


A close-up, sepia-toned photograph of a vintage typewriter. The focus is on the keyboard area, showing keys with numbers 4 through 9. A prominent white button labeled 'REPEAT' is visible on the right side of the keyboard. The typewriter's carriage and other mechanical parts are visible in the upper left. The background consists of a sheet of graph paper.

2008

Mauritius Union celebrates
its Diamond Jubilee.



Fi nanci al Statements




60 years of i nnovative
products and sti ll counting



Secretary's Certificate

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

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



Gilbert Poisson

Secretary

May 14, 2008

Independent auditors' report to the members

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

Report on the Financial Statements

We have audited the financial statements of The Mauritius Union Assurance Company Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 54 to 123 which comprise the balance sheets at December 31, 2007, and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Independent auditors' report to the members

Report on the Financial Statements (continued)

Opinion

In our opinion, the financial statements on pages 54 to 123 give a true and fair view of the financial position of the Group and of the Company at December 31, 2007, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

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

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

Insurance Act 2005

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

BDO DE CHAZAL DU MEE
Chartered Accountants

Port Louis,
Mauritius.

May 14, 2008

Balance Sheets

December 31, 2007

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

Balance Sheets (continued)

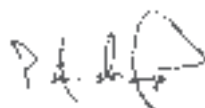
December 31, 2007

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

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



Bernard Mayer
Chairman



Pierre de Chasteigner du Mée
Vice Chairman

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

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

Balance Sheet - Life Business

December 31, 2007

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

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

Income Statements

Year ended December 31, 2007

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

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Auditors' report on pages 52 and 53.

General Business Revenue Account

Year ended December 31, 2007

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

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Auditors' report on pages 52 and 53.

Life Assurance Fund

Year ended December 31, 2007

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

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

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

Statements of Changes in Equity

Year ended December 31, 2007

Attributable to equity holders of the Parent Company											
Notes	Share capital Rs'000	Revaluation and other reserves (Note 18)		Non-distributable Life Surplus		Retained earnings		Statutory reserve fund		Minority interest Rs'000	TOTAL Rs'000
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000		
	200,400	515,367	-	205,401	36,117	957,285	2,600	959,885			
2.1(a)	-	-	85,652	6,938	-	92,590	-	92,590			
2.1(b)	-	-	-	(16,512)	-	(16,512)	-	(16,512)			
2.1(c)	-	-	-	5,620	-	5,620	-	5,620			
2.1(d)	-	-	-	(595)	-	(595)	-	(595)			
35(a)	-	(4,882)	-	(14,970)	-	(19,852)	-	(19,852)			
35(b)	-	-	-	(20,765)	-	(20,765)	-	(20,765)			
35(c)	-	-	-	9,372	-	9,372	-	9,372			
35(d)	-	-	-	12,799	-	12,799	-	12,799			
	200,400	510,485	85,652	187,288	36,117	1,019,942	2,600	1,022,542			
	-	450,183	-	-	-	450,183	292	450,475			
	-	(64,037)	-	-	-	(64,037)	-	(64,037)			
	-	(4,290)	-	(1,835)	-	(6,125)	-	(6,125)			
	-	14	-	-	-	14	4	18			
	-	5,850	-	-	-	5,850	-	5,850			
	-	-	-	145,329	-	145,329	1,110	146,439			
	-	-	6,676	(6,676)	-	-	-	-			
	-	-	-	36,117	(36,117)	-	-	-			
	-	-	-	(70,140)	-	(70,140)	(691)	(70,830)			
25	200,400	898,205	92,328	290,083	-	1,481,016	3,315	1,484,331			

At January 1, 2007, as previously reported

Changes in accounting policies / prior period adjustments:

- Share of Life surplus
- Unexpired premium reserve
- Commissions payable/receivable
- Incurred but not reported claims reserve
- Misallocation of the share of results and reserves of associated companies between the Life Fund and the Group and overstatement of the 2006 results of an associated company
- De-recognition of deferred tax assets
- Reversal of the inter branch tax equalisation account
- Overprovision of outstanding claims

At January 1, 2007, as restated

- Increase in fair value of available-for-sale financial assets
- Release from fair value reserve on disposal of available-for-sale financial assets
- Movement in reserves of associated companies
- Movement in reserves of subsidiary companies
- Revaluation of land and buildings
- Net profit for the year
- Transfer of non-distributable share of Life surplus
- Transfer of statutory reserve fund no longer required following the coming into force of the Insurance Act 2005
- Dividends

At December 31, 2007

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

Statements of Changes in Equity (continued)

Year ended December 31, 2007

Attributable to equity holders of the Parent Company									
Notes	Share capital Rs'000	Revaluation and other reserves (Note 18) Rs'000	Non-distributable Life Surplus Rs'000	Retained earnings Rs'000	Statutory reserve fund Rs'000	Total Rs'000	Minority interest Rs'000	TOTAL Rs'000	
	200,400	272,800	-	208,790	33,515	715,505	1,855	717,360	
2.1(a)	-	-	31,954	10,832	-	42,786	-	42,786	
2.1(b)	-	-	-	(11,886)	-	(11,886)	-	(11,886)	
2.1(c)	-	-	-	6,987	-	6,987	-	6,987	
2.1(d)	-	-	-	11,548	-	11,548	-	11,548	
35(a)	-	(2,293)	-	(3,451)	-	(5,744)	-	(5,744)	
35(b)	-	-	-	(10,324)	-	(10,324)	-	(10,324)	
35(c)	-	-	-	9,372	-	9,372	-	9,372	
	200,400	270,507	31,954	221,868	33,515	758,244	1,855	760,099	
	-	317,713	-	-	-	317,713	452	318,165	
	-	(80,337)	-	-	-	(80,337)	-	(80,337)	
	200,400	507,883	31,954	221,868	33,515	995,620	2,307	997,927	
	-	5,177	-	-	-	5,177	-	5,177	
	-	(2,589)	-	-	-	(2,589)	-	(2,589)	
	-	2,588	-	-	-	2,588	-	2,588	
	-	14	-	-	-	14	3	17	

The Group

At January 1, 2006, as previously reported

Changes in accounting policies / prior period adjustments:

- Share of Life surplus
- Unexpired premium reserve
- Commissions payable/receivable
- Incurred but not reported claims reserve
- Misallocation of the share of results and reserves of associated companies between the Life Fund and the Group and overstatement of the 2006 results of an associated company
- De-recognition of deferred tax assets
- Reversal of the inter branch tax equalisation account

At January 1, 2006, as restated

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

Movement in reserves of associated companies

Prior period adjustments:

- Misallocation of the reserves of associated companies between the Life Fund and the Group

Movement in reserves of subsidiary companies

Statements of Changes in Equity (continued)

Year ended December 31, 2007

		Attributable to equity holders of the Parent Company						
Notes	Share capital Rs'000	Revaluation and other reserves (Note 18) Rs'000	Non-distributable share of Life Surplus Rs'000	Retained earnings Rs'000	Statutory reserve fund Rs'000	Total Rs'000	Minority interest Rs'000	TOTAL Rs'000
		-	-	51,317	-	51,317	290	51,607
2.1(a)		-	-	49,804	-	49,804	-	49,804
2.1(b)		-	-	(4,626)	-	(4,626)	-	(4,626)
2.1(c)		-	-	(1,367)	-	(1,367)	-	(1,367)
2.1(d)		-	-	(12,143)	-	(12,143)	-	(12,143)
		-	-	-	-	-	-	-
35(a)		-	-	(11,519)	-	(11,519)	-	(11,519)
35(b)		-	-	(10,441)	-	(10,441)	-	(10,441)
35(d)		-	-	12,799	-	12,799	-	12,799
35(e)		-	-	-	-	-	396	396
		-	-	73,824	-	73,824	686	74,510
		-	-	(2,602)	2,602	-	-	-
		-	53,698	(53,698)	-	-	-	-
25		-	(52,104)	(52,104)	-	(52,104)	(396)	(52,500)
		200,400	510,485	85,652	187,288	36,117	1,019,942	2,600
								1,022,542

