ANNUAL REPORT 09

protecting you at every stage of life...

MAURITIUS UNION

The photos of the Mauritius Union 2009 Annual Report are the proud and collaborative contribution of our dedicated staffs and their families.

Dear Shareholder,

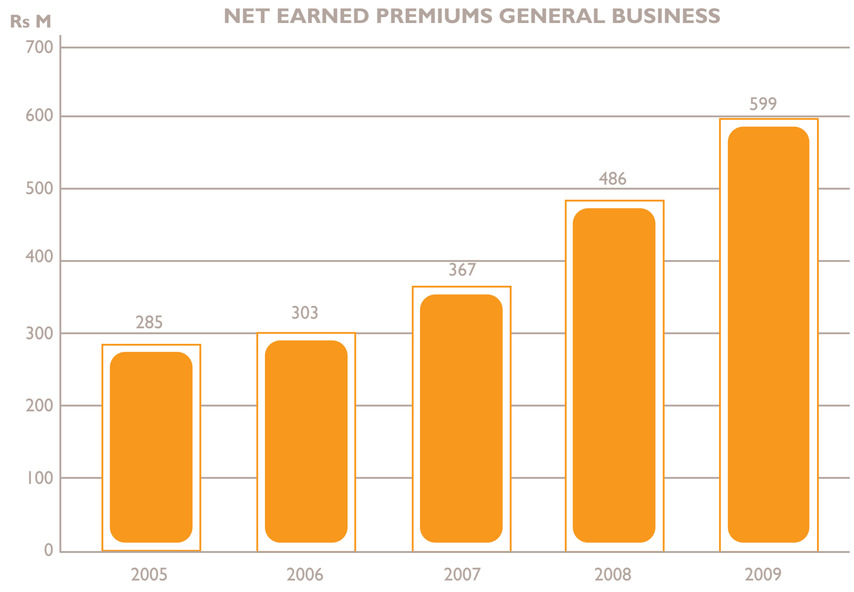
The Board of Directors is pleased to present the Annual Report of the Mauritius Union Assurance Company Limited for the year ended December 31, 2009.

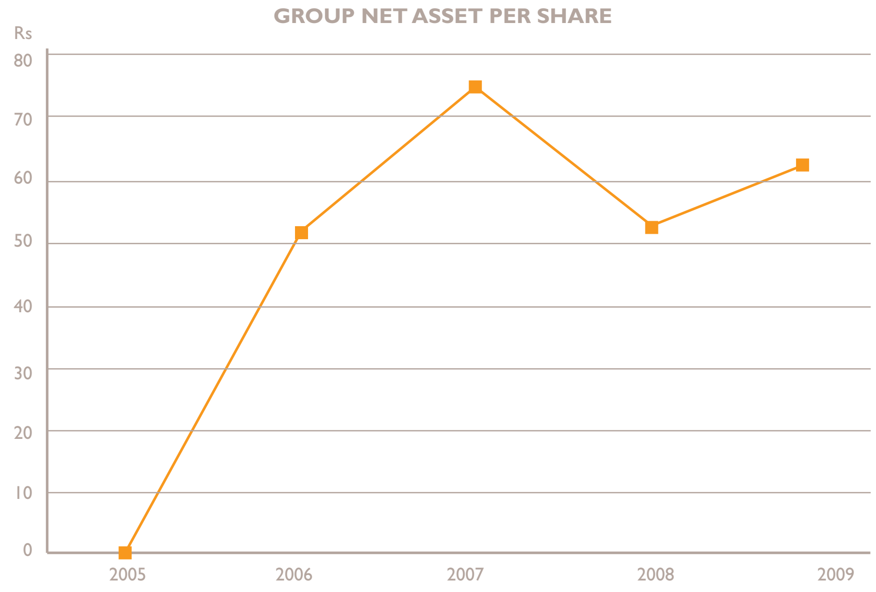
The report was approved by the Board of Directors on May 06, 2010.

