business

Motor Fire Personal Accident Transport Miscellaneous IBNR Total

THE COMPANY

Class of Business

Motor Fire Personal Accident Transport Miscellaneous IBNR Total

Outstanding claims									
2011									
No. of claims	Net								
	Rs'000	Rs'000	Rs'000						
12,950	419,712	(11,862)	407,850						
132	22,592	(5,272)	17,320						
127	32,803	(24,116)	8,687						
81	12,924	(4,501)	8,423						
1,149	219,150	(131,377)	87,773						
-	60,287	(7,480)	52,807						
14,439	767,468	(184,608)	582,860						

Outstanding claims

2010

		Reinsurance of	
No. of claims	Gross liabilities	liabilities	Net
	Rs'000	Rs'000	Rs'000
12,574	386,323	(20,377)	365,946
129	23,947	(5,815)	18,132
48	3,589	(1,804)	1,785
79	10,655	(4,364)	6,291
897	558,441	(270,432)	288,009
_	55,554_	(402)	55,152_
13,727	1,038,509	(303,194)	735,315

Outstanding claims

2010

No. of claims	Gross liabilities	Reinsurance of liabilities	Net
	Rs'000	Rs'000	Rs'000
8,803	283,201	(13,411)	269,790
49	5,903	(2,059)	3,844
48	3,589	(1,804)	1,785
41	4,100	(1,346)	2,754
191	362,505	(135,785)	226,720
	28,347_	(471)	27,876_
9,132	687,645	(154,876)	532,769

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED DECEMBER 31, 2011

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

3.1 Insurance Risks (Cont'd)

3.1.2 Concentration of insurance risk

(b) Long-term Insurance

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

Benefits assured per life assured at the end of 2011		THE GR Total benefit			THE COMPANY Total benefits insured			
Rs'000	Before reinsu	ırance	After reinsu	rance	Before reins	surance	After reinsurance	
1/2 000	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%
0 - 50	344,308	3	380,546	4	-			_
50 - 100	663,998	5	709,915	8	-			-
100 - 150	895,656	7	996,717	11	-			-
150 - 200	924,746	7	3,007,060	34	-			-
200 - 250	988,056	7	532,163	6	-			-
250 - 300	680,611	5	244,980	3	-			-
More than 300	8,787,376	66	3,051,041	34	-			-
Total	13,284,751	100	8,922,422	100				_
		THF GR	OUP			THE C	OMPANY	

		THE GR	OUP		THE COMPANY				
Benefits assured per life assured at the end of 2010	Total benefits insured				Total benefits insured				
Rs'000	Before reinsu	ırance	After reinsurance		Before reins	urance	After reinsurance		
1/2 000	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%	
0 - 50	226,245	2	256,988	4	150,858	2	183,872	4	
50 - 100	733,871	6	771,390	11	578,334	9	616,615	13	
100 - 150	934,193	8	889,691	13	672,024	11	692,636	15	
150 - 200	853,086	7	2,089,444	31	489,601	8	550,359	12	
200 - 250	1,099,596	9	438,807	6	600,444	10	426,968	9	
250 - 300	702,225	6	269,624	4	351,399	5	256,388	6	
More than 300	7,692,191	62	2,070,913	31	3,447,191	55	1,868,599	41	
Total	12,241,407	100	6,786,857	100	6,289,851	100	4,595,437	100	

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

Annuities payable per annum per life insured at end	THE GROUP THE COMPANY								
of 2011			To	Total annuities payable per annum					
Rs'000	2011		2010		2011		2010		
1/2 000	Rs'000	%	Rs'000	%	Rs'000	%	Rs'000	%	
0 - 10	1,068	4	863	4	-	-	376	4	
10 - 20	1,847	7	1,295	6	-	-	779	7	
20 - 50	4,635	17	3,067	14	-	-	1,577	15	
50 - 100	5,210	19	3,846	18	-	-	1,873	18	
100 - 150	3,860	14	3,220	15	-	-	1,432	13	
More than 150	10,134	38	9,509	43	-	-	4,596	43	
Total	26,754	100	21,800	100	_	-	10,633	100	

3.1 Insurance Risks (Cont'd)

3.1.3 Sources of uncertainty

(a) Short-term Insurance

Claims on short-term insurance contracts are payable on a claims occurrence basis for motor and liability business and on a claims made basis for non-motor. Under the claims occurrence basis, the Group 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 Group 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 Group 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 Group 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 Group'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 Group has a predetermined retention limit on any single life insured and the Group reinsures the excess of the insured benefit above the retention limit.

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Average claim cost

2010

Average claim cost

THE GROOF AND THE COMPANY									
Change in asssumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equit					
	Rs'000	Rs'000	Rs'000	Rs'000					
10 %	70,718	53,560	(17,158)	(17,158)					

THE GROUP AND THE COMPANY

		THE GROUP		
Change in asssumptions	Impact on gross liabilities	Impact on net liabilities	Impact on profit before tax	Impact on equity
	Rs'000	Rs'000	Rs'000	Rs'000
10 %	98,296	68,016	(30,280)	(30,280)

3.1 Insurance Risks (Cont'd)

3.1.4 Claims development tables

The development of insurance liabilities provides a measure of the Group'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 statement of financial position.

Underwriting year

			Inderwriting year			
THE GROUP AND THE COMPANY	2007	2008	2009	2010	2011	
Net estimate of ultimate claim costs	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	
- At end of claim year	57,044	74,604	62,110	275,855	123,260	
- one year later	60,119	56,012	58,550	89,143	-	
- two years later	44,328	48,253	70,414	-	-	
- three years later	42,774	61,456	-	-	-	
- four years later	45,354				_	
	2007	2008	2009	2010	2011	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Current estimates of cumulative claims	300,870	312,926	436,363	554,026	487,221	2,091,406
Cumulative payments	(255,516)	(251,470)	(365,949)	(464,883)	(363,961)	(1,701,779)
Liability	45,354	61,456	70,414	89,143	123,260	389,627
Liability in respect of prior years						140,426
Incurred but not reported (IBNR)						52,807
Total liability (net)						582,860

Note: For reasons of practicability and due to lack of adequate information, net estimate of ultimate claim costs has been disclosed for Company only and claims development tables disclose net claims only.

3.2 Financial Risks

The Group is exposed to financial risks through its 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 cooperation with the Group's operating units. The committee provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risks, interest rate risks and investment of excess liquidity.

The main risks to which the Group is exposed include:

- Market risk (which includes foreign exchange risk, interest rate risk and equity price risk);
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation.

3.2 Financial Risks (Cont'd)

3.2.1 Market Risks

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

Currency risks that the fair value of future cashflows will fluctuate because of changes in foreign exchange rates.

Exposure to foreign currency is not hedged but closely monitored by management.

Concentration of financial assets and liabilities

E GROUP - 2011	USD	EUR	GBP	SGD	AUD	ZAR	SCR	MUR	TOTAL
THE SHOOT ZOTT	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
ASSETS									
Financial assets	390,804	80,993	157,218	15,696	38,028	14,712	-	4,073,497	4,770,948
Loans and receivables	-	-	-	-	-	-	-	946,083	946,083
Insurance and other receivables	-	-	-	-	-	-	-	462,719	462,719
Reinsurance assets	-	_	-	-			-	292,869	292,869
Cash and cash equivalents	48,239	53,681	14,231		29,087	796	4,848	260,311	411,193
	439,043	134,674	171,449	15,696	67,115	15,508	4,848	6,035,479	6,883,812
LIABILITIES									
Borrowings	-	-	-	-	-		-	205,290	205,290
Trade and other payables	88					5,235		150,497	155,820
	88					5,235		355,787	361,110

THE GROUP - 2010	USD	EUR	GBP	SGD	AUD	ZAR	SCR	MUR	TOTAL
THE GROOF - 2010	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
ASSETS									
Financial assets	432,960	142,465	203,131	41,337	52,749	11,422	-	3,679,209	4,563,273
Loans and receivables	-	-	-	-	-	-	-	779,282	779,282
Insurance and other receivables	-	-	-	-	-	-	-	385,422	385,422
Reinsurance assets	-	-	-	-	-	-	-	397,058	397,058
Cash and cash equivalents	24,762	26,046	9,479	_	517	-	-	619,345	680,149
'	457,722	168,511	212,610	41,337	53,266	11,422	_	5,860,316	6,805,184
LIABILITIES									
Borrowings	_	_	-	_	_	_	_	2,487	2,487
Trade and other payables	-	-	-	-	-	2,014	-	269,179	271,193
1 /		_	_	_	_	2,014	_	271,666	273,680

3.2 Financial Risks (Cont'd)

3.2.1 Market Risks

Concentration of financial assets and liabilities

THE COMPANY - 2011	USD	EUK	GBP	SGD	AUD	ZAK	SCR	MUK	IOIAL
THE COMPANY - ZOTT	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
ASSETS									
Financial assets	77,164	31,229	49,951	6,227	8,159	3,930	-	722,986	899,646
Loans and receivables	_	_	-	_	_	-	-	182,793	182,793
Insurance and other receivables	_	-	-	-	-	-	-	353,046	353,046
Reinsurance assets	-	-	-	-	-	-	-	292,875	292,875
Amount receivable from subsidiary	-	-	-	-	-	-	-	10,732	10,732
Cash and cash equivalents	27,803	24,695	5,051		10,888	361	4,848	105,787	179,433
	104,967	55,924	55,002	6,227	19,047	4,291	4,848	1,668,219	1,918,525
LIABILITIES								107041	107041
Borrowings	-	-	-	-	-	-	-	197,241	197,241
Trade and other payables								116,400	116,400
								313,641	313,641
THE COMPANY - 2010	USD	EUR	GBP	SGD	AUD	ZAR	SCR	MUR	TOTAL
THE COMPANY - 2010	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
ASSETS		. 10 000		. 10 000	. 10 000				. 1.0 000
Financial assets	118,360	41,165	57,813	12,106	17,237	4,490	_	400,411	651,582
Loans and receivables	-		-	,		-	_	83,908	83,908
Insurance and other receivables	_	_	_	_	_	_	_	176,628	176,628
Reinsurance assets	_	_	-	_	_	_	_	219,515	219,515
Cash and cash equivalents	10,834	1,579	486	-	1,752	46	_	133,537	148,234
	129,194	42,744	58,299	12,106	18,989	4,536	_	1,013,999	1,279,867
LIABILITIES									
Borrowings	-	-	- //-	-	-	-	-	2,487	2,487
Trade and other payables		-	-		_			88,923	88,923
	_	_	-	_	_	_	_	91410	91410

The Group has no singificant concentration of currency risk.