The Group

Net profit for the year, as previously reported

Changes in accounting policies / prior period adjustments:

- Share of Life surplus
- Unexpired premium reserve
- Commissions payable/receivable
- Incurred but not reported claims reserve
- Misallocation of the share of results and reserves of associated companies between the Life Fund and the Group and overstatement of the 2006 results of an associated company
- De-recognition of deferred tax assets
- Overprovision of outstanding claims
- Minority's share of subsidiary's dividend

Net profit for the year, as restated

Transfer to statutory reserve fund from profit for the year

Transfer of non-distributable share of Life surplus

Dividends

At December 31, 2006, as restated

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

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

Statements of Changes in Equity (continued)

Year ended December 31, 2007

Attributable to equity holders of the Parent Company						
Notes	Share capital Rs'000	Revaluation reserves and other reserves (Note 18) Rs'000	Non-distributable share of Life Surplus Rs'000	Retained earnings Rs'000	Statutory reserve fund Rs'000	Total Rs'000
2.1(a)	-	-	85,652	6,938	-	92,590
2.1(b)	-	-	-	(16,512)	-	(16,512)
2.1(c)	-	-	-	5,620	-	5,620
2.1(d)	-	-	-	(595)	-	(595)
35(b)	-	-	-	(20,765)	-	(20,765)
35(c)	-	-	-	9,372	-	9,372
35(d)	-	-	-	12,799	-	12,799
	200,400	410,694	85,652	164,455	36,117	897,318
	-	285,935	-	-	-	285,935
	-	(60,067)	-	-	-	(60,067)
	-	5,850	-	-	-	5,850
	-	-	-	141,358	-	141,358
	-	-	6,676	(6,676)	-	-
	-	-	-	-	-	-
	-	-	-	36,117	(36,117)	-
	-	-	-	(70,140)	-	(70,140)
25	200,400	642,412	92,328	265,113	-	1,200,253

The Company

At January 1, 2007, as previously reported

Changes in accounting policies / prior period adjustments:

- Share of Life surplus
- Unexpired premium reserve
- Commissions payable/receivable
- Incurred but not reported claims reserve
- De-recognition of deferred tax assets
- Reversal of the inter-branch tax equalisation account
- Overprovision of outstanding claims

At January 1, 2007, as restated

- Increase in fair value of available-for-sale financial assets
- Release from fair value reserve on disposal of available-for-sale financial assets
- Revaluation of land and buildings
- Net profit for the year
- Transfer of non-distributable share of Life surplus
- Transfer of statutory reserve fund no longer required following the coming into force of the Insurance Act 2005
- Dividends

At December 31, 2007

The notes on pages 13 to 59 form an integral part of these financial statements. Auditors' report on pages 3 and 3(a).

Statements of Changes in Equity (continued)

Year ended December 31, 2007

Attributable to equity holders of the Parent Company						
Notes	Share capital Rs'000	Revaluation reserves (Note 18) Rs'000	Non-distributable share of Life Surplus Rs'000	Retained earnings Rs'000	Statutory reserve fund Rs'000	Total Rs'000
2.1(a)	-	-	31,954	10,832	-	42,786
2.1(b)	-	-	-	(11,886)	-	(11,886)
2.1(c)	-	-	-	6,987	-	6,987
2.1(d)	-	-	-	11,548	-	11,548
35(b)	-	-	-	(10,324)	-	(10,324)
35(c)	-	-	-	9,372	-	9,372
	200,400	195,030	31,954	186,202	33,515	647,101
	-	222,100	-	-	-	222,100
	-	(6,436)	-	-	-	(6,436)
	200,400	410,694	31,954	186,202	33,515	862,765

The Company

At January 1, 2006, as previously reported

Changes in accounting policies / prior period adjustments:

- Share of Life surplus
- Unexpired premium reserve
- Commissions payable/receivable
- Incurred but not reported claims reserve
- De-recognition of deferred tax assets
- Reversal of the inter-branch tax equalisation account

At January 1, 2006, as restated

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

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

Statements of Changes in Equity (continued)

Year ended December 31, 2007

Attributable to equity holders of the Parent Company						
Notes	Share capital Rs'000	Revaluation reserves and other reserves (Note 18) Rs'000	Non-distributable share of Life Surplus Rs'000	Retained earnings Rs'000	Statutory reserve fund Rs'000	Total Rs'000
	-	-	-	52,631	-	52,631
2.1(a)	-	-	-	49,804	-	49,804
2.1(b)	-	-	-	(4,626)	-	(4,626)
2.1(c)	-	-	-	(1,367)	-	(1,367)
2.1(d)	-	-	-	(12,143)	-	(12,143)
35(b)	-	-	-	(10,441)	-	(10,441)
35(d)	-	-	-	12,799	-	12,799
	-	-	-	86,657	-	86,657
	-	-	-	(2,602)	2,602	-
	-	-	53,698	(53,698)	-	-
25	-	-	-	(52,104)	-	(52,104)
	200,400	410,694	85,652	164,455	36,117	897,318

Net profit for the year, as previously reported

Changes in accounting policies / prior period adjustments:

- Share of Life surplus
- Unexpired premium reserve
- Commissions payable/receivable
- Incurred but not reported claims reserve
- De-recognition of deferred tax assets
- Overprovision of outstanding claims

Net profit for the year, as restated

Transfer to statutory reserve fund from profit for the year

Transfer of non-distributable share of Life surplus

Dividends

At December 31, 2006, as restated

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

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

Cash Flow Statements

Year ended December 31, 2007

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

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

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

Cash Flow Statement - Life Business

Year ended December 31, 2007

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

1. General Information

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

The principal activity of the Company is the transaction of short term and long term insurance business and has remained unchanged during the year. The activities of the subsidiary companies are disclosed in note 9(b).

2. Significant Accounting Policies and Basis of Preparation

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

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

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

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

Certain Standards, amendments to published Standards and Interpretations have been issued that are mandatory for accounting periods beginning on or after January 1, 2008 or later periods but which the Group has not early adopted.

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

2.1 Changes in Accounting Policies and Financial Impact

(A) Company and Group

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

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

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

The result of this was to:

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

THE GOUP AND THE COMPANY

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

- (v) Decrease the Life Assurance Fund

LIFE ASSURANCE FUND

	2006	2005
	Rs'000	Rs'000
	(92,590)	(42,786)

(b) Unexpired premium reserve (UPR)

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

The result of this was to:

- (i) Decrease profit attributable to shareholders
- (ii) Decrease earnings per share (Rs)
- (iii) Decrease retained earnings

THE GOUP AND THE COMPANY

	2006	2005
	Rs'000	Rs'000
	(4,626)	(3,793)
	(0.23)	(0.19)
	(16,513)	(11,887)

Notes to the Financial Statements

Year ended December 31, 2007

2.1 Changes in Accounting Policies and Financial Impact (continued)

(A) Company and Group (continued)

(c) Commissions payable/reinsurance commissions receivable

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

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

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

The result of this was to:

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

(d) Incurred but not reported claims (IBNR)

The IBNR calculation has been changed from an average method based on claims incurred before year end and reported thereafter to an actuarial method which consists in the projection of incurred but not reported claims based on the claims reporting delay pattern for the Company over the last ten years.

The result of this was to:

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

(B) Life Business

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

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

2.2 Significant Accounting Policies

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

(a) Property and equipment

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

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

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

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

Land is not depreciated.