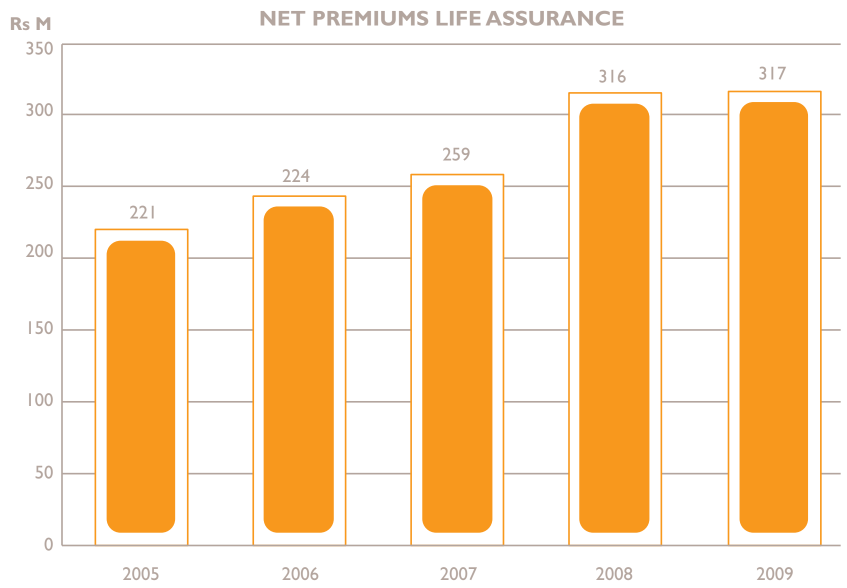
Antoine Delaporte
Chairperson

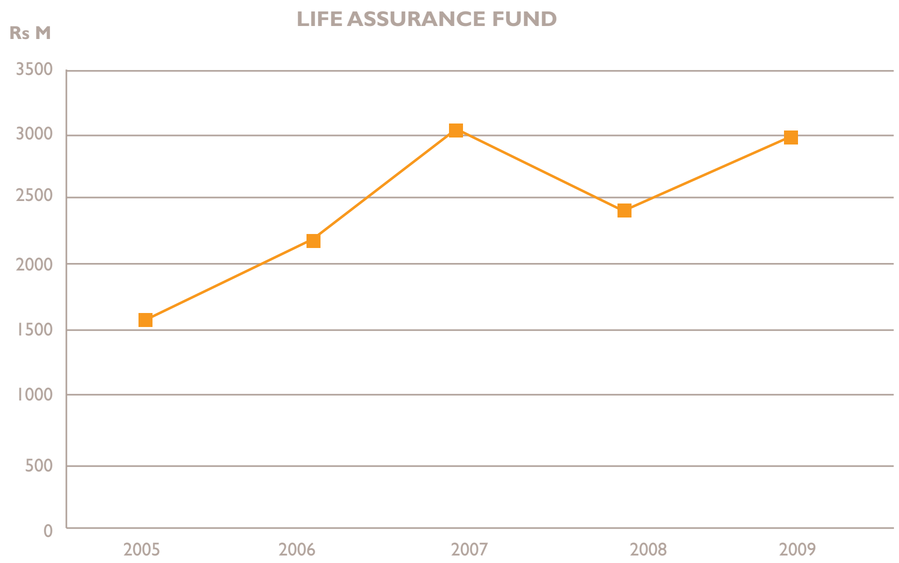
Jacques de Navacelle
Managing Director

Contents


Rs M
NET EARNED PREMIUMS GENERAL BUSINESS
700
600
500
400
300
200
100
0
285
303
367
486
599
2005
2006
2007
2008
2009


GROUP NET ASSET PER SHARE
Rs
80
70
60
50
40
30
20
10
0
2005
2006
2007
2008
2009


Rs M
NET PREMIUMS LIFE ASSURANCE
350
300
250
200
150
100
50
0
221
224
259
316
317
2005
2006
2007
2008
2009


LIFE ASSURANCE FUND
Rs M
3500
3000
2500
2000
1500
1000
500
0
2005
2006
2007
2008
2009

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year comprised the transacting of all classes of insurance business both Long-term (Life Assurance) and Short-term (General Business). There has been no change in the nature of its business.