The analysis that follows is performed for reasonably possible movements in key vairables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities including contract claim liabilities. The correlation of variables will have a significant effect in determining the ultimate impact on the market risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis.

3.2 Financial Risks (Cont'd)

3.2.1 Market Risks

(i) Foreign exchange risk (Cont'd)

	_		THE G	ROUP	
		December 31, 2011		ember 31,2011 December 31,2	
	Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
USD EUR GBP SGD AUD ZAR SCR	+2.5% +2.5% +2.5% +2.5% +2.5% +2.5%	9,074 2,914 3,227 283 1,585 159	1,899 453 1,059 109 92 98	9,027 3,723 4,068 908 1,015 123	2,416 490 1,247 125 317 112
USD EUR GBP SGD AUD ZAR SCR	-2.5% -2.5% -2.5% -2.5% -2.5% -2.5% -2.5%	(9,074) (2,914) (3,227) (283) (1,585) (159) (121)	(1,899) (453) (1,059) (109) (92) (98)	(9,027) (3,723) (4,068) (908) (1,015) (123)	(2,416) (490) (1,247) (125) (317) (112)

		THE COMPANY			
		December	December 31, 2011		r 31, 2010
	Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity
		Rs'000	Rs'000	Rs'000	Rs'000
USD EUR GBP SGD AUD ZAR SCR	+2.5% +2.5% +2.5% +2.5% +2.5% +2.5%	824 945 316 47 384 9	1,799 453 1,059 109 92 98	1,014 579 210 177 158	2,216 490 1,247 125 317 112
USD EUR GBP SGD AUD ZAR SCR	-2.5% -2.5% -2.5% -2.5% -2.5% -2.5%	(824) (945) (316) (47) (384) (9) (121)	(1,799) (453) (1,059) (109) (92) (98)	(1,014) (579) (210) (177) (158) (1)	(2,216) (490) (1,247) (125) (317) (112)

3.2 Financial Risks (Cont'd)

3.2.1 Market Risks (Cont'd)

(i) Foreign exchange risk (Cont'd)

The method used for deriving sensitivity information and significant variables did not change from the previous method.

(ii) Interest rate risk

Interest rate risk refers to the risk that the value of future cashflows from financial instrument backing the liabilities because of changes in market interest rates would be 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.

The analysis that follows is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

	December	31,2011	December 31, 2010			
Changes in variables	Impact on profit before tax	Impact on equity	Impact on profit before tax	Impact on equity		
	Rs'000	Rs'000	Rs'000	Rs'000		
+ 250 basis points	35,405	35,405	31,555	31,555		
- 250 basis points	(35,405)	(35,405)	(31,555)	(31,555)		

THE COMPANY

_						
	December 31, 2011		Decembe	r 31, 2010		
	Impact on profit		Impact on profit			
Changes in variables	before tax	Impact on equity	before tax	Impact on equity		
	Rs'000	Rs'000	Rs'000	Rs'000		
+ 250 basis points	12,220	12,220	6,303	6,303		
- 250 basis points	(12,220)	(12,220)	(6,303)	(6,303)		

3.2 Financial Risks (Cont'd)

3.2.1 Market Risks (Cont'd)

(iii) Equity price risk

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

The analysis below is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity.

	THE GROUP							
	December	31,2011	Decembe	r 31, 2010				
	Impact on profit		Impact on profit					
Changes in variables	before tax	Impact on equity	before tax	Impact on equity				
	Rs'000	Rs'000	Rs'000	Rs'000				
+2.5%	78,995	19,316	85,872	16,005				
-2.5%	(78,995)	(19,316)	(85,872)	(16,005)				

	THE COMPANY							
	Decembe	r 31, 2011	Decemb	er 31, 2010				
	Impact on profit		Impact on profit					
Changes in variables	before tax	Impact on equity	before tax	Impact on equity				
	Rs'000	Rs'000	Rs'000	Rs'000				
+2.5%	-	18,906	-	14,874				
-2.5%	-	(18,906)	-	(14,874)				

3.2.2 Credit risk

Credit risks is a risk that a counter party is unable to pay amount in full when due. The Group's credit risk is primarily attributable to its reinsurance assets, loans, insurance and other receivables. The amounts presented in the statement of financial position 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 Group 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 Group 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. The table shows the maximum exposure to credit risk for the components of the financial position.

3.2 Financial Risks (Cont'd)

3.2.2 Credit risk (Cont'd)

Financial instruments

THE GROUP		THE COM	<u>IPANY</u>
2011	2010	2011	2010
Rs'000	Rs'000	Rs'000	Rs'000
4,770,948	4,563,273	899,646	651,582
946,083	779,282	182,793	83,908
462,719	385,422	353,046	176,628
-	-	10,732	-
292,875	397,058	292,875	219,515
411,193	680,149	179,433	148,234
6,883,818	6,805,184	1,918,525	1,279,867
	2011 Rs'000 4,770,948 946,083 462,719 - 292,875 411,193	Rs'000 Rs'000 4,770,948 4,563,273 946,083 779,282 462,719 385,422	2011 2010 2011 Rs'000 Rs'000 Rs'000 4,770,948 4,563,273 899,646 946,083 779,282 182,793 462,719 385,422 353,046 - - 10,732 292,875 397,058 292,875 411,193 680,149 179,433

3.2.3 Liquidity risk

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

3.2.4 Capital Management

The Group's objectives when managing capital are:

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

The Group met the Minimum Capital Requirement at December 31, 2011 for both life and general businesses.

Total Capital Available Excess/(shortage) capital available over capital required	
Capital requirement ratio	

THE COM	IPANY
2011	2010
Rs'000	Rs'000
813,838	410,807
364,762	(7,473)
181%	98%

Capital available has been computed from the shareholders fund less any unadmitted asset.

3.3 Fair value Hierarchy

This requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- · Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level I that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

THE GROUP				
Level I Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000	
2,689,144	-	469,056	3,158,200	
677,496 3,366,640	558 558	94,578 563,634	772,632 3,930,832	
THE GROUP				
Level I Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000	
996,862	-	64,448	1,061,310	
2,590,309		423,472	3,013,781	
3,587,171	-	487,920	4,075,091	
	Rs'000 2,689,144 677,496 3,366,640 Level I Rs'000 996,862 2,590,309	Level I	Rs'000 Rs'000 2,689,144 - 469,056 677,496 3,366,640 558 558 94,578 563,634 THE GROUP Level I Rs'000 Level 2 Rs'000 Level 3 Rs'000 996,862 - 64,448 2,590,309 - 423,472	

THE CROHE

3.3 Fair value Hierarchy (Cont'd)

	THE COMPANY					
2011	Level I Rs'000	Level 2 Rs'000	Level 3 Rs'000	Total Rs'000		
Available-for-sale financial assets						
- Equity securities	661,659	_	94,568	756,227		
. ,	661,659	_	94,568	756,227		
		THE CO	MPANY			
2010	Level I	Level 2	Level 3	Total		
	Rs'000	Rs'000	Rs'000	Rs'000		
Available-for-sale financial assets						
- Equity securities	522,453	_	72,493	594,946		
	522,453	-	72,493	594,946		

The following table shows a reconciliation of the opening balance and closing recorded amount of Level 3 financial assets which are recorded at fair value:

At January 1, 2011
Total gains/(loss) in statements of comprehensive income
Total gains/(losses) in other comprehensive income
Purchases
Sales
Reclassification
At December 31, 2011



	THE GROUP	
Financial assets at fair value through profit or loss	Available-for- sale financial assets	Total
Rs'000	Rs'000	R s'000
64,448 (37,822) - 157,389 (40,033) 325,074	423,472 - (9,386) 37,454 (31,887) (325,074)	487,920 (37,822) (9,386) 194,843 (71,920)
469,056	94,579	563,635

Pc'000

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

3.3 Fair value Hierarchy (Cont'd)

THE COMPANY

	KS 000
Available-for-sale financial asset	
At January 1, 2011	72,493
Total gains/(losses) in other comprehensive income	(9,789)
Purchases	37,454
Sales	(5,590)
At December 31, 2011	94,568

3.4 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the financial reporting period. 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 end of financial reporting period.

4 RISK MANAGEMENT FRAMEWORK

Governance framework

The primary objective of the company's risk and financial management framework is to protect the Company's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognised the critical importance of having efficient and effective risk management systems in place.

The board of directors approves the Company risk management policies and meets regularly to approve any commercial, regulatory and organisational requirements of such policies. These policies define the Company's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets, align underwriting and reinsurance strategy to the corporate goals, and specify reporting requirements.

Regulatory Framework

Regulators are primarily interested in protecting the rights of policyholders and monitor them closely to ensure that the Company is satisfactorily managing affairs for their benefit. At the same time, regulators are also interested in ensuring that the Company maintains an appropriate solvency position to meet unforseen liabilities arising from economic shocks or natural disasters.

The operations of the Company are subject to regulatory requirements within the jurisdictions in which it operates. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions(e.g. capital adequacy) to minimise the risk of default and insolvency on the part of insurance companies to meet unforseen liabilities as these arise.