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

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

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

(b) Investment properties

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

Notes to the Financial Statements

Year ended December 31, 2007

2.2 Significant Accounting Policies (continued)

(c) Intangible assets

(i) Goodwill

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

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

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

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

(ii) Computer software

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

(d) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(e) Investment in subsidiary companies

Separate financial statements

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

Consolidated financial statements

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

2.2 Significant Accounting Policies (continued)

(f) Investments in associated companies

Separate financial statements

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

Consolidated financial statements

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

(g) Financial assets

Categories of financial assets

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, or services directly to a debtor with no intention of trading the receivable. They are included in current assets when maturity is within twelve months of the balance sheet date or non-current assets for maturities greater than twelve months.

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

Initial measurement

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

Derecognition

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

Notes to the Financial Statements

Year ended December 31, 2007

2.2 Significant Accounting Policies (continued)

(g) Financial Assets (continued)

Subsequent measurement

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

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

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

Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity, is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement for a financial asset classified as available-for-sale are not reversed through the income statement.

Long term receivables

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

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement or the Life Assurance Fund.

Trade payables

Trade payables are stated at their nominal values.

Borrowings

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

Notes to the Financial Statements

Year ended December 31, 2007

2.2 Significant Accounting Policies (continued)

(h) Insurance Contracts

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

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

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

(i) Short-term insurance contracts

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

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

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

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

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

(iv) Unit linked contracts

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

Notes to the Financial Statements

Year ended December 31, 2007

2.2 Significant Accounting Policies (continued)

(i) Reinsurance Contracts

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

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

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

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

Impairment of reinsurance assets

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

(j) Revenue Recognition

(a) Premiums earned

(i) Short-term insurance

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

(ii) Long-term insurance

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

(b) Consideration for annuities

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

(c) Other revenues

Other revenues are recognised on the following bases:

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

Notes to the Financial Statements

Year ended December 31, 2007

2.2 Significant Accounting Policies (continued)

(k) Unearned Premiums - Short-term Insurance

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

(l) Claims Expenses and Outstanding Claims Provisions

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

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

(m) Salvage and Subrogation Reimbursements

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

(n) Liability Adequacy Test

(i) Short-term insurance

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

(ii) Long-term insurance

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

(o) Life Assurance Fund

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

Notes to the Financial Statements

Year ended December 31, 2007

2.2 Significant Accounting Policies (continued)

(p) Deferred Income Tax

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

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

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

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

(q) Alternative Minimum Tax (AMT)

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

(r) Retirement Benefit Obligations

(i) Defined Contribution Pension Scheme

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

(ii) Defined Benefit Pension Scheme

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

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

2.2 Significant Accounting Policies (continued)

(s) Foreign Currencies

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement or in the Life Assurance Fund. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

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

(iii) Group companies

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

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (b) income and expenses are translated at the average rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions and ;
- (c) the resulting exchange differences are recognised in the currency translation reserve as a separate component of equity or in the Life Assurance Fund.

(t) Non-current Assets Held-for-sale

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

(u) Provisions

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

Notes to the Financial Statements

Year ended December 31, 2007

3 Management of Insurance and Financial Risks

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

3.1 Insurance Risks

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

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

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy so as to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

3.1.1 Insurance liabilities

(a) Short-term Insurance

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

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

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

(b) Long-term Insurance

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

Notes to the Financial Statements

Year ended December 31, 2007

3. Management of Insurance and Financial Risks (continued)

3.1.2 Concentration of insurance risk

(a) Short-term Insurance

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

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

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

(b) Long-term Insurance

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

Benefits assured per life assured at the end of 2007

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

Benefits assured per life assured at the end of 2006

Rs'000	Total benefits insured			
	Before reinsurance		After reinsurance	
	Rs'000	%	Rs'000	%
0 - 50	149,282	4	179,343	11
50 - 100	350,320	8	429,626	26
100 - 150	608,592	14	460,611	28
150 - 200	364,324	9	303,933	19
200 - 250	460,713	11	75,672	5
250 - 300	248,535	6	47,106	3
More than 300	2,043,660	48	132,300	8
Total	4,225,426	100	1,628,590	100

Notes to the Financial Statements

Year ended December 31, 2007

3. Management of Insurance and Financial Risks (continued)

3.1 Insurance Risks (continued)

3.1.2 Concentration of insurance risk (continued)

(b) Long-term Insurance (continued)

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

Annuities payable per annum per life insured at end of 2007

Rs'000

0 - 10

10 - 20

20 - 50

50 - 100

100 - 150

More than 150

Total

Total annuities payable per annum

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

3.1.3 Sources of uncertainty

(a) Short-term Insurance

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

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

(b) Long-term Insurance

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

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

Notes to the Financial Statements

Year ended December 31, 2007

3. Management of Insurance and Financial Risks (continued)

3.1 Insurance Risks (continued)

3.1.4 Claims development table

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

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

3.2 Financial Risks

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

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

The main risks to which the Group is exposed include:

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

Notes to the Financial Statements

Year ended December 31, 2007

3. Management of Insurance and Financial Risks (continued)

3.2 Financial Risks (continued)

3.2.1 Market risk

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

(i) Foreign exchange risk

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

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

Concentration of financial assets and liabilities

THE GROUP - 2007

ASSETS

	USD Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	MUR Rs'000	TOTAL Rs'000
Property and equipment	-	-	-	-	92,314	92,314
Investment properties	-	-	-	-	8,000	8,000
Intangible assets	-	-	-	-	11,786	11,786
Investments in associated companies	30,650	-	-	-	2,244	32,894
Financial assets	5,110	12,573	13,641	5,501	1,390,529	1,427,354
Loans and receivables	-	-	-	-	29,001	29,001
Amount receivable from Life business	-	-	-	-	133,203	133,203
Trade and other receivables	-	-	-	-	145,450	145,450
Recoverable from reinsurers	-	-	-	-	254,968	254,968
Bank balances and cash	-	1	-	-	51,636	51,637
Life business assets	120,287	138,323	57,950	12,949	2,884,398	3,213,907
	156,047	150,897	71,591	18,450	5,003,528	5,400,514

THE GROUP - 2006

ASSETS

	USD Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	MUR Rs'000	TOTAL Rs'000
Property and equipment	-	-	-	-	91,044	91,044
Investment properties	-	-	-	-	6,320	6,320
Intangible assets	-	-	-	-	14,055	14,055
Statutory deposits	-	-	-	-	8,000	8,000
Investments in associated companies	35,919	-	-	-	9,400	45,319
Financial assets	1,089	11,749	-	-	864,751	877,589
Loans and receivables	-	-	-	-	19,576	19,576
Amount receivable from Life business	-	-	-	-	92,590	92,590
Trade and other receivables	-	-	-	-	138,689	138,689
Recoverable from reinsurers	-	-	-	-	258,784	258,784
Bank balances and cash	30	-	-	-	150,679	150,709
Life business assets	96,315	140,702	26,390	-	2,039,919	2,303,326
	133,353	152,451	26,390	-	3,693,807	4,006,001

Notes to the Financial Statements

Year ended December 31, 2007

3. Management of Insurance and Financial Risks (continued)

3.2 Financial Risks (continued)

3.2.1 Market risk (continued)

(i) Foreign exchange risk (continued)

Concentration of financial assets and liabilities

THE COMPANY - 2007

ASSETS

	USD Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	MUR Rs'000	TOTAL Rs'000
Property and equipment	-	-	-	-	91,919	91,919
Intangible assets	-	-	-	-	7,207	7,207
Investments in subsidiary companies	-	-	-	-	11,979	11,979
Investments in associated companies	22,582	-	-	-	1,700	24,282
Financial assets	5,110	12,573	13,641	5,501	1,014,935	1,051,760
Loans and receivables	-	-	-	-	128,381	128,381
Amount receivable from Life business	-	-	-	-	133,203	133,203
Trade and other receivables	-	-	-	-	131,882	131,882
Recoverable from reinsurers	-	-	-	-	254,968	254,968
Bank balances and cash	-	1	-	-	47,069	47,070
	27,692	12,574	13,641	5,501	1,823,243	1,882,651