ADMINISTRATION

Registered office

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

Auditors

BDO & Co
(Chartered Accountants)

Independent Actuaries

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

Bankers

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

Secretary

A P Gilbert Poisson (FCCA, ACII)

Share Registry

Abax Corporate Administrators Ltd

Directors

BOARD OF DIRECTORS

The following directors were in office at December 31, 2009:

- Vincent AH CHUEN
- Priscilla BALGOBIN-BHOYRUL
- Pierre DE CHASTEIGNER DU MÉE
- Jacques DE NAVACELLE
- Antoine DELAPORTE
- Jerome LAGESSE
- Pierre-Yves POUGNET
- Georges André ROBERT
- Axel ROUSSETY

DIRECTORS' PROFILE

Vincent Ah Chuen
Director - appointed in 1992

Vincent Ah Chuen, born in 1944, is the Managing Director of ABC Group of Companies. He was appointed to the Board of the Mauritius Union Assurance Co Ltd in 1992 and is a member of its Audit & Risk Committee. Mr. Ah Chuen is a Director of Les Moulins de La Concorde Ltée, ABC Motors Co. Ltd, New Goodwill Investment Ltd, POLICY Ltd and ABC Finance and Leasing Ltd.

Priscilla Balgobin-Bhoyrul
Director - appointed in 2008

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

Pierre de Chasteigner du Mée
Executive Director - appointed in 2003

Pierre de Chasteigner du Mée, born in 1953, is, since 1st January 1993, the Estate General Manager of Constance La Gaieté Co. Ltd., which is mainly engaged in sugar cane farming and other agricultural activities in the East. He is an active Stockbroker on the Stock Exchange of Mauritius Ltd, a licensed Company Secretary and a member of the Chartered Management Institute (England). He is a member of the National Pensions Board, National Savings Fund Technical Committee, National Pension / National Savings Fund Investment Committee and of the Advisory Council of the Mauritius Sugar Authority. He is also a Director and the Chairperson of the Audit Committee of P.O.L.I.C.Y. Ltd. and a Director of Investec Bank (Mauritius) Ltd. Since completing his Chartered Accountancy studies in the U.K., he has occupied various functions as Group Financial Controller of the Constance Group and Executive Director of Constance Hotels Services Ltd.

Jacques de Navacelle
Executive Director - appointed in 2006

Jacques de Navacelle, born in 1946, started a banking career in Paris in 1971. In 1978, he joined Barclays Bank with whom he worked for twenty years, occupying various managerial positions with increasing responsibilities within the bank in Europe. In 1998, he was appointed Managing Director of Barclays Bank PLC, Mauritius. Mr. de Navacelle joined the Mauritius Union Assurance Co. Ltd on 1 May 2005 as Chief Executive Officer, and was appointed to the Board in May 2006. He is presently the Chairman of Transparency Mauritius, Compagnie de Beau Vallon Ltée and the National Mutual Fund Ltd and a director of Omnicane Ltd, Ascencia Ltd, Southern Cross Tourist Company Ltd, Harel Frères Ltd and United Basalt Products Ltd.

Antoine Delaporte
Director - appointed in 2009

Antoine Delaporte, born in 1960, is the founder and Managing Director of I&P Management (Indian Ocean) Limited, a private company managing private equity funds in the Indian Ocean region. Since 2000, he is the Chairman of Karina International Limited and of Karina Sarl in Madagascar and is also a member of the boards of Orange Madagascar and Shell Mauritius Limited. Mr. Delaporte is Chairman of the boards of C.E.A.L, of Pointe aux Piments Hotel Ltd and of Newpack SA in Madagascar.

Jerome Lagesse
Director - appointed in 2009

Jerome Lagesse, born in 1975, holds a degree in Finance and a degree in Business Law from France. Between 2001 and 2006, he was a Management and Information System consultant at Accenture Paris where he designed and implemented group management rules and IS of several worldwide companies. Since 2006, he joined I&P Management (Indian Ocean) Limited as an Investment Manager. Mr. Lagesse also sits on the boards of Ciel Textile Ltd, of C.E.A.L and of Pointe aux Piments Hotel Ltd.