5 PROPERTY AND EQUIPMENT

(a) THE GROUP

2011	Land and	Land and Buildings			
COST OR VALUATION	Freehold land	Buildings on freehold land	Office equipment, fixtures & fittings	Motor vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January I	20,000	123,318	186,359	52,361	382,038
Additions	-	369	11,346	20,978	32,693
Transfer from investment property	20,000	61,200	-		81,200
Transfer to investment property	-	(3,625)	-	-	(3,625)
Disposals	-	-	(1,461)	(20,109)	(21,570)
Revaluation adjustment	-	(3,594)	-	-	(3,594)
Revaluation surplus		3,475			3,475
At December 31	40,000	181,143	196,244	53,230	470,617
DEPRECIATION					
At January I	_	_	138,146	25,308	163,454
Charge for the year	-	3,594	16,525	7,209	27,328
Disposals	-		(991)	(15,076)	(16,067)
Revaluation adjustment		(3,594)			(3,594)
At December 31		-	153,680	17,441	171,121
CARRYING AMOUNT					
At December 31	40,000	181,143	42,564	35,789	299,496

5 PROPERTY AND EQUIPMENT (CONT'D)

(a) THE GROUP (Cont'd)

<u>2010</u>	Land and Buildings				
COST ORVALUATION	Freehold land	Buildings on freehold land	Office equipment, fixtures & fittings	Motor vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January I	20,000	61,801	112,200	27,852	221,853
Additions	_	-	17,975	13,500	31,475
Disposals	-	-	(1,911)	(8,797)	(10,708)
Acquisition through business combination (note (38))	-	59,525	58,095	19,806	137,426
Revaluation surplus	-	2,230	-	-	2,230
Revaluation adjustment		(238)			(238)
At December 31	20,000	123,318	186,359	52,361	382,038
DEPRECIATION					
		-	84,572	12,819	97,391
At January I	-	1,236	14,287	5,074	20,597
Charge for the year	-	-	(698)	(6,728)	(7,426)
Disposals	-	-	39,985	14,143	54,128
Acquisition through business combination (note (38))		(1,236)			(1,236)
Revaluation adjustment	-	-	138,146	25,308	163,454
At December 31	-				
CARRYING AMOUNT					
At December 31	20,000	123,318	48,213	27,053	218,584

5 PROPERTY AND EQUIPMENT (CONT'D)

(b) THE COMPANY

2011	Land and	Land and Buildings			
COST OR VALUATION	Freehold land	Buildings on freehold land	Office equipment, fixtures & fittings	Motor vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January I	-	_	20,637	36,954	57,591
Effect on transfer of LPM General operations on January I	-	-	40,969	10,292	51,261
Additions	40,000	123,369	8,712	17,388	189,469
Disposals	-	-	(432)	(17,298)	(17,730)
Revaluation adjustment	-	(2,460)	_	=	(2,460)
Revaluation surplus	-	2,460	-	-	2,460
At December 31	40,000	123,369	69,886	47,336	280,591
DEPRECIATION					
At January I	_	-	15,263	14,843	30,106
Effect on transfer of LPM General operations on January I	_	-	30,820	7,377	38,197
Charge for the year	_	2,460	7,515	6,290	16,265
Disposals	-	-	(385)	(12,460)	(12,845)
Revaluation adjustment	-	(2,460)	=	=	(2,460)
At December 31	-	-	53,213	16,050	69,263
CARRYING AMOUNT					
At December 31	40,000	123,369	16,673	31,286	211,328

5 PROPERTY AND EQUIPMENT (CONT'D)

(b) THE COMPANY (Cont'd)

2010	Land and Buildings				
COST ORVALHATION	Freehold land	Buildings on freehold land	Office equipment, fixtures & fittings	Motor vehicles	Total
COST ORVALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January I	20,000	61,801	110,941	27,539	220,281
Additions	_	_	16,217	11,658	27,875
Disposals	-	-	(426)	(2,243)	(2,669)
Revaluation surplus	-	1,236	-	-	1,236
Revaluation adjustment	-	(1,236)	-	-	(1,236)
Transfer to assets of disposal group classified as held for sale	(20,000)	(61,801)	(106,095)		(187,896)
At December 31		-	20,637	36,954	57,591
At January 1	_	_	83,798	12,621	96,419
Charge for the year	-	1,236	8,458	3,412	13,106
Disposals	-	-	(395)	(1,190)	(1,585)
Revaluation adjustment	-	(1,236)	_	_	(1,236)
Transfer to assets of disposal group classified as held for sale	_	_	(76,598)	-	(76,598)
At December 31	-	-	15,263	14,843	30,106
CARRYING AMOUNT					
At December 31		_	5,374	22,111	27,485

- (c) The land and building, which is presently occupied by the Company, was revalued at December 31, 2011 by independent valuers on an open market basis, by reference to market evidence of transaction prices for similar properties.
- (d) If land and buildings had been stated on a historical cost basis, the amounts would be as follows:

	THE GROUP		THE COM	PANY
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
	116,312	89,725	123,369	-
	(2,961)	(2,800)	(2,460)	-
_	113,351	86,925	120,909	

Cost Accumulated depreciation Net book values

6 INVESTMENT PROPERTIES - AT FAIR VALUE

	I HE G	THE GROUP		PIPANT
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
At January I,	257,000	160,200	-	150,200
Acquisition from subsidiary	-	-	74,000	-
Transfer to property and equipment	(81,200)	-	-	-
Transfer from property and equipment	3,625		-	-
Transfer from property held for sale (note 14 (b))	4,953		-	-
Acquisition through business combination (note 38)	-	80,684	-	-
Increase in fair value	5,675	16,116	-	5,000
Transfer to assets of disposal group classified as held for sale (note 14(a))				(155,200)
At December 31,	190,053	257,000	74,000	_

THE CROLLE

The fair value of the Group's investment property at December 31, 2011 has been arrived at on the basis of a valuation carried out at that date by Messrs JPW International, independent valuers not related to the Group. Messrs JPW International is a member of the Institute of Valuers and they have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

7 INTANGIBLE ASSETS

	THE GROUP			
2011	Goodwill	Client portfolio	Computer software	Total
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1	206,165	376,978	98,553	681,696
Additions		-	11,061	11,061
At December 3 I	206,165	376,978	109,614	692,757
AMORTISATION	_	30,836	61,981	92,817
At January I		17,770	14,420	32,190
Charge for the year	_	48,606	76,401	125,007
At December 31				
CARRYING AMOUNT				
At December 31	206,165	328,372	33,213	567,750

THE CROLLE

THE COMPANY

7 INTANGIBLE ASSETS (CONT'D)

	THE GROUP				
2010	Goodwill	Client portfolio	Computer software	Total	
COST	Rs'000	Rs'000	Rs'000	Rs'000	
At January I	26,359	-	40,711	67,070	
Acquisition through business combination (note (38))	71,048	26,478	46,294	143,820	
Additions	108,758	350,500	11,548	470,806	
At December 31	206,165	376,978	98,553	681,696	
AMORTISATION					
At January I	-	-	20,293	20,293	
Charge for the year	-	10,545	11,764	22,309	
Acquisition through business combination (note (38))		20,291	29,924	50,215	
At December 31	-	30,836	61,981	92,817	
CARRYING AMOUNT					
At December 31	206,165	346,142	36,572	588,879	

THE COMPANY					
2011				2010	
Goodwill	Client portfolio	Computer software	Total	Computer software	
Rs'000 Rs'000		Rs'000	Rs'000	Rs'000	
- - 71.048	- - 26 478	26,008 7,191 21,552	26,008 7,191	40,413 10,444	
62,140	219,000	-	281,140	(24.949)	
133,188	245,478	54,751	433,417	(24,849) 26,008	
	18,678	16,407 17,885	16,407 36,563	20,009	
	8,213	- 5 454	8,213 17 964	- 5,921	
_	-		-	(9,523)	
_	39,401	39,746	79,147	16,407	
133,188	206,077	15,005	354,270	9,601	
	Rs'000	Goodwill Client portfolio Rs'000 Rs'000 71,048 26,478 62,140 219,000 - 133,188 245,478 - 18,678 8,213 - 12,510 - 39,401	Client portfolio Computer software	Client portfolio Computer software Total	

^{*} As a results of the transfer of LPM General operations, goodwill and client portfolio attributable to the LPM General business have been transferred to the Company.

8 INVESTMENT IN SUBSIDIARY COMPANIES

	2011	2010
(a) UNQUOTED	Rs'000	Rs'000
At January I,	877,299	77,299
Effect on transfer of LPM General operations on January 1, 2011	750	-
Transfer from La Prudence Mauricienne Assurances Limitee	425	-
Additions	-	800,000
Restructuring adjustment	(281,139)	-
Impairment (note i)	(379,435)	-
At December 31,	217,900	877,299

Note (i)

Following the transfer of LPM General business on January 1, 2011, the cost of investment have been reduced by a restructuring adjustment of Rs281.1m and an impairment of Rs351.5m following a dividend distribution.

Following a dividend distribution by NMF, the cost of investment has been impaired by Rs 27.9m.

(b) The financial statements of the following subsidiary companies, incorporated in Mauritius, have been included in the consolidated financial statements. The subsidiaries have the same reporting date as the holding company, and operate on the local market.

	Main Activities	Nominal value of investment		Class of shares held	% of ownership interest and voting power held	
		2011 Rs'000	2010 Rs'000		2011	2010
La Prudence (Mauricienne) Assurances Limitee	Insurance	167,327	800,000	Ordinary	100%	100%
The National Mutual Fund Ltd	Fund management	38,419	66,320	Ordinary	98.6%	98.6%
Associated Brokers Ltd	Stock broker	10,979	10,979	Ordinary	80%	80%
Compagnie du Decadel Limitée	Property holding	675	-	Ordinary	100%	0%
Feber Associates	Manager and consultants of pension fund	500		Ordinary	100%	0%