THE COMPANY - 2006

ASSETS

	USD Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	MUR Rs'000	TOTAL Rs'000
Property and equipment	-	-	-	-	90,656	90,656
Intangible assets	-	-	-	-	9,476	9,476
Statutory deposits	-	-	-	-	8,000	8,000
Investments in subsidiary companies	-	-	-	-	11,979	11,979
Investments in associated companies	22,582	-	-	-	5,450	28,032
Financial assets	1,089	11,749	-	-	646,262	659,100
Loans and receivables	-	-	-	-	130,011	130,011
Amount receivable from Life business	-	-	-	-	92,590	92,590
Trade and other receivables	-	-	-	-	133,113	133,113
Recoverable from reinsurers	-	-	-	-	258,784	258,784
Bank balances and cash	30	-	-	-	146,864	146,894
	23,701	11,749	-	-	1,533,185	1,568,635

Notes to the Financial Statements

Year ended December 31, 2007

3. Management of Insurance and Financial Risks (continued)

3.2 Financial Risks (continued)

3.2.1 Market risk (continued)

(i) Foreign exchange risk (continued)

Concentration of financial assets and liabilities

LIFE - 2007

ASSETS

	USD Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	MUR Rs'000	TOTAL Rs'000
Property and equipment	-	-	-	-	95,308	95,308
Investment properties	-	-	-	-	50,000	50,000
Intangible assets	-	-	-	-	1,159	1,159
Investments in associated companies	30,651	-	-	-	6,204	36,855
Financial assets	89,551	138,299	57,950	12,949	2,181,956	2,480,705
Loans and receivables	-	-	-	-	414,819	414,819
Trade and other receivables	-	-	-	-	36,377	36,377
Bank balances and cash	85	24	-	-	52,229	52,338
Non-current assets held-for-sale	-	-	-	-	46,346	46,346
	120,287	138,323	57,950	12,949	2,884,398	3,213,907

LIFE - 2006

ASSETS

	USD Rs'000	EUR Rs'000	GBP Rs'000	SGD Rs'000	MUR Rs'000	TOTAL Rs'000
Property and equipment	-	-	-	-	95,029	95,029
Investment properties	-	-	-	-	61,298	61,298
Intangible assets	-	-	-	-	1,944	1,944
Statutory deposits	-	-	-	-	8,000	8,000
Investments in associated companies	35,919	-	-	-	12,979	48,898
Financial assets	59,659	140,610	26,390	-	1,370,236	1,596,895
Loans and receivables	-	-	-	-	402,135	402,135
Trade and other receivables	-	-	-	-	25,669	25,669
Bank balances and cash	737	92	-	-	37,030	37,859
Non-current assets held-for-sale	-	-	-	-	25,599	25,599
	96,315	140,702	26,390	-	2,039,919	2,303,326

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

Sensitivity analysis

Impact of change in foreign exchange rate on foreign investments
± 2.5%

	Group		Company		Life	
	2007	2006	2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
	± 1,687	± 1,220	± 1,485	± 886	± 8,238	± 6,585

Notes to the Financial Statements

Year ended December 31, 2007

3. Management of Insurance and Financial Risks (continued)

3.2 Financial Risks (continued)

3.2.1 Market risk (continued)

(i) Interest rate risk

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

Sensitivity analysis

Impact of change in fixed income securities on results:

± 250 basis points

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

(ii) Equity price risk

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

Sensitivity analysis

Impact of change in price of equity investment:

on overall investments

± 2.5%

Group		Company		Life	
2007	2006	2007	2006	2007	2006
Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
± 31,456	± 20,814	± 21,902	± 15,030	± 60,899	± 40,473

3.2.2 Credit risk

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

3.2.3 Liquidity risk

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

Notes to the Financial Statements

Year ended December 31, 2007

3. Management of Insurance and Financial Risks (continued)

3.2 Financial Risks (continued)

3.2.4 Capital Management

The Group's objectives when managing capital are:

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

3.2.5 Fair value estimation

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

4. Critical Accounting Estimates and Judgements in Applying Accounting Policies

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical Accounting Estimates and Assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.2 Insurance Contracts

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

(a) Short-term insurance

(i) Claims provision

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

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

(ii) Sensitivity analysis

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

Notes to the Financial Statements

Year ended December 31, 2007

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

4.2 Insurance Contracts (continued)

(b) Long-term insurance

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

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

(i) Sensitivity analysis

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

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

Variable	Basic liability Rs'000	Future bonus reserve Rs'000	Total Life Fund Rs'000	Change in basic liability %
Base run	2,215,154	923,280	3,138,434	0.0%
Future mortality 10% worse	2,243,054	895,380	3,138,434	1.26%
Future lapses 10% higher	2,208,209	930,225	3,138,434	0.31%
Future investment returns 1% lower	2,341,848	843,706	3,185,554	5.72%
Future inflation 1% higher	2,239,454	898,980	3,138,434	1.10%
Future maintenance expenses 10% higher	2,248,085	890,349	3,138,434	1.49%

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

Notes to the Financial Statements

Year ended December 31, 2007

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

4.3 Held-to-maturity Investments

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

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

4.4 Impairment of Available-for-sale Financial Assets

The Group follows the guidance of IAS 39 in determining when an investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operating and financing cash flows.

4.5 Impairment of Other Assets

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

4.6 Legal Costs

With regards to the MCB case (details of which are provided in Note 38), legal costs include a provision for estimated legal fees to be incurred up to the conclusion of the case, in accordance with the accounting policy described in Note 2.2(u) and IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

4.7 Limitation of Sensitivity Analysis

Sensitivity 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.

Notes to the Financial Statements

Year ended December 31, 2007

5. Property and Equipment

(a) THE GROUP - 2007

COST OR VALUATION

At January 1, 2007

- Cost

- Valuation

Additions

Disposals

Revaluation surplus

At December 31, 2007

- Cost

- Valuation

DEPRECIATION

At January 1, 2007

Charge for the year

Disposal adjustment

Adjustment

Revaluation adjustment

At December 31, 2007

NET BOOK VALUE

At December 31, 2007

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

THE GROUP - 2006 Restated

COST OR VALUATION

At January 1, 2006

- Cost

- Valuation

Transfer

Transfer to Investment Property (note 6)

Additions

Disposals

At December 31, 2006

- Cost

- Valuation

DEPRECIATION

At January 1, 2006

Transfer

Transfer to Investment Property (note 6)