Pierre Yves Pougnet
Director - appointed in 1981

Pierre-Yves Pougnet, born in 1942, accountant by profession, is the Vice-Chairman of the Food and Allied Group of companies. He was appointed to the Board of the Mauritius Union Assurance Co Ltd in 1981 and is the Chairman of its Audit & Risk Committee. Mr. Pougnet also sits on the boards of Livestock Feed Ltd, Tropical Paradise Co Ltd and POLICY Ltd and is the Chairman of Les Moulins de La Concorde Ltée.

Georges André Robert
Director – appointed in 2001

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

Axel Roussety
Director – appointed in 2008

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

Dear Shareholder

On behalf of the Board, it is my pleasure to report on the performance of the Group for the year ended 31st December 2009.

The group has obtained remarkable results despite present unfavourable economic conditions. Above average performance from insurance businesses was combined with superior returns from investment portfolios. Net profit after tax has more than doubled between 2008 and 2009, from Rs 145 million to Rs 317 million. In 2009, earnings per share amount to Rs 15.74 and the Net Asset Value stands at Rs 62 per share.

Net earned premiums for the general insurance business grew by 23% between 2008 and 2009 and translated into an underwriting surplus of Rs 159 million or an increase of 86% over 2008.

The pick up in the stock market and higher investment income have bolstered the performance of the Life assurance fund with NAV standing at Rs 3.0 bn in 2009 as compared to Rs 2.4 bn in 2008, a growth of 23%.

The significant improvement in insurance businesses as well as the positive returns of our investment portfolios have led the Board to declare in 2009 a total dividend of Rs 9.40 per share compared to Rs 3.90 in 2008, which shows a 141% increase in distribution year-on-year.

To take advantage of its asset management expertise, the company has acquired during the year under review 95.7% of shareholding of the National Mutual Fund Ltd, a fund management company with Rs 532 million under management.

Pursuing our development strategy in line with our recent financial success, the company has acquired 100% shareholding of the insurance activities of La Prudence (Mauricienne) Assurances Limitée. This acquisition shall create value for the company as it shall enhance products and services quality, increase the company's competences and protect the interests of policyholders for the benefit of all our clients and the public in general. This shall also create more opportunities to its employees and finally create more value for its shareholders.

I wish to thank my fellow board members for their continuous support and convey our appreciation for the remarkable performance to the Managing Director, the managers and all employees for their commitment and dedication to the Group.

Antoine Delaporte
Chairperson

Senior Management Team

SENIOR MANAGEMENT TEAM

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

Managing Director

Gilbert POISSON
(FCCA, ACII)

Chief Operating Officer, Company Secretary

Dominique AUTARD
(MBA Dip Fin Serv. (Ins Brok) ANZIIF (Snr.Assoc.) CIP)

Head of Life

Imrith RAMTOHUL
(FCCA, CFA)

Head of Investment

Rishi SEWNUNDUN
(B.Tech., MBA)

Head of Information Systems

Managing Director’s Report

Dear Shareholder,

It is a great pleasure to submit the report on our company's performance in 2009.

In 2008 our group profit reached Rs145.5M which represented an increase of 50% over the previous year.

In 2009 the progression is even better with a group profit of Rs317M which corresponds to a 117% increase over 2008. Such performance, definitely positions Mauritius Union Assurance Company Limited (MUA) as the leader in the General Insurance market in Mauritius.

The total amount of net earned insurance premium reached Rs599M which is the highest figure in the market.

Moreover our shareholders' fund has reached Rs1.2 billion which once again puts us as No.1 in the general insurance market.

Over the years MUA has accumulated excess funds of nearly Rs1.0 billion. Such a strong financial position reinforces the client's confidence in our capacity to pay claims. Moreover, management has been constantly reviewing ways and means of optimising the investment of the excess funds in order to reinforce our core business, which is insurance as well as the complementary activity which is asset management.

Accordingly, and in line with our strategy to develop asset management activities and propose a wider range of investment opportunities to our clients, the Company has on 31 December 2009, acquired a majority shareholding in the National Mutual Fund Ltd (NMF).

After careful examination of the insurance market in Mauritius and evaluation of various options on how to reinforce our core business, we have decided to enter into negotiation with La Prudence (Mauricienne) Assurances Ltée (LPM) with a view to merge our two operations.