THE COMPANY

9 FINANCIAL ASSETS

		20)			20	10	
(a) THE GROUP	Fair value through profit or loss	Held-to- maturity	Available- for-sale	Total	Fair value through profit or loss	Held-to- maturity	Available-for- sale	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, Additions Acquisition through business combination (note 38)	1,061,310 425,189	488,182 482,021	3,013,781 84,386	4,563,273 991,596	140,251 879,695	313,985 283,158 141,895	3,112,727 747,360 302,530	3,426,712 1,170,769 1,324,120
Reclassification Disposals Amortisation of discount on Treasury Bills	2,128,813 (276,581)	- (131,914) 1,828	(2,128,813) (124,059)	(532,554) 1,828	(50,286)	(251,394) 538	(1,131,835)	(1,433,515) 538
(Decrease)/increase in fair value At December 31,	(180,531)	840,117	(72,663) 772,632	(253,194) 4,770,949	91,650	488,182	3,013,781	74,649 4,563,273
Analysed as follows : Non-current Current	3,158,200	781,376 58,741 840,117	772,632	4,712,208 58,741 4,770,949	1,061,310	346,391 141,791 488,182	3,012,643 1,138 3,013,781	4,420,344 142,929 4,563,273
Proceeds on maturity /sale of financial assets	270,254	123,573	93,860	487,687	51,930	243,682	1,350,219	1,645,831
				2011			2010	
(b) THE COMPANY			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, Effect on transfer of LPM General operations on January 1, 2011 Additions			56,636 16,088 117,418	594,946 244,757 82,384	651,582 260,845 199,802	313,985 - 204,820	3,070,809 - 744,815	3,384,794 - 949,635
Disposals (Decrease)/increase in fair value Transfer to assets of disposal group classified as held for sale			(46,723)	(94,351) (71,509)	(141,074) (71,509)	(209,950)	(1,101,339) 9,474 (2,128,813)	(1,311,289) 9,474 (2,381,032)
At December 31,			143,419	756,227	899,646	56,636	594,946	651,582
Analysed as follows:			122 410	754 227	000 044	4 315	EQ4 EQ4	600,909
Non-current Current			132,619	756,227	888,846	6,315 50,321	594,594 352	50,673
			143,419	756,227	899,646	56,636	594,946	651,582
Proceeds on maturity /sale of financial assets			46,723	90,393	137,116	140,226	860,523	1,000,749

9 FINANCIAL ASSETS (CONT'D)

(c) Available-for-sale financial assets	THE GRO	OUP	THE COMPANY		
(c) Available-101-sale Illialicial assets	2011	2010	2011	2010	
	Rs'000	Rs'000	Rs'000	Rs'000	
Equity securities:					
- Listed - local	451,989	1,739,784	439,606	239,535	
- foreign	4,012	8,011	-	-	
- corporate bonds	120,458	396,882	120,458	197,182	
- DEM quoted	101,595	445,632	101,595	85,736	
- Unquoted - local	707	11,460	697	16	
- foreign	15,405	19,776	15,405	15,274	
- Open-Ended Mutual Funds - Local	37,168	56,130	37,168	9,661	
- foreign	41,298	336,106	41,298	47,542	
	772,632	3,013,781	756,227	594,946	
Held-to-maturity investment					
Unlisted debt securities at amortised cost	840,117	488,182	143,419	56,636	
	840,117	488,182	143,419	56,636	
Fair value through profit or loss					
- Listed - Local	2,525,385	856,607	-	-	
- foreign	163,759	140,255	-	-	
- Unquoted - local	469,056	64,448		_	
	3,158,200	1,061,310	-		
Total investments in financial assets	4,770,949	4,563,273	899,646	651,582	

9 FINANCIAL ASSETS (CONT'D)

(d) Movement in provision for impairment of available-for-sale financial assets

At January I,
Transferred to assets of disposal group classified as held for sale

At December 31,

THE CON	MPANY
2011	2010
Rs'000	Rs'000
-	(3,691)
	3,691
	-

- (e) Held-to-maturity investments comprise treasury notes, bonds, fixed deposits with interest rate of 3% to 13.25% with maturity dates ranging between 4 months to 15 years from the statement of financial position 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 disclosed under note 3.3

10 LOANS AND RECEIVABLES

	THE GRO	OUP	THE COMPANY		
	2011	2010	2011	2010	
	Rs'000	Rs'000	Rs'000	Rs'000	
Mortgage Loans	681,260	491,513	25,695	28,345	
Loans on Life policies	38,918	25,724	-	-	
Secured Loans	174,372	70,017	153,285	57,050	
Unsecured Loans	65,665	-	5,156	_	
CDS guarantee fund	349	346	-	_	
Acquisition through business combination (note 38)		211,241	-	_	
Provision for impairment:					
- Mortgage Loans	(11,898)	(12,207)	(128)	(687)	
- Loan on Life policies	(1,019)	(1,987)	=	_	
- Secured Loans	(1,236)	(1,073)	(1,189)	(800)	
- Unsecured Loans	(328)	(4,292)	(26)		
	946,083	779,282	182,793	83,908	
Analysed as follows:					
Non-current	856,485	671,458	146,545	64,683	
Current	89,598	107,824	36,248	19,225	
	946,083	779,282	182,793	83,908	

THE CROLLE

- (a) The group and the Company have not recognised any impairment loss during the year ended December 31, 2011 and 2010.
- (b) All impaired loans and receivables were overdue more than 120 days. Other balances of loans and receivables are neither past due nor impaired.
- (c) Movement in provision for impairment of loans

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
At January I,	(19,559)	(10,584)	(1,487)	(10,584)
Recoveries	4,067	-	144	-
Acquisition through business combination (note 38)		(4,292)		-
Charge for the year	-	(4,683)	-	-
Write off during the year	1,011	-	-	-
Transfer to assets of disposal group classified as held for sale		-	-	9,097
At December 31,	(14,481)	(19,559)	(1,343)	(1,487)

10 LOANS AND RECEIVABLES (CONT'D)

- (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. The fair value of the collateral of loans that are past due but not impaired are considered as greater than the carrying value of the loans.

II INSURANCE AND OTHER RECEIVABLES

	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Premium debtors and agents' balances	334,661	142,285	311,885	159,955
Premium debtors - acquisition through business combination (note 38)	-	151,067	-	-
Provision for credit impairment	(20,358)	(4,545)	(20,358)	(4,314)
Provision - Acquisition through business combination (note 38)		(17,281)		_
	314,303	271,526	291,527	155,641
Amount due by reinsurers	28,648	13,437	28,648	11,229
Other receivables	119,768	79,863	32,871	9,758
Acquisition through business combination (note 38)	-	20,596	-	-
	462,719	385,422	353,046	176,628

THE GROUP

II INSURANCE AND OTHER RECEIVABLES (CONT'D)

(a) Premium debtors and agents' balances that are less than three months past due are not considered impaired. As at December 31, 2011, the Group had Rs84.5m, and the Company had Rs76.3m (2010:The Group Rs109.9m, the Company Rs43.2m) that were more than 3 months past due but not impaired. The ageing analysis of these premium debtors is as follows:

IIIE OI	THE GROOT		
2011	2010	2011	2010
Rs'000	Rs'000	Rs'000	Rs'000
229,780	161,601	215,203	119,833
62,381	95,786	54,182	25,367
22,142	13,442	22,142	10,441
	697		_
314,303	271,526	291,527	155,641

THE GROUP

THE GROUP

(b) Movement in provision for credit impairment

	THE GROOF		THE COFFEANT	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
At January I,	21,826	5,142	4,314	5,142
Effect on transfer of LPM General operations on January 1, 2011	-	-	17,512	-
Amounts written off during the year	(4,621)	(828)	(4,621)	(828)
Acquisition through business combination	-	19,369	-	-
Charge /(release) during the year	3,153	(1,857)	3,153	_
At December 31,	20,358	21,826	20,358	4,314

- (c) The other classes within insurance and other receivables do not include impaired assets.
- (d) The Group does not hold any collateral as security in respect of insurance and other receivables.
- (e) All insurance and other receivables are denominated in Mauritian rupees.
- (f) The carrying amounts of insurance 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.

THE COMPANY

12 REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES

	THE GRO	THE GROUP		
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Gross				
- Claims reported and loss adjustment expenses	707,181	982,955	707,181	659,298
- Claims incurred but not reported (IBNR)	60,287	55,554	60,287	28,347
- Unearned premiums	666,808	565,275	666,808	415,110
Total gross insurance contract liabilities	1,434,276	1,603,784	1,434,276	1,102,755
Recoverable from reinsurers				
- Claims reported and loss adjustment expenses	177,128	302,792	177,128	154,405
- Claims incurred but not reported (IBNR)	7,480	402	7,480	471
- Unearned premiums	108,267	93,864	108,267	64,639
Total reinsurers' share of insurance contract liabilities	292,875	397,058	292,875	219,515
Net				
- Claims reported and loss adjustment expenses	530,053	680,163	530,053	504,893
- Claims incurred but not reported (IBNR)	52,807	55,152	52,807	27,876
- Unearned premiums	558,541	471,411	558,541	350,471
Total net insurance contract liabilities	1,141,401	1,206,726	1,141,401	883,240

13 MOVEMENT IN REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES

THE GROUP		2011			2010	
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(i) Claims						
At January I,	1,038,509	(303,194)	735,315	502,190	(238,840)	263,350
Acquisition through business combination (note 38)	=	-	_	332,941	(144,858)	188,083
Claims incurred during the year	698,315	9,640	707,955	816,977	16,568	833,545
Cash paid for claims settled during the year	(969,356)	108,946	(860,410)	(613,599)	63,936	(549,663)
At December 31,	767,468	(184,608)	582,860	1,038,509	(303,194)	735,315
Recognised notified claims	707,181	(177,128)	530,053	982,955	(302,792)	680,163
Incurred but not reported (IBNR)	60,287	(7,480)	52,807	55,554	(402)	55,152
meaned but not reported (ibivity)	767,468	(184,608)	582,860	1,038,509	(303,194)	735,315
Movement in outstanding claims	(271,041)	118,586	(152,455)	203,378	80,504	283,882
Increase in value of Life policy liabilities	35,325		35,325	506,357		506,357
Movement during the year	(235,716)	118,586	(117,130)	709,735	80,504	790,239
Total Claims and Benefits paid	969,356	(108,946	860,410	613,599	(63,936)	549,663
Claims-Non Life	357,403	(12,226)	345,177	302,944	(8,060)	294,854
Claims and benefits -Life	1,326,759	(121,172)	1,205,587	916,543	(72,026)	844,517
(ii) Provision for unearned premiums	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At language I	565,275	(93,864)	471,411	337,719	(50,339)	287,380
At January I, Acquisition through business combination (note 38)	303,273	(73,004)	4/1,411	186,556	(50,029)	136,527
Premium written during the year	1,520,070	(275,978)	1,244,092	1,337,515	(273,293)	1,064,222
Premium earned during the year	(1,418,537)	261,575	(1,156,962)	(1,296,515)	279,797	(1,016,718)
At December 31,	666,808	(108,267)	558,541	565,275	(93,864)	471,411