Charge for the year

Disposal adjustment

At December 31, 2006

NET BOOK VALUE

At December 31, 2006

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

Notes to the Financial Statements

Year ended December 31, 2007

5. Property and Equipment (continued)

(b) THE COMPANY - 2007

COST OR VALUATION

At January 1, 2007

- Cost

- Valuation

Additions

Disposals

Revaluation surplus

Revaluation adjustment

At December 31, 2007

- Cost

- Valuation

DEPRECIATION

At January 1, 2007

Charge for the year

Disposal adjustment

Revaluation adjustment

At December 31, 2007

NET BOOK VALUE

At December 31, 2007

THE COMPANY - 2006

COST OR VALUATION

At January 1, 2006

- Cost

- Valuation

Transfer

Additions

Disposals

At December 31, 2006

- Cost

- Valuation

DEPRECIATION

At January 1, 2006

Transfer

Charge for the year

Disposal adjustment

At December 31, 2006

NET BOOK VALUE

At December 31, 2006

	Land and buildings		Office		Total
	Freehold land	freehold land	Buildings on equipment fixtures & fittings	Motor vehicles	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE COMPANY - 2007					
COST OR VALUATION					
At January 1, 2007					
- Cost	4,681	42,316	41,169	12,540	100,706
- Valuation	12,219	13,771	-	-	25,990
Additions	-	76	1,844	1,046	2,966
Disposals	-	-	(274)	(357)	(631)
Revaluation surplus	100	5,750	-	-	5,850
Revaluation adjustment	-	(3,047)	-	-	(3,047)
At December 31, 2007					
- Cost	4,681	42,392	42,739	13,229	103,041
- Valuation	12,319	16,474	-	-	28,793
	17,000	58,866	42,739	13,229	131,834
DEPRECIATION					
At January 1, 2007	-	1,923	29,885	4,232	36,040
Charge for the year	-	1,123	4,509	1,833	7,465
Disposal adjustment	-	-	(246)	(298)	(544)
Revaluation adjustment	-	(3,046)	-	-	(3,046)
At December 31, 2007	-	-	34,148	5,767	39,915
NET BOOK VALUE					
At December 31, 2007	17,000	58,866	8,591	7,462	91,919
THE COMPANY - 2006					
COST OR VALUATION					
At January 1, 2006					
- Cost	4,681	41,896	35,082	11,605	93,264
- Valuation	12,219	9,056	-	-	21,275
Transfer	-	4,715	4,347	-	9,062
Additions	-	420	2,272	4,626	7,318
Disposals	-	-	(532)	(3,691)	(4,223)
At December 31, 2006					
- Cost	4,681	42,316	41,169	12,540	100,706
- Valuation	12,219	13,771	-	-	25,990
	16,900	56,087	41,169	12,540	126,696
DEPRECIATION					
At January 1, 2006	-	686	16,706	3,189	20,581
Transfer	-	-	9,062	-	9,062
Charge for the year	-	1,237	4,615	2,591	8,443
Disposal adjustment	-	-	(498)	(1,548)	(2,046)
At December 31, 2006	-	1,923	29,885	4,232	36,040
NET BOOK VALUE					
At December 31, 2006	16,900	54,164	11,284	8,308	90,656

Notes to the Financial Statements

Year ended December 31, 2007

5. Property and Equipment (continued)

(c) LIFE BUSINESS - 2007

COST OR VALUATION

At January 1, 2007

- Cost

- Valuation

Additions

Disposals

Revaluation surplus

Revaluation adjustment

At December 31, 2007

- Cost

- Valuation

DEPRECIATION

At January 1, 2007

Transfer

Charge for the year

Disposal adjustment

Revaluation adjustment

At December 31, 2007

NET BOOK VALUE

At December 31, 2007

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

LIFE BUSINESS - 2006

COST OR VALUATION

At January 1, 2006

- Cost

- Valuation

Transfer

Additions

Disposals

At December 31, 2006

- Cost

- Valuation

DEPRECIATION

At January 1, 2006

Transfer

Charge for the year

Disposal adjustment

At December 31, 2006

NET BOOK VALUE

At December 31, 2006

	Land and buildings		Office		Total
	Freehold land	Buildings on freehold land	fixtures & fittings	Motor vehicles	
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2006					
- Cost	4,681	45,959	38,430	13,442	102,512
- Valuation	12,219	9,028	-	-	21,247
Transfer	-	4,715	4,347	-	9,062
Additions	-	420	2,279	3,746	6,445
Disposals	-	-	(558)	(4,641)	(5,199)
At December 31, 2006					
- Cost	4,681	46,379	44,498	12,547	108,105
- Valuation	12,219	13,743	-	-	25,962
	16,900	60,122	44,498	12,547	134,067
At January 1, 2006	-	1,067	18,949	5,053	25,069
Transfer	-	-	9,062	-	9,062
Charge for the year	-	1,318	4,802	2,548	8,668
Disposal adjustment	-	-	(511)	(3,250)	(3,761)
At December 31, 2006	-	2,385	32,302	4,351	39,038
NET BOOK VALUE					
At December 31, 2006	16,900	57,737	12,196	8,196	95,029

Notes to the Financial Statements

Year ended December 31, 2007

5. Property and Equipment (continued)

(d) The land and building, which is presently occupied by the Company, was revalued at December 31, 2007 by independent valuers on an open market basis, by reference to market evidence of transaction prices for similar properties.

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

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

6. Investment Properties - at Fair Value

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

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

7. Intangible Assets

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

Notes to the Financial Statements

Year ended December 31, 2007

7. Intangible Assets

2006	THE GROUP			THE COMPANY	LIFE
	Goodwill	Computer software	Total	Computer software	Computer software
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST					
At January 1, 2006	4,579	8,486	13,065	7,129	5,659
Additions	-	7,756	7,756	7,756	668
Disposal	-	(1,357)	(1,357)	-	-
At December 31, 2006	4,579	14,885	19,464	14,885	6,327
AMORTISATION					
At January 1, 2006	-	5,159	5,159	3,931	3,631
Charge for the year	-	1,478	1,478	1,478	752
Disposal adjustment	-	(1,228)	(1,228)	-	-
At December 31, 2006	-	5,409	5,409	5,409	4,383
NET BOOK VALUE					
At December 31, 2006	4,579	9,476	14,055	9,476	1,944

8. Statutory Deposits

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

9. Investments in Subsidiary Companies - Cost

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

10. Investments in Associated Companies

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

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

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

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

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

Name	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest and voting power held Direct
	Rs'000	Rs'000	Rs'000	Rs'000	%
2007					
- Union and POLICY Offshore Ltd	123,780	1,182	113,780	(3,919)	50
- NCBP Holding Ltd	56,516	28,072	66,815	2,886	49.24
- Union and P.O.L.I.C.Y Investment Co Ltd (up to November 30, 2006)	-	-	-	2,853	50
	180,296	29,254	180,595	1,820	
2006 Restated					
- Union and POLICY Offshore Ltd	144,715	1,037	31,316	14,602	50
- NCBP Holding Ltd	61,366	35,172	84,541	2,206	49.24
- Union and P.O.L.I.C.Y Investment Co Ltd	29,619	132	11,344	6,203	50
	235,700	36,341	127,201	23,011	

Notes to the Financial Statements

Year ended December 31, 2007

11. Financial Assets

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

	2007			2006 Restated		
	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
(b) THE COMPANY						
At January 1, as previously reported	-	562,221	562,221	-	345,034	345,034
Reclassification (Note 35(g))	96,880	-	96,880	-	-	-
At January 1, as restated	96,880	562,221	659,101	-	345,034	345,034
Additions	113,298	73,916	187,214	-	7,888	7,888
Reclassification from:						
- loans and receivables (Note 12)	-	-	-	94,930	-	94,930
- trade and other receivables (Note 13)	-	-	-	1,950	-	1,950
Reclassification of Statutory deposits	8,000	-	8,000	-	-	-
Disposals	(7,476)	(81,014)	(88,490)	-	(12,801)	(12,801)
Increase in fair value	-	285,935	285,935	-	222,100	222,100
At December 31,	210,702	841,058	1,051,760	96,880	562,221	659,101
Analysed as follows :						
Non-current	73,512	841,058	914,570	96,880	562,221	659,101
Current	137,190	-	137,190	-	-	-
	210,702	841,058	1,051,760	96,880	562,221	659,101

Notes to the Financial Statements

Year ended December 31, 2007

11. Financial Assets (continued)

(b) THE COMPANY (continued)

(i) Available-for-sale financial assets

Available-for-sale financial assets include the following:

Equity securities-at fair value:

- Listed

- DEM quoted

- Unquoted - local

- foreign

Total available-for-sale financial assets

2007	2006
Rs'000	Rs'000
1,134,825	731,068
40,612	32,544
4,390	4,259
36,825	12,838
1,216,652	780,709
210,702	96,880
210,702	96,880
1,427,354	877,589

(ii) Held-to-maturity investments

Unlisted debt securities at amortised cost

Total held-to-maturity investments

Total investments in financial assets

(c) LIFE

	2007			2006 Restated		
	Held-to-maturity Rs'000	Available-for-sale Rs'000	Total Rs'000	Held-to-maturity Rs'000	Available-for-sale Rs'000	Total Rs'000
At January 1, as previously reported	-	1,570,176	1,570,176	1,670	1,012,768	1,014,438
Reclassification (Note 35(g))	26,719	-	26,719	-	-	-
At January 1, as restated	26,719	1,570,176	1,596,895	1,670	1,012,768	1,014,438
Additions	62,683	182,872	245,555	-	88,132	88,132
Reclassification from:						
- loans and receivables (Note 12)	-	-	-	24,920	-	24,920
- trade and other receivables (Note 13)	-	-	-	1,799	-	1,799
Reclassification of Statutory deposits	8,000	-	8,000	-	-	-
Disposals	(15,462)	(77,436)	(92,898)	-	(73,915)	(73,915)
Redeemed	-	-	-	(1,670)	-	(1,670)
Increase in fair value	-	723,154	723,154	-	543,191	543,191
At December 31,	81,939	2,398,766	2,480,705	26,719	1,570,176	1,596,895
Analysed as follows :						
Non-current	55,870	2,398,766	2,454,636	26,719	1,570,176	1,596,895
Current	26,069	-	26,069	-	-	-
	81,939	2,398,766	2,480,705	26,719	1,570,176	1,596,895

Notes to the Financial Statements

Year ended December 31, 2007

(d) Available-for-sale financial assets

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

(e) Held-to-maturity investments comprise treasury notes, bonds and fixed deposits with interest rates ranging from 8% to 13% with maturity dates ranging from 2 to 156 months from the Balance Sheet date.

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

(g) The currency analysis of the financial assets is as follows:

	THE GROUP		THE COMPANY		LIFE	
	2007	2006 Restated	2007	2006 Restated	2007	2006 Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
USD	5,110	1,089	5,110	1,089	89,551	59,659
EUR	12,573	11,749	12,573	11,749	138,299	140,610
GBP	13,641	-	13,641	-	57,950	26,390
SGD	5,501	-	5,501	-	12,949	-
MUR	1,390,529	864,751	1,014,935	646,263	2,181,956	1,370,236
	1,427,354	877,589	1,051,760	659,101	2,480,705	1,596,895

Notes to the Financial Statements

Year ended December 31, 2007

12. Loans and Receivables

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

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

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

(c) Movement in provision for impairment of loans

	2007	2006
	Rs'000	Rs'000
At January 1,	-	-
Increase in provision recognised in the Life Assurance Fund	(4,388)	-
At December 31,	(4,388)	-

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

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

13. Trade and other Receivables

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

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

	THE GROUP AND THE COMPANY		LIFE	
	2007	2006 Restated	2007	2006 Restated
	Rs'000	Rs'000	Rs'000	Rs'000
up to 3 months	58,573	33,493	3,302	2,830
3 to 6 months	25,323	39,964	1,601	1,365
6 to 12 months	14,555	19,195	348	187
> 12 months	-	4,846	541	513
	98,451	97,498	5,792	4,895

(b) Movement in provisions for doubtful debts

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs'000	Rs'000
At January 1,	4,253	4,001
Increase in provision recognised in the Income Statement	521	252
At December 31,	4,774	4,253

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

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

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

14. Reinsurance Assets and Insurance Liabilities

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

Notes to the Financial Statements

Year ended December 31, 2007

15. Movements in Reinsurance Assets and Insurance Liabilities

(i) GENERAL BUSINESS

(a) Short term insurance

(i) Claims

	2007			2006 Restated		
	Gross Rs'000	Reinsurance Rs'000	Net Rs'000	Gross Rs'000	Reinsurance Rs'000	Net Rs'000
Claims reported and loss adjustment expenses	387,856	(237,764)	150,092	375,588	(256,538)	119,050
Claims incurred but not reported (IBNR)	7,700	-	7,700	15,000	-	15,000
At January 1, as previously reported	395,556	(237,764)	157,792	390,588	(256,538)	134,050
Prior period adjustments:						
- Claims incurred but not reported (IBNR) (Note 2.1(A) (d))	595	-	595	(11,548)	-	(11,548)
- Overprovision of outstanding claims (Note 35(d))	(12,799)	-	(12,799)	-	-	-
At January 1, as restated	383,352	(237,764)	145,588	379,040	(256,538)	122,502
Increase in liabilities	308,553	(12,264)	296,289	265,223	(2,888)	262,335
Cash paid for claims settled in the year	(307,302)	18,792	(288,510)	(260,911)	21,662	(239,249)
At December 31,	384,603	(231,236)	153,367	383,352	(237,764)	145,588
Claims reported and loss adjustment expenses	376,191	(231,236)	144,955	375,057	(237,764)	137,293
Claims incurred but not reported (IBNR)	8,412	-	8,412	8,295	-	8,295
	384,603	(231,236)	153,367	383,352	(237,764)	145,588

(ii) Unearned premiums reserve

	2007			2006 Restated		
	Gross Rs'000	Reinsurance Rs'000	Net Rs'000	Gross Rs'000	Reinsurance Rs'000	Net Rs'000
At January 1, as previously reported	197,170	(39,362)	157,808	188,498	(38,806)	149,692
Impact of change in method of calculating unexpired premiums in respect of policies/endorsements incepting before the Balance Sheet date (Note 2.1(b))	(1,829)	18,342	16,513	1,735	(13,622)	(11,887)
At January 1, as restated	195,341	(21,020)	174,321	186,763	(25,184)	161,579
Movement during the year	36,371	(2,712)	33,659	8,578	4,164	12,742
At December 31,	231,712	(23,732)	207,980	195,341	(21,020)	174,321

Notes to the Financial Statements

Year ended December 31, 2007

16. Non-Current Assets Held-For-Sale

	LIFE	
	2007	2006
	Rs'000	Rs'000
At January 1,	25,599	8,164
Transfer from investment property (Note 6)	25,112	26,850
Disposals	(17,435)	-
Increase/(decrease) in fair value	13,070	(9,415)
At December 31,	46,346	25,599

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

17. Share Capital

	Authorised	Issued and fully paid	
	2007&2006	2007	2006
	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

Notes to the Financial Statements

Year ended December 31, 2007

18. Revaluation and other Reserves

(a) THE GROUP

Revaluation and other reserves are analysed as follows :

	2007			
	Currency		Fair value	
	Revaluation translation reserve	reserve	reserve	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	5,801	9,764	499,802	515,367
Prior period adjustments (Note 35(a))	-	(4,882)	-	(4,882)
At January 1, as restated	5,801	4,882	499,802	510,485
Increase in fair value of available-for-sale financial assets	-	-	450,183	450,183
Release from fair value reserve on disposal of available-for-sale financial assets	-	-	(64,037)	(64,037)
Revaluation of land and buildings	5,850	-	-	5,850
Movement in reserves of subsidiary companies	-	-	14	14
Movement in reserves of associated companies	-	(4,290)	-	(4,290)
At December 31,	11,650	592	885,963	898,205