MUA finally acquired 100% of the shareholding of LPM on May 3, 2010. After obtaining the permission of the Financial Services Commission and that of the Stock Exchange of Mauritius, the acquisition has been unanimously approved by the shareholders at a special meeting held on 27 April 2010.

This move will create the largest general insurance group in Mauritius and as a consequence, we will be in a position to better serve our policyholders and the public in general. We will also consolidate our position of independence since neither MUA nor LPM has a link with any major corporations in Mauritius.

This acquisition will create shareholder value as profitability will be enhanced through cost efficiency gains at various levels, development of new market segments, extension of customer base and creation of cross-selling and sales opportunities.

The share price of MUA has already taken into account this project by reaching Rs134 in April 2010.

I am confident that the acquisition of LPM and its subsequent integration within Mauritius Union Assurance will be a very big success.

Life Insurance

In terms of our Life Insurance business, 2009 was the year of stabilisation and consolidation in the face of the harsh economic climate. Gross premiums remained stable (1.3% increase year on year) with an amount of Rs339.6M for 2009 compared to Rs335.2M for 2008. Our unit linked life insurance product continued to perform strongly amidst global markets downturn with the equity fund closing the year at Rs2.043087 up by 50% compared to 2008 whilst the secured fund unit prices continued its steady climb with an increase of 12.9% in December 2008 to conclude 2009 at Rs1.507604. Both funds outperformed the benchmark index.

Through the meticulous and careful work of our Asset Management Team, we have managed to derive some positive results from the Life Funds to the benefit of our policyholders. The achieved investment returns have been significantly better during 2009 as compared to 2008 (23.5% compared to -22.5%). As a result of this recovery, we have been able to maintain and declare interim bonuses of 4% to policyholders. At 31 December 2009, the Life Assurance Fund stood at Rs2,971M, up by 23.1% compared to 2008.

On the operational front, 2009 also saw the launch of a new insurance product The Life Insurance Portfolio International (LIP) aimed at a specific niche market segment, seeking pure life insurance cover with the added flexibility and choice of currency i.e. US Dollar, British Pound, Euro, South African Rand or Mauritius Rupee. In addition, we have continued the development of the infrastructure that will underpin the Life Insurance business into the future, enabling us to streamline processes and ensure first class service delivery to our customers. The overhaul of operational framework was completed and will be our launching pad for service delivery and solutions innovation into 2010.

General Insurance

Excellent results have been achieved on the general insurance business with gross premiums culminating at Rs773M and yielding an underwriting profit of Rs159M representing a growth of 25% and 86% respectively over last year. Efficient measures have been devised and implemented to counteract the impact of the prevailing economic crisis.

The motor business contributed Rs110M to the underwriting profit representing thrice the 2008 results. Constant monitoring and analysis of the motor business portfolio throughout the year has contributed to the good result of our motor business. Product innovation has helped to cater for specific customer needs and to differentiate the offerings in the market.

The non-motor business portfolio has grown by 41% and closed with an underwriting profit of Rs49M, with the Engineering and Special Risks unit performing very well.

A significantly higher proportion of large corporate new business has been secured alongside our traditional retail customer base.

In 2009, we have also reinforced our in-house capacity to manage our reinsurance facilities and negociate more favourable terms on our treaties as well as on facultative reinsurance.

Our branch network has been extended with the opening of two new branches namely Rose Belle and Black River thereby enhancing our proximity approach in customer service.

Moreover, a call centre and a customer care unit have been set up to provide a personalised service to the clients and to attend to their queries efficiently.

Investment Management

Portfolio Return & Strategy

In spite of the financial crisis, MUA portfolios performed very well in 2009. The financial crisis was in fact considered as an opportunity and our exposure to a variety of undervalued investments was increased. This strategy paid off very well as important profits were reaped, both from equities and bonds.

For example, over the 12 months ended 31 December 2009, MUA Unit-Linked Equity Fund generated a gross return of 49.4% while that of the MUA Unit-Linked Secure Fund delivered a gross return of 14%.

Investment income increased by nearly 80% during 2009.

MUA continued to become a more active shareholder in investee companies and it increased its board representation in a number of companies.

MU Property Gold

MU PropertyGold, launched in October 2009, is a unique dedicated service concept in Mauritius designed to