13 MOVEMENT IN REINSURANCE ASSETS AND INSURANCE CONTRACT LIABILITIES (CONT'D)

THE COMPANY	2011			2010		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
(i) Claims	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January I,	687,645	(154,876)	532,769	502,190	(238,840)	263,350
Effect on transfer of LPM General operations on January 1, 2011	350,864	(148,318)	202,546	-	-	-
Claims incurred during the year	698,315	9,640	707,955	622,476	49,406	671,882
Cash paid for claims settled during the year	(969,356)	108,946	(860,410)	(437,021)	34,558	(402,463)
At December 31,	767,468	(184,608)	582,860	687,645	(154,876)	532,769
Recognised notified claims	707,181	(177,128)	530,053	659,298	(154,405)	504,893
Incurred but not reported	60,287	(7,480)	52,807	28,347	(471)	27,876
	767,468	(184,608)	582,860	687,645	(154,876)	532,769
Movement during the year	(271,041)	118,586	(152,455)	185,455	83,964	269,419
					D 1000	
(ii) Provision for unearned premiums	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January I,	415,110	(64,639)	350,471	337,719	(50,339)	287,380
Effect on transfer of LPM General operations on January 1, 2011	150,165	(29,225)	120,940	_	=	_
Premium written during the year	1,520,070	(275,978)	1,244,092	983,123	(178,132)	804,991
Premium earned during the year	(1,418,537)	261,575	(1,156,962)	(905,732)	163,832	(741,900)
At December 31,	666,808	(108,267)	558,541	415,110	(64,639)	350,471

14 NON CURRENT ASSETS HELD FOR SALE

(a) MUA and its subsidiary company, LPM both being composite insurance companies split their life and general business operations as required by Insurance Act 2005 with effect January I, 2011. Therefore, all assets, liabilities and operations of the life business of MUA were transferred to LPM and similarly, all assets, liabilities and operations of the general business of LPM were transferred to MUA.

	THE COM	PANY
	2011	2010
Assets of disposal group classified as held for sale :	Rs'000	Rs'000
Property and equipment (note 5)	-	111,298
Investment properties (note 6)		155,200
Intangible assets (note 7)	-	15,326
Financial assets (note 9)	-	2,381,032
Loans and receivables	-	520,576
Trade and other receivables	-	27,913
Bank balances and cash		173,921
Total Assets		3,385,266
	THE COM	ΡΔΝΥ
	2011	2010
Liabilities of disposal group classified as held for sale :	Rs'000	Rs'000
Deferred tax liabilities	_	750
Trade and other payables		46,520
Life Assurance Fund		3,307,440
Total Liabilities		3,354,710
	THE GR	OUP
	2011	2010
(b) Property held for sale	Rs'000	Rs'000
At January I	5,878	_
Acquisition through business combination (note 38 (b))	-	5,878
Transfer to investment property (note 6)	(4,953)	-
Disposal	(925)	-
At December 31		5,878

LPM had property for sale amounting to Rs5.9m when it was acquired on March 31, 2010. As at December 31, 2011, the seized property amounting to Rs4.9m included in the amount above has not been sold yet and was transferred to investment property.

15 SHARE CAPITAL

THE GROUP AND THE COMPANY	Authorised	Issued and	Issued and fully paid		
	2011 & 2010	2011	2010		
	Rs'000	Rs'000	Rs'000		
Ordinary shares of Rs.10 each	500,000	200,400	200,400		
Number of ordinary shares ('000)	50,000	20,040	20,040		

16 LIFE ASSURANCE FUND

	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1	4,855,650	2,971,331		2,971,331
Acquisition through business combination		1,400,451	-	-
Transfer of revaluation reserve to General business		(19,651)	-	(19,651)
Surplus for the year	35,325	506,357	-	358,594
Transfer from retained earnings		(4)	-	-
Share of surplus to shareholders		(2,834)	-	(2,834)
Transfer to liabilities of disposal group classified as held for sale		-	-	(3,307,440)
At December 31	4,890,975	4,855,650	-	-

THE GROUP

17 DEFERRED INCOMETAX

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
(a) The movement on the deferred income tax account is as follows:	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	(53,399)	(80)	_	_
Transferred from liability of disposal group	3,257	-	-	-
Deferred tax on revaluation of property and equipment	2,666	-	-	-
Credit /(Charge) for the year (note 21)	114,950	(4,661)	119,059	-
Amortisation of client portfolio	32,850	_	-	-
Acquisition through business combination (note 38)	-	(48,658)	-	-
At December 31,				
	100,324	(53,399)	119,059	-

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

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
(b) The following amounts are shown in the statement of financial position:	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liabilities	(18,735)	(85,067)	-	(5,756)
Deferred tax assets	119,059	31,668	119,059	5,756
	100,324	(53,399)	119,059	-

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Deferred tax assets and liabilities are attributable to the following:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
Deferred income tax liabilities	Rs'000	Rs'000	Rs'000	Rs'000
Revaluation of property and equipment	2,841	(15,996)	-	(5,665)
Transferred from liability	750	-	-	-
Interest accrued but not due	-	(636)	-	(91)
Deferred tax on client portfolio	(18,344)	=	-	_
Provision for impairment of receivables	(765)	-	-	-
Change in fair value of investment properties	_	(17,171)	-	-
Intangibles	-	(50,751)	-	_
Retirement benefit obligations	-	(270)	-	_
Difference between capital allowances and depreciation	(3,217)	(243)	-	_
	(18,735)	(85,067)	_	(5,756)

17 DEFERRED INCOMETAX (CONT'D)

Deferred tax assets and liabilities are attributable to the following:

	THE GRO	THE GROUP		THE COMPANY	
	2011	2010	2011	2010	
Deferred income tax assets	Rs'000	Rs'000	Rs'000	Rs'000	
Difference between capital allowances and depreciation	14,630	23,995	14,630	12,754	
Change in non-current assets held-for-sale	-	777	-	-	
Provision for bad debts	647	647	647	647	
Provision for impairment of receivables	2,961	4,547	2,961	-	
Retirement benefit obligations	1,051	186	1,051	-	
Provision for legal costs	(7,645)	(7,645)	(7,645)	(7,645)	
Tax losses carried forward	107,415	9,161	107,415		
	119,059	31,668	119,059	5,756	

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. 769m (2010: Rs.916m) to carry forward against future taxable income.

18 RETIREMENT BENEFIT OBLIGATIONS

Pension schemes

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

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

(ii) Amounts recognised in statement of financial position is as follows:

		THE GROUP		THE COMPANY	
		2011	2010	2011	2010
Non- current assets		Rs'000	Rs'000	Rs'000	Rs'000
Pension benefits	=	-	1,798		
The movement in the assets recognised in the statement of financial position:					
Present value of funded obligations	_		1,798		

18 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Pension schemes

(iii) Amounts recognised in statement of financial position is as follows:

	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Present value of unfunded obligations	5,662	3,612	5,662	-
Present value of funded obligations	4,237	-	4,237	-
Fair value of plan assets	(2,240)	(2,486)	(2,240)	-
Unrecognised actuarial losses	(653)		(653)	
Liability in the statement of financial position	7,006	1,237	7,006	_

THE GROUP

THE GROUP

THE GROUP

(iv) The movement of defined benefit obligation over the year are as follows:

	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
At January I,	1,237	684	-	684
Acquisition through business combination (note 38)	-	1,050	-	-
Effect on transfer of LPM General operation on January 1, 2011	-	-	1,237	-
Interest cost	343	419	343	64
Expected return on plan assets	(236)	(221)	(236)	-
Actuarial losses/(gains)	5,662	(695)	5,662	(748)
At December 31,	7,006	1,237	7,006	-

(v) The movement in the fair value of plan assets of the year is as follows:

	2011 Rs'000	2010 Rs'000	2011 Rs'000	2010 Rs'000
At January I,	2,486		-	-
Effect on transfer of LPM General operations on January 1, 2011	-	-	2,486	-
Acquisition through business combination (note 38)	-	2,417		-
Benefits paid	-	(174)		-
Expected return on plan assets	-	221	236	-
Acturial gains/(losses)		22	(483)	
At December 31,	2,486	2,486	2,239	_

THE COMPANY

18 RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

Pension schemes

(vi) The amounts recognised in the profit or loss are as follows:

	THE GROUP		THE COMPANY	
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Current service cost		-	-	-
Interest cost	343	419	343	64
Expected return on plan assets	(236)	(221)	(236)	-
Actuarial (losses)/gains	5,662	(695)	5,662	(748)
Total included in staff costs	5,769	(497)	5,769	(684)
Actual return on plan assets	(246)	244	(246)	_

(vii) The assets of the plan are invested in local and overseas equities, and fixed interest assets.

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at reporting date.

Expected returns on equity reflect the long-term real rates of return experienced in the respective markets.

The principal actuarial assumptions used for accounting purposes were:	%	%	%	%
Discount rate	9.0%	9.5%	9.0%	9.5%
Expected return on plan assets	9.0%	9.5%	0.0%	0.0%
Future salary increases	8.0%	8.0%	8.0%	8.0%
Future pension increases	3%	3%	0%	0%

19 BORROWINGS

	THE GI	THE GROUP		MPANY
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Preference share capital (i)	100,000	_	100,000	-
Other borrowings (ii)	97,241	-	97,241	-
Bank overdraft (iii)	8,049	2,487_		2,487
	205,290	2,487	197,241	2,487
Analysed as follows:				
Non Current	180,993	_	180,993	-
Current	24,297	2,487	16,248	2,487
	205,290	2,487	197,241	2,487

Following the out-of-court setttlement, The Mauritius Commercial Bank has discharged of its claims Rs250m against the Company in exchange of Rs100m redeemable preference share of Rs1,000 each and Rs150m loan bearing no interest.

- (i) A preferential cummulative dividend of 3% per annum, calculated on the issue price, is payable to the preference shareholder. These preference shares are redeemable on May 30, 2016 but the Company has the option to defer the redemption of these shares until 2021. A preferential cummulative dividend of 5% will then be payable as from the initial redemption date.
- (ii) The Rs150m shall be paid in 6 equal yearly instalment of Rs25m each starting on May 31, 2011 through May 31, 2016.
- (iii) The bank overdraft is secured by floating charges on the assets of one of its subsidiary company.