	2006 Restated			
	Currency		Fair value	
	Revaluation translation reserve	reserve	reserve	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	5,801	4,587	262,412	272,800
Prior period adjustments (Note 35(a))	-	(2,293)	-	(2,293)
At January 1, as restated	5,801	2,294	262,412	270,507
Increase in fair value of available-for-sale financial assets	-	-	317,713	317,713
Release from fair value reserve on disposal of available-for-sale financial assets	-	-	(80,337)	(80,337)
Movement in reserves of subsidiary companies	-	-	14	14
	5,801	2,294	499,802	507,897
Movement during the year				
- as previously reported	-	5,177	-	5,177
- prior period adjustments (Note 35(a))	-	(2,589)	-	(2,589)
- as restated	-	2,588	-	2,588
At December 31,	5,801	4,882	499,802	510,485

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

(b) THE COMPANY

Revaluation and other reserves are analysed as follows :

	2007			2006		
	Revaluation reserve	Fair value reserve	TOTAL	Capital 708953	Fair value reserve	TOTAL
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	5,801	404,893	410,694	5,801	189,229	195,030
Increase in fair value of available-for-sale financial assets	-	285,935	285,935	-	222,100	222,100
Release from fair value reserve on disposal of available-for-sale financial assets	-	(60,067)	(60,067)	-	(6,436)	(6,436)
Revaluation of land and buildings	5,850	-	5,850	-	-	-
At December 31,	11,651	630,761	642,412	5,801	404,893	410,694

Notes to the Financial Statements

Year ended December 31, 2007

19. Unearned Premiums Reserve

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

20. Deferred Income Tax

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

20. Deferred Income Tax (continued)

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

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

	THE GROUP		THE COMPANY		LIFE	
	2007	2006 Restated	2007	2006 Restated	2007	2006 Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Deferred tax liabilities (Note (c) (i))	(5,741)	(4,864)	(5,693)	(4,803)	(11,425)	(8,253)
Deferred tax assets (Note (c) (ii))	5,693	4,803	5,693	4,803	11,425	8,253
	(48)	(61)	-	-	-	-

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

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

Deferred income tax assets are recognised only to the extent that realisation of the related tax benefit is probable. The Group has tax losses of **Rs.678m** (2006: Rs.362m) to carry forward against future taxable income. A deferred tax asset has not been recognised due to the uncertainty that future taxable profit will be available to set off against the tax losses. Deductible temporary differences total Rs1.1m in respect of provision for legal costs.

Notes to the Financial Statements

Year ended December 31, 2007

21. Retirement Benefit Obligations

(a) Pension benefits

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

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

	THE GROUP AND THE COMPANY		LIFE	
	2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000
(ii) Amounts recognised in the Balance Sheet in respect of the No Worse Off Guarantee				
Present value of unfunded obligations	-	408	-	408
Fair value of plan assets	-	-	-	-
Liability in the Balance Sheet	-	408	-	408

The retirement benefit obligations have been allocated as follows:

	2007	2006
	Rs'000	Rs'000
Life Business	-	408
Company and Group	-	408
	-	816

	THE GROUP AND THE COMPANY		LIFE	
	2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000
(iii) The amounts recognised in the Income Statement in respect of the No Worse Off Guarantee are as follows:				
Current service cost	-	-	-	-
Interest cost	-	69	-	69
Expected return on plan assets				
Actuarial (gains)/losses	(408)	(1,801)	(408)	(1,801)
Past service cost	-	-	-	-
Total included in staff costs (Note 30)	(408)	(1,732)	(408)	(1,732)
Actual return on plan assets	-	-	-	-

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

	THE GROUP AND THE COMPANY		LIFE	
	2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	408	2,140	408	2,140
Total included in staff costs as above	(408)	(1,732)	(408)	(1,732)
At December 31,	-	408	-	408

The principal actuarial assumptions used for accounting purposes were:

	THE GROUP, THE COMPANY AND LIFE	
	2007	2006
	%	%
Discount rate	11%	10%
Future salary increases	10%	8%
Future pension increases	0%	0%

Notes to the Financial Statements

Year ended December 31, 2007

22. Borrowings

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

23. Trade and other Payables

	THE GROUP		THE COMPANY		LIFE	
	2007	2006 Restated	2007	2006 Restated	2007	2006 Restated
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Loans repaid in advance	55	25	55	25	919	851
Premiums prepaid	5,148	4,243	5,148	4,243	5,545	5,700
Amounts due to reinsurers	15,518	12,997	15,518	12,997	1,432	3,443
Other payables and accruals	60,939	83,510	41,791	74,952	26,702	6,760
	81,660	100,775	62,512	92,217	34,598	16,754

(a) Trade and other payables are denominated in Mauritian Rupees except for legal costs Rs Nil (Rs20m 2006).

(b) The carrying amounts of trade and other payables approximate their fair values.

24. Current Tax Liabilities

(a) Income Statement

Income tax provision for the year at 15% (2006 -15% and 22.5%)

Alternative Minimum Tax

Under provision in previous year

Movement in deferred tax (Note 20)

Tax charge for the year

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

(b) Balance Sheet

Income tax provision for the year at 15%

Alternative Minimum Tax

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

Notes to the Financial Statements

Year ended December 31, 2007

24. Current Tax Liabilities (continued)

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

25. Dividends paid

Paid

Interim ordinary dividend of 10% (2006 - 8.5%)

Final ordinary dividend of 25% (2006 - 17.5%)

THE GROUP AND THE COMPANY	
2007	2006
Rs'000	Rs'000
20,040	17,034
50,100	35,070
70,140	52,104

26. Revenue

Continuing operations :

Revenue is made up as follows :

Gross earned insurance premiums - General Business

Insurance premium ceded to reinsurers

Net earned premiums - General Business

Brokerage fees

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

Discontinued operations :

Rental income including interest income

Group

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

Company

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

Notes to the Financial Statements

Year ended December 31, 2007

27. Investment and other Income

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000
(a) (i) Investment and other income				
Dividends receivable	29,685	24,398	27,000	17,113
Exceptional income from MUA Leasing Co Ltd	-	-	-	93,765
Interest on loans and deposits	24,956	13,350	32,889	21,129
Interest on bank accounts	4,483	5,248	3,881	5,014
Brokerage fees	6,629	5,911	-	-
Rent receivable	977	872	-	-
Other income	2,317	1,712	2,092	1,572
	69,048	51,491	65,863	138,593

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

	2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of available-for-sale financial assets	76,699	83,195	71,583	8,083

(b) Life Business

	2007	2006
	Rs'000	Rs'000
Dividends receivable	58,442	41,930
Interest on loans and deposits	52,622	43,065
Interest on bank accounts	3,834	4,180
Profit on disposal of available-for-sale financial assets	5,249	3,120
Rent receivable	658	649
Other income	4,037	1,187
	124,842	94,131

28. Share of Life Surplus Transferred from Life Assurance Fund

In accordance with the accounting policy in Note 2.1(a) the independent actuaries have assessed the amount of the DPF eligible surplus to be transferred from the Life Assurance Fund to the Income Statement at Rs.49.1m (2006 - Rs.57.3m)

29. Profit before Taxation

	THE GROUP		THE COMPANY	
	2007	2006	2007	2006
	Rs'000	Rs'000	Rs'000	Rs'000
The profit before taxation has been arrived at				
After crediting:				
Investment income				
- available-for-sale financial assets	29,685	24,398	27,000	110,878
Profit on disposal of available-for-sale financial assets	76,699	83,195	71,583	8,083
Profit/(loss) on sale of property and equipment	81	(300)	81	(300)
And charging:				
Employee benefit expense (Note 30)	32,835	33,233	30,798	31,699
Depreciation on property and equipment (Note 5)	7,742	8,836	7,465	8,443
Amortisation of intangible assets (Note 7)	3,122	1,478	3,122	1,478
Legal costs (Note (a) below)	14,850	70,586	14,850	70,586