20 TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2011	2011 2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Loans repaid in advance	528	3,073	528	257
Premiums prepaid	27,803	22,262	27,803	6,752
Amounts due to reinsurers	22,275	31,797	20,640	37,324
Other payables and accruals	105,214	108,992	67,429	44,590
Acquisition through business combination (note 38)		105,069	-	
	155,820	271,193	116,400	88,923

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

21 CURRENT TAX LIABILITIES

(a)	Income tax provision for the year at 15% Alternative minimum tax CSR tax Amortisation of client portfolio (Over)/under provision in previous year
	Movement in deferred tax (Note 17) Tax (credit) /charge for the year

2011	2010	2011	2010
Rs'000	Rs'000	Rs'000	Rs'000
510	2,652		-
10,020	8,263	10,020	8,263
161	3,351	-	2,804
(32,850)	-	-	-
(16,856)	303	(8,134)	254
(39,015)	14,569	1,886	11,321
(114,950)	4,661	(119,059)	-
(153,965)	19,230	(117,173)	11,321

THE COMPANY

THE GROUP

)	Statement of financial position
	At January 1,
	Income tax provision for the year at 15%
	Advance payment of tax
	Payment of CSR tax
	Payment during the year
	Over provision in previous year
	Deferred tax not recognised
	Acquisition through business combination (note 38)
	Tax deducted at source - TDS
	CSR contribution
	Alternative Minimum Tax
	At December 31,

THE GROUP		THE COMPANY		
2011	2010	2011	2010	
Rs'000	Rs'000	Rs'000	Rs'000	
6,715	4,128	5,365	2,721	
1,013	2,652	-	-	
(271)	(5,025)	-	(4,485)	
(728)	(1,761)	-	(1,214)	
(962)	(4,352)	-	(2,978)	
(9,731)	303	(9,731)	254	
_	(814)	=	-	
-	33	-	-	
(20)	(63)	-	-	
-	3,351	-	2,804	
10,020	8,263	10,020	8,263	
6,036	6,715	5,654	5,365	

21 CURRENT TAX LIABILITIES

	THE GRO	OUP	THE COMPANY	
(c) The tax on the profit before tax differs from the theoretical amount that would arise	2011	2010	2011	2010
using the basic tax rate as follows:	Rs'000	Rs'000	Rs'000	Rs'000
Profit before taxation	301,580	390,273	237,269	309,763
Tax thereon (15%)	45,237	58,541	35,590	46,464
Tax effect of :				
- Income not subject to tax	(32,776)	(69,252)	(6,616)	(60,042)
- Expenses not deductible for tax purposes	87,143	357	58,429	51
Income exempt for tax	(76,136)	_	(65,796)	_
Deferred tax assets not recognised	9,366	14,016	6,608	13,527
Loss recognised following business combination	(147,274)	_	(147,274)	_
Underprovision in previous year	(16,856)	3,954	(8,134)	254
Amortisation of client portfolio reversed	(32,850)	_	=	_
CSR contribution	161	3,351	-	2,804
Alternative Minimum Tax	10,020	8,263	10,020	8,263
	(153,965)	19,230	(117,173)	11,321

22 NET EARNED PREMIUMS

		THE GROUP		THE COMPANY	
(a)	Gross Premium earned is as follows:	2011	2010	2011	2010
(4)	Gross Fremium carried is as follows.	Rs'000	Rs'000	Rs'000	Rs'000
	Non Life insurance	1,520,070	1,337,515	1,520,070	983,123
	Life insurance	621,559	516,020	-	-
	Change in unearned premiums provision	(101,533)	(41,000)	(101,533)	(77,391)
		2,040,096	1,812,535	1,418,537	905,732
		THE GROUP		THE COMPANY	
(b)	Premium ceded to reinsurers is as follows:	2011	2010	2011	2010
(5)	Tremain ceded to remainers is as follows.	Rs'000	Rs'000	Rs'000	Rs'000
	Non Life insurance	(275,978)	(273,293)	(275,978)	(178,132)
	Life insurance	(49,274)	(45,949)	=	=
	Change in unearned premiums provision	14,403	(6,504)	14,403	14,300
		(310,849)	(325,746)	(261,575)	(163,832)
	Net earned premiums	1,729,247	1,486,789	1,156,962	741,900

23 INVESTMENT INCOME

Rental income from investment property Dividend income Interest on loans and financial assets Interest on bank accounts

24 REALISED GAINS

Property and equipment
Realised loss
Realised gain
Financial assets
Realised gains (note 30)
Investment property

25 UNREALISED GAINS AND LOSSES

Fair value gains on investment properties
Fair value (losses)/gains on fair value through profit or loss

THE GRO	THE GROUP		THE COMPANY		
2011	2010	2011	2010		
Rs'000	Rs'000	Rs'000	Rs'000		
1,543	2,435	-	-		
86,096	86,284	430,235	13,784		
196,590	134,581	66,870	36,254		
24,231	29,626	9,013	7,208		
308,460	252,926	506,118	57,246		

THE GROUP		THE COMPANY		
2011	2010	2011	2010	
Rs'000	Rs'000	Rs'000	Rs'000	
-		-	(206)	
2,148	1,369	2,186	-	
15,684	432,798	16,180	386,279	
676	230	-	-	
18,508	434,397	18,366	386,073	

THE GROUP		THE COM	PANY
2011	2010	2011	2010
Rs'000	Rs'000	Rs'000	Rs'000
5,675	16,116	_	_
(180,530)	273,797		_
(174,855)	289,913	-	-

26 OTHER OPERATING REVENUE

	THE G	THE GROUP		MPANY
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Consideration for annuities	-	3,357	_	_
Brokerage fees	5,982	8,142	-	-
Unit link fees	7,128	4,491	-	-
Administration fees- pension	16,378	10,523	-	-
Management fees	8,474	7,981	-	-
Exchange (loss)/gain	(4,573)	(632)	(1,942)	419
Other income	5,571_	8,836	3,839	1,120
	38,960	42,698	1,897	1,539

27 OTHER OPERATING AND ADMINSTRATIVE EXPENSES

		THE GRO	DUP	THE COMPANY	
	Notes	2011	2010	2011	2010
		Rs'000	Rs'000	Rs'000	Rs'000
Management expenses		406,919	359,988	268,624	143,378
Depreciation	5	27,328	20,597	16,265	5,854
Amortisation	7	32,190	22,309	17,964	3,375
		466,437	402,894	302,853	152,607

28 FINANCE COSTS

	THE GROUP		THE COMPANY	
	2011		2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Interest expense:				
- Notional interest on interest free loan	5,131	-	5,131	_
- Dividend on redeemable preference shares	5,250	-	5,250	-
- Interest on loan	162			1,098
	10,543		10,381	1,098

29 DISCONTINUED OPERATIONS

The Company and La Prudence (Mauricienne) Assurances Limitee, one of the company's subsidiaries both being composite insurance companies split their life and general business operations. The life operations of the Company were transferred with effect from January 1, 2011, to its subsidiary to comply with the requirements of the Insurance Act 2005. The Company has therefore disclosed its life operation for the year ended December 31, 2010 as discontinued.

Gross Premiums	Rs'000 372,222 (35,201)
	(35,201)
Premiums ceded to reinsurers	
Net earned premiums	337,021
Fees and commission income	10,353
Investment income	139,251
Realised loss	(2,317)
Fair value gains and losses	187,147
Other operating revenue	8,756
Total revenue	680,211
Gross claims paid	201,199
Claims ceded to reinsurers	(6,171)
Net claims and benefits	195,028
Other operating and administrative expenses	104,530
Commission and brokerage fees payable	21,309
Total claims, benefits and other expenses	320,867
Surplus for the year	359,344
Income tax expense	(750)
Net surplus for the year	358,594

2010

30 PROFIT BEFORE TAX

	THE GRO	THE GROUP		PANY
	2011	2010	2011	2010
The profit before tax has been arrived at After crediting:	Rs'000	Rs'000	Rs'000	Rs'000
Investment income				
- dividend from financial assets	86,096	86,284	430,235	13,784
- interest from financial assets	96,365	85,059	26,868	28,800
Profit on disposal of available-for-sale financial assets (note 24)	15,684	432,798	16,180	386,279
Loss/(Profit) on sale of property and equipment	2,148	1,369	2,186	(206)
And charging:				
Auditors' fees	2,294	650	995	518
Employee benefit expenses (Note 31)	220,739	182,696	147,081	60,717
Depreciation on property and equipment (Note 5)	27,328	20,597	16,265	5,854
Amortisation of intangible assets (Note 7)	32,190	22,309	17,964	3,375

31 EMPLOYEE BENEFIT EXPENSES

	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Wages and salaries	198,865	159,427	129,860	57,007
Social Security costs	6,902	5,268	4,910	2,051
Pension costs	·			
- Defined contributions	7,607	7,896	6,542	2,407
- Defined benefits	5,769	(561)	5,769	(748)
Other benefits	1,596	10,666		_
	220,739	182,696	147,081	60,717

THE GROUP

32 DIVIDENDS PAID

	THE GROUP AND	THE COMPANY
	2011	2010
	Rs'000	Rs'000
dividend of 15% (2010 - 14%)	30,060	28,056
dend 35 % (2010 - 30%)	70,140	60,120
	100,200	88,176

33 SEGMENT INFORMATION

(a) Primary reporting format - business segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions.

The Group's reportable segments under IFRS8 are based on insurance classes.

- (i) Casualty includes motor, liability, cash in transit, personal accident and health.
- (ii) Property includes fire and allied perils, engineering, marine, and all risks
- (iii) Life includes both life and pensions
 - Revenue in the above segments is derived primarily from insurance premiums, investment income and realised gain on financial assets.
- (iv) Other consists of stock-broking. Revenue in this segment is derived primarily from brokerage commissions, investment income and realised gains on financial assets.

<u>2011</u>	THE GROUP				
	Casualty	Property	Life	Other	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
<u>Income</u>	1 020 5 42	117 410	F72 20F		1 700 0 47
Net earned premium	1,039,543	117,419	572,285	-	1,729,247
Fee and commission income	38,089	41,647	18,477	-	98,213
Brokerage fees	-	-	-	5,981	5,981
Investment and other income	89,621	19,996	218,755	31,574	359,946
Segment income	1,167,253	179,062	809,517	37,555	2,193,387
Expenses					
Gross claims and benefits	917,505	51,851	392,727	_	1,362,083
Claims recovered from Reinsurers	(87,968)	(20,978)	(12,226)	_	(121,172)
Movement in outstanding claims	(157,784)	5,329	(,)	_	(152,455)
Fees & Commission	96,477	28,709	26,330		151,516
Management expenses	219,623	49,001	113,670	24,624	406,918
Finance costs	8,487	1,894	113,070	162	10,543
			0.494		
Depreciation	13,298	2,967	9,684	1,380	27,329
Amortisation	18,988	4,236	8,291	675	32,190
Fair value gains and losses	-		174,855		174,855
	1,028,626	123,009	713,331	26,841	1,891,807
Segment profit before tax	138,627	56,053	96,186	10,714	301,580
Profit before taxation					301,580
Tax credit					153,965
Net profit for the year				_	455,545
Thet profit for the year				=	733,343

33 SEGMENT INFORMATION (CONT'D)

2010			THE GROUP		
	Casualty	Property	Life	Other	Total
1	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Income	929,671	87,047	470,071		1,486,789
Net earned premium Consideration for annuities	727,071	07,047	3,357	-	3,357
Fee and commission income	19,604	40,492	13,904	_	74,000
Brokerage fees	17,004	-10,772	13,704	8,142	8,142
Investment and other income	303,970	203,369	204,022	15,285	726,646
Revaluation of Land & Buildings	303,770	203,307	1,236	13,203	1,236
Increase in fair value through profit or loss		_	273,797	_	273,797
Increase in fair value of investment property	1,977	1,323	10,816	2,000	16,116
Segment income	1,255,222	332,231	977,203	25,427	2,590,083
Expenses					
Gross claims and benefits	552,421	61,177	809,302	_	1,422,900
Claims recovered from Reinsurers	(19,822)	(46,033)	(6,171)	_	(72,026)
Movement in outstanding claims	273,100	10,782	-	_	283,882
Fees and Commission	98,404	29,481	24,915	_	152,800
Management expenses	183,821	43,471	128,466	12,802	368,560
Finance costs	638	150	-	-	788
Depreciation	9,072	2,145	9,021	359	20,597
Amortisation	12,790_	3,026	6,493		22,309
	1,110,424	104,199	972,026	13,161	2,199,810
Segment profit before tax	144,798	228,032	5,177	12,266	390,273
Taxation	,	,	,	,	(19,230)
Net profit for the year				_	371,043
				=	

33 SEGMENT INFORMATION (CONT'D)

2011

Segment assets

Segment liabilities
Technical liabilities

- Unearned premium reserve
- Life assurance fund
- Outstanding claims

Total equity

Capital expenditure
Depreciation
Amortisation

2010

Segment assets

Segment liabilities

- Technical liabilities
- Unearned premium reserve
- Life assurance fund
- Outstanding claims

Total equity

Capital expenditure
Depreciation
Amortisation

THE GROUP

Casualty	Property	Life	Other	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2,432,794	542,790	5,128,418	17,958	8,121,960
302,054	67,393	42,264	11,652	423,363
				666,808
				4,890,975
				767,468
				1,373,346

THE GROUP

Casualty	Property	Life	Other	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
21,641	4,828	36,369	2,030	64,868
13,298	2,967	9,684	1,380	27,329
18,988	4,236	8,291	675	32,190

THE GROUP

Casualty	Property	Life	Other	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2,359,694	558,022	4,993,474	37,010	7,948,200
188,774	44,641	138,400	9,831	381,646

565,275 4,855,650 1,038,509

1,107,120

THE GROUP

Casualty	Property	Life	Other	Total
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
6,273	1,375	7,648	357	15,653
4,858	1,065	5,958	157	12,038
1,837	403	482		2,722

34 SHAREHOLDERS SHARE OF LIFE SURPLUS

In accordance with the accounting policy in Note 2 the independent actuaries have assessed the amount of the Discretionary Participating Feature (DPF) eligible surplus to be transferred to/(from) the Life Assurance Fund (from)/to the Profit or Loss at Rs.26.7m (2010 - (Rs.2.8m)).

35 OUTSTANDING FINANCIAL COMMITMENTS

	THE GRO	UP	THE COM	PANY
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
Loans approved by the Board of Directors but not yet disbursed	182,292	106,661	11,653	6,254

36 BASIC AND DILUTED EARNINGS PER SHARE

	2011	2010
Earnings per share is based on the following:	Rs'000	Rs'000
Profit attributable to equity holders of the parent	454,888	369,835
Number of ordinary shares in issue and ranking for dividends	20,040,000	20,040,000
Earnings per share	Rs 22.70	18.45

THE GROUP

37 NOTES TO CASH FLOW STATEMENTS

		THE GRO	OUP	THE COM	PANY
	Notes	2011	2010	2011	2010
		Rs'000	Rs'000	Rs'000	Rs'000
(a) Cash generated from operations					
Profit before taxation		301,580	390,273	237,269	309,763
Decrease/(increase) in fair value of investment		180,530	(273,797)	-	-
Increase in fair value of investment properties	6	(5,675)	(16,116)	-	-
Exchange losses/(gains) on cash and cash equivalents		3,361	470	1,133	(120)
Revaluation of land and buildings		-	(1,236)	-	-
Provision for retirement benefit obligations		7,566	(616)	5,769	(342)
Impairment of subsidiary		-	-	379,435	-
Provision for credit impairment	10/11	(1,924)	(1,857)	3,009	_
Dividend income	23	(86,096)	(86,284)	(430,235)	(13,784)
Interest income	23	(220,821)	(149,526)	(75,883)	(43,462)
Interest payable		10,543	_	10,381	1,098
Depreciation	5	27,328	20,597	16,265	5,854
Amortisation	7	32,190	22,309	17,964	3,375
(Profit)/loss on sale of property and equipment	24	(2,148)	(1,369)	(2,186)	206
Profit on disposal of financial assets	24	(15,684)	(432,798)	(16,180)	(386,279)
Profit on disposal of investment property	24	(676)	(230)	=	=
Revaluation reserve realised on land and building from Life business		_	=	-	19,651
8	_	230,074	(530,180)	146,741	(104,040)
Change in unearned premium		87,130	32,153	87,130	54,326
Change in insurance and other receivables		(76,588)	27,737	(7,655)	(56,697)
Change in outstanding claims		(117,130)	793,699	(152,455)	269,419
Change in trade and other payables		141,362	18,242	178,857	(15,623)
Operating cash flows from merging of LPM (*)			_	(225,428)	_
Net cash (used in)/generated from operations (page 66)		264,848	341,651	27,190	147,385

37 NOTESTO CASH FLOW STATEMENTS (CONT'D)

	THE GRO	OUP	THE COMI	PANY
	2011	2010	2011	2010
	Rs'000	Rs'000	Rs'000	Rs'000
(b) Cash and cash equivalents Interest bearing bank balances Bank deposits	411,193	646,149 34,000	179,433	114,234 34,000
Dank deposits	411,193	680,149	179,433	148,234
Less: Bank overdraft (note 19)	(8,049)	(2,487)		(2,487)
,	403,144	677,662	179,433	145,747

The bank overdraft is secured by floating charges on the assets of the company.

2011
Rs'000
82,515
70,753
48,864
260,845
750
154,079
177,542
(501,028)
(306)
(1,237)
(67,224)
(125)
225,428

38 RELATED PARTY TRANSACTIONS

		THE GRO	DUP	THE COM	PANY
	Relationship	2011	2010	2011	2010
		Rs'000	Rs'000	Rs'000	Rs'000
Loans granted to					
Directors and key management personnel		4,410	4,200	425	-
Amount owed by					
Directors and key management personnel		97,354	100,613	1,258	1,195
Receivables from:					
NMF Property Trust	Subsidiary	79	93	-	-
NMF General Fund	Subsidiary	618	761	-	-
La Prudence Mauricienne Assurances Ltee	Subsidiary	-	-	10,732	30,556
Decadel Ltee	Subsidiary	-	-	5,801	-
Feber Associates Ltd	Subsidiary	-	-	508	-
Other related parties		3,734	3,441	3,734	3,441
Payables to					
Payables to: La Prudence Mauricienne Assurances Ltee	Subsidiary	365			
Other related parties	Subsidial y	2,833	-	2,833	-
Other related parties		2,033	-	2,033	-
Purchase of goods and services from					
Subsidiary company		753	1,910	128	673
Other related parties		25,338	25,410	25,338	25,410
Sale of services to					
Directors and key management personnel		19,314	21,869	18,341	39
Income receivable from:					
Subsidiary companies				413,660	2,757
Subsidiar y companies		_	-	413,000	2,737
Remuneration of key management personnel					
Salaries and short-term employee benefits		32,764	30,468	17,809	11,753
Post-employments benefits		2,841	999	1,640	533
		_,		- ,	

Key Management personnel consist of Chief Executive Offficers, Senior managers and Deputy senior managers.

38 BUSINESS COMBINATIONS

- (i) Subsidiary acquired in 2010
- (a) On March 31, 2010, the Company acquired 100% of the share capital of La Prudence (Mauricienne) Assurances Limitee (LPM) for Rs800m.

This acquisition has:

- (i) enhance the Company's ability to protect the interest of its policyholders and the public by consolidating the capital base, maintaining the profit sharing capacity of the life-fund policyholders, providing a wider range of products and offering a better customer service.
- (ii) create shareholder value by increasing market share, achieving cost-efficiency gains at various levels, enhancing brand image and visibility, strengthening market position and competitiveness in both individual and corporate markets, extending customer base and creating cross-selling and sales opportunities and developing new market segments.

2010	Principal activity	Date of acquisition	Proportion of shares acquired	Consideration transferred
La Prudence (Mauricienne) Assurances Limitee	Insurance	March 31,	100%	Rs'000 800,000
(b) Goodwill arising on consolidation				Rs'000
Consideration transferred (General business Rs633m and Life business Rs167m) Fair value of net assets acquired Goodwill				800,000 (340,742) 459,258

38 BUSINESS COMBINATIONS (CONT'D)

The Goodwill arising from the acquisition is attributable to customer porfolio and economies of scale expected from combining the operation of the Company and LPM.