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

Notes to the Financial Statements

Year ended December 31, 2007

30. Employee Benefit Expense

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

31. Discontinued Operation

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

(b) The results of the leasing operation for the period January 1, 2006 to January 31, 2006 were as follows:

	Period ended January 31, 2006
	Rs'000
Lease income	1,921
Investment and other income	2,827
Interest expense	(5,505)
Provision and adjustments to income for credit losses	(5)
Non-interest income	1,060
Profit before tax	298
Income tax	-
Profit for the period from discontinued operations	298

(c) The net cash flows attributable to the leasing operations were as follows:

	Period ended January 31, 2006
	Rs'000
Operating cash flows	12,624
Investing cash flows	226,393
Financing cash flows	(12,219)
Total cash flows	226,798

Notes to the Financial Statements

Year ended December 31, 2007

32. Business Combinations

(a) Disposal of subsidiary

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

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

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

33. Earnings Per Share

(a) From continuing operations

Earnings per share is based on the following:

Profit for the year after minority interest

Number of ordinary shares in issue and ranking for dividends

Earnings per share

THE GROUP	
2007	2006
Rs'000	Restated Rs'000
<u>145,329</u>	76,054
<u>20,040,000</u>	20,040,000
Rs <u>7.25</u>	3.80

(b) From discontinued operations

Loss attributable to shareholders of the Group from discontinued operations

Number of ordinary shares in issue and ranking for dividends

Loss per share

	2006
	Rs'000
	<u>(2,230)</u>
	<u>20,040,000</u>
Re	<u>(0.11)</u>

Notes to the Financial Statements

Year ended December 31, 2007

34. Notes to the Cash Flow Statements

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

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

Notes to the Financial Statements

Year ended December 31, 2007

34. Notes to the Cash Flow Statements (continued)

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

Notes to the Financial Statements

Year ended December 31, 2007

35. Prior Period Adjustments and Financial Impact

Prior year adjustments were in respect of the following:

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

The result of this was to:

- (i) Increase profit attributable to shareholders
- (ii) Increase earnings per share (Rs)
- (iii) Increase retained earnings
- (iv) Increase revaluation and other reserves

THE GROUP	
2006	2005
Rs'000	Rs'000
11,519	3,594
0.57	0.18
14,970	3,451
4,882	2,293

(b) De-recognition of the deferred tax assets recognised in the years ended December 31, 2005 and 2006

The result of this was to:

- (i) Increase profit attributable to shareholders
- (ii) Increase earnings per share (Rs)
- (iii) Increase retained earnings

THE GROUP AND THE COMPANY	
2006	2005
Rs'000	Rs'000
10,441	11,983
0.52	0.61
20,765	10,324

(c) Reversal of the inter-branch tax equalisation account of Rs9,372k recognised in 2004.

This reversal is consequent to the de-recognition of the deferred tax assets.

The result of this was to:

- (i) Decrease retained earnings
- (ii) Increase trade and other receivables
- (iii) Increase trade and other payables

(9,372)	(9,372)
9,372	9,372
9,372	9,372

- (iv) Increase the Life Assurance Fund

LIFE ASSURANCE FUND	
2006	2005
Rs'000	Rs'000
9,372	9,372

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

The result of this was to:

- (i) Decrease profit attributable to shareholders
- (ii) Decrease earnings per share (Rs)
- (iii) Decrease retained earnings

THE GROUP AND THE COMPANY	
2006	2005
Rs'000	Rs'000
(12,799)	-
(0.64)	-
(12,799)	-

Notes to the Financial Statements

Year ended December 31, 2007

35. Prior Period Adjustments and Financial Impact (continued)

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

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

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

The result of this was to:		
(i) Increase investment properties	6,320	6,480
(ii) Decrease property and equipment	(6,320)	(6,480)

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

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

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

36. Outstanding Financial Commitments

	LIFE	
	2007	2006
	Rs'000	Rs'000
Loans approved by the Board of Directors but not yet disbursed	8,415	20,788
Capital expenditure contracted for at the Balance Sheet date but not recognised in the financial statements	-	1,283
	8,415	22,071

Notes to the Financial Statements

Year ended December 31, 2007

37. Segment Information

GROUP

(a) Primary reporting format - business segments

Revenues

Gross earned premiums (Note 26)
 Premiums ceded to reinsurers
 Brokerage fees
 Share of Life surplus
 Total revenue, including share of Life surplus

Segment results
 Share of results of associates
 Profit before taxation
 Taxation
 Net profit for the year

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

Revenues

Gross earned premiums (Note 26)
 Premiums ceded to reinsurers
 Brokerage fees
 Rental income including interest income
 Share of Life surplus
 Total revenue, including share of Life surplus

Segment results
 Share of results of associates
 Profit before taxation
 Taxation
 Net profit for the year

2006 Restated					
	CONTINUING			DISCONTINUED	Total
	Life	General	Stockbroking	Rs'000	Rs'000
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross earned premiums (Note 26)	-	381,790	-	-	381,790
Premiums ceded to reinsurers	-	(78,725)	-	-	(78,725)
Brokerage fees	-	-	5,911	-	5,911
Rental income including interest income	-	-	-	3,747	3,747
Share of Life surplus	57,304	-	-	-	57,304
Total revenue, including share of Life surplus	57,304	303,065	5,911	3,747	370,027
Segment results	57,304	10,779	3,433	(2,230)	69,286
Share of results of associates					5,583
Profit before taxation					74,869
Taxation					(359)
Net profit for the year					74,510

Notes to the Financial Statements

Year ended December 31, 2007

38. MCB Case

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

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

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

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

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

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

Notes to the Financial Statements

Year ended December 31, 2007

39. Related Party Transactions

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

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

Notes to the Financial Statements

Year ended December 31, 2007

40. Three Year Summary

	Group		
	2007	2006	2005
	Rs'000	Restated Rs'000	Restated Rs'000
(a) Income Statements			
Continuing operations			
Revenue	373,218	308,976	289,019
Operating profit	150,580	71,516	112,956
Share of result of associated companies	111	5,583	3,545
Profit before taxation	150,691	77,099	116,501
Taxation	(4,252)	(359)	(221)
Profit from continuing operations	146,439	76,740	116,280
Discontinued operations			
Loss from discontinued operations	-	(2,230)	(10,380)
Net profit for the year	146,439	74,510	105,900
Attributable to:			
- Equity holders of the company from continuing operations	145,329	73,824	105,461
- Minority interest	1,110	686	439
	146,439	74,510	105,900
Rate of dividend - Interim	10.0%	8.5%	14%
- Final	25.0%	17.5%	8%
Earnings per share from continuing operations (Rs/cs)	7.25	3.80	5.86
Loss per share from discontinued operations (Rs/cs)	-	(0.11)	(0.53)
Net assets per share (Rs/cs)	73.90	50.90	37.75

	Group		
	2007	2006	2005
	Rs'000	Restated Rs'000	Restated Rs'000
(b) Balance Sheets			
Non-current assets	1,591,992	1,145,616	1,024,467
Life business non-current assets	3,018,381	2,181,708	1,532,274
Current assets	594,615	557,059	1,100,806
Life business current assets	149,180	96,019	97,207
Life business non-currents asset held for sale	46,346	25,599	8,164
Total assets	5,400,514	4,006,001	3,762,918
Total equity	1,484,331	1,022,542	758,441
Technical provisions	3,662,421	2,772,267	2,148,419
Non-current liabilities	48	469	467,646
Life business non-current liabilities	133,203	92,998	41,786
Current liabilities	85,913	100,971	328,661
Life business current liabilities	34,598	16,754	17,965
Total equity and liabilities	5,400,514	4,006,001	3,762,918