Acquisition related costs amounting to Rs14.6m have been excluded from the consideration and have been recognised as an expense in the Statement of Comprehensive Income.

	Rs'000
(c) Assets acquired and liabilities assumed at date of acquisition	
Cash and cash equivalents	271,313
Property and equipment	83,298
Investment property	80,684
Intangible assets	93,604
Financial assets	1,324,120
Loan and receivables	206,949
Property held for resale	5,878
Trade and other receivables	154,382
Recoverables from reinsurers	195,292
Outstanding claims	(332,941)
Unearned premiums	(186,556)
Deferred income tax	(48,658)
Life assurance fund	(1,400,471)
Retirement benefit obligations	(1,050)
Trade and other payables	(105,069)
Taxation	(33)
Net assets acquired	340,742

39 CAPITAL COMMITMENTS

Operating lease	THE GRO	DUP	THE CO	MPANY
	2011	2010	2011	2010
The future minimum lease payments under non cancellable operating leases are as	Rs'000	Rs'000	Rs'000	Rs'000
Not later than one year	3,556	4,412	-	_





NOTICE OF MEETING TO SHAREHOLDERS
PROXY / CASTING POSTAL VOTE FORM

NOTICE OF MEETING TO SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of The Mauritius Union Assurance Cy. Ltd will be held at the Registered Office of the Company, 4 Léoville L'Homme Street, Port-Louis, Mauritius, on Friday 29 June 2012 at 10.00 hours to transact the following business:-

AGENDA

- To approve the Minutes of Proceedings of the last Annual Meeting of Shareholders held on 30 June 2011. _:
- To receive and adopt the Annual Report and the Audited Accounts for the year ended 31 December 2011. ci
- 3. To re-appoint Vincent AH CHUEN as Director.
- 4 To re-appoint Priscilla BALGOBIN-BHOYRUL as Director.
- 5. To re-appoint Bruno de FROBERVILLE as Director.
- To re-appoint Gerard de RAUVILLE as Director, in accordance with Section 138(6) of the Companies Act 2001. ó.
- 7. To re-appoint Mélanie FAUGIER as Director.
- 8. To re-appoint Dominique GALEA as Director.
- To re-appoint Lakshmana LUTCHMENARRAIDOO as Executive Director. 6
- 10. To re-appoint Lawrence POISSON as Director.
- 11. To re-appoint Arjoon SUDDHOO as Director.
- To take note of the automatic reappointment of Messrs. Ernst & Young as auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration for the year ending 31 December 2012. 7

SPECIAL BUSINESS

Preamble

is that boards should have a strong executive management presence with at least two executives as members. As The Company endorses the Code of Corporate Governance for Mauritius (the Code) issued by the National Committee on Corporate Governance. One of the recommendations of the Code in respect of board composition the Company's constitution only allows for a maximum of nine directors, it is necessary to amend the constitution and increase the number of directors to eleven. Subject to this amendment being approved by the shareholders, it is proposed to appoint the Deputy Chief Executive Officer, Mr Gilbert Poisson to be the second executive director on the board. Mr G. Poisson is a Chartered Insurer, a Fellow Member of the Association of Chartered Certified Accountants UK and an Associate Member of the Chartered Insurance Institute UK. He joined the Company in 1981 as Accountant and is presently the Deputy CEO. He also acts as the Group Company Secretary and is a director of La Prudence (Mauricienne) Assurances Ltée and of The National Mutual Fund Ltd.

who is a Fellow Member of the Institute of Chartered Accountants of England and Wales. Mr de Chazal has a wide experience of listed companies and has been actively involved in the functioning of the audit and risk committees. He was Senior Financial Analyst with the World Bank in Washington from 1986 to 2003, and General Manager of The board also wishes to strengthen its composition by proposing the appointment of Mr Bertrand de Fouche Ross in West Africa from 1982 to 1986.

AS SPECIAL RESOLUTIONS

To amend Section 21.1 of the Constitution of the Company under the heading "Number of Directors" by deleting and nine in the paragraph and replacing them by the words seven and eleven respectively so that the paragraph shall henceforth read:

"The Board shall consist of not less than seven and not more than eleven Directors"

To amend Section 23.4(a) of the Constitution of the Company under the heading "Quorum", second line, by deleting the words four (4) and replacing them by the words five (5) so that the paragraph shall henceforth read: quorum for a meeting of the Board shall be fixed by the Board and if not so fixed shall be five (5) Directors." Ę,

AS ORDINARY RESOLUTIONS

That, subject to the above special resolutions being passed, to appoint Messrs Gilbert Poisson and Bertrand De Chazal as Directors, as two separate resolutions. <u>~</u>

By order of the Board

Gilbert POISSON Company Secretary

Company Secret 10 May 2012

Notes:

- A member of the Company, entitled to attend and vote at this Meeting, may appoint a proxy (whether a shareholder or not) to attend and vote on his behalf, or may cast his vote by post. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes. 0
- floor, Tower A, I Cybercity, Ebène, Mauritius at latest on Thursday 28 June 2012 at 10.00 hours and in default, the instrument Any power of attorney appointing a proxy shall be deposited with the share registry, Abax Corporate Administrators Ltd, 6th of proxy shall not be treated as valid. (q)
- The notice for casting a postal vote must be made in writing on the attached form and sent to the attention of Mrs. Nisha Proag-Dookun, the person authorized by the board of directors of the Company to receive and count the postal votes at Cybercity, Ebène, Mauritius at latest on Wednesday 27 June 2012 at 10.00 hours, and in default, the notice of postal vote the Annual Meeting. The document should reach the share registry, Abax Corporate Administrators Ltd, 6th floor, Tower A, I shall not be treated as valid. (0)
- For the purpose of this Meeting, the Directors have resolved, in compliance with section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice and vote at the Meeting, shall be those shareholders whose names are registered in the share register of the Company as at 8 June 2012. P

The profiles of the Directors are set out on pages 10 to 14 of the Annual Report.

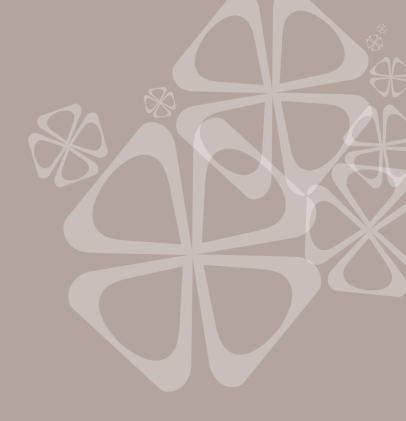
PROXY / CASTING POSTAL VOTE FORM

APPOINTMENT OF PROXY (see notes a and b overleaf)		
Ve ing a member of The Mauritius Union Assurance		
of talling from one may our behalf at the Annual of may our behalf at the Annual of may our behalf at the Annual Meeting of Shareholders of the Company to be held on Friday 29 June 2012 at 10.00 hours at the Registered Office of the Company, 4 Léoville L'Homme Street, Port-Louis, and at any adjournment thereof. The proxy will vote on the undermentioned resolutions, as indicated:	or failing nim, as my/our proxy to vote for me/us and on my/our behalf at the Annual as my/our proxy to vote for me/us and on my/our behalf at the Annual eld on Friday 29 June 2012 at 10.00 hours at the Registered Office of its, and at any adjournment thereof. The proxy will vote on the under-	at the Annual ed Office of on the under-
CASTING POSTAL VOTES (see note c overleaf)		
of being a member of The Mauritius Union Assurance Cy. Ltd, desire my/our vote/s to be cast as indicated on the under- mentioned resolutions at the Annual Meeting of Shareholders of the Company to be held on Friday 29 June 2012 and at any adjournment thereof:	rote/s to be cast as indicated or ny to be held on Friday 29 June	n the under- 2012 and at
AS ORDINARY RESOLUTIONS	FOR AGAINST	ABSTAIN
1. To approve the Minutes of Proceedings of the last Annual Meeting of Shareholders held on 30 June 2011.		
2. To receive and adopt the Annual Report and the Audited Accounts for the year ended 31 December, 2011.		
3. To re-appoint Vincent AH CHUEN as Director.		
4. To re-appoint Priscilla BALGOBIN-BHOYRUL as Director.		
5. To ratify and re-appoint Bruno de FROBERVILLE as Director		
6. To ratify and re-appoint Gerard de RAUVILLE as Director, in accordance with Section 138(6) of the Companies Act 2001.		
7. To ratify and re-appoint Mélanie FAUGIER as Director.		
8. To re-appoint Dominique GALEA as Director.		
9. To ratify and re-appoint Lakshmana LUTCHMENARRAIDOO as Executive Director.		
10. To ratify and re-appoint Lawrence POISSON as Director.		
11. To ratify and re-appoint Arjoon SUDDHOO as Director.		
12. To take note of the automatic reappointment of Messrs. Ernst & Young as auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration for the year ending 31 December 2012.		

AS SPECIAL RESOLUTIONS	FOR	AGAINST	ABSTAIN
I. To amend Section 21.1 of the Constitution of the Company under the heading "Number of Directors" by deleting the words six and nine in the paragraph and replacing them by the words seven and eleven respectively so that the paragraph shall henceforth read:			
"The Board shall consist of not less than seven and not more than eleven Directors"			
2. To amend Section 23.4(a) of the Constitution of the Company under the heading "Quorum", second line, by deleting the words four (4) and replacing them by the words five (5) so that the paragraph shall henceforth read:			
"A quorum for a meeting of the Board shall be fixed by the Board and if not so fixed shall be five (5) Directors."			
AS ORDINARY RESOLUTIONS			
13. That, subject to the above special resolutions being passed, to appoint Messrs Gilbert Poisson and Bertrand De Chazal as Directors, as two separate resolutions.			
Dated this			
Signature			

NOTES:

- A member of the Company, entitled to attend and vote at this meeting, may appoint a proxy (whether a shareholder or not) to attend and vote on his behalf, or may cast his vote by post. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes. (a)
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- For the purpose of this Meeting, the Directors have resolved, in compliance with section 120(3) of the Companies Act 2001, that the shareholders who are entitled to receive notice and vote at the Meeting, shall be those shareholders whose names are registered in the share register of the Company as at 8 June 2012. P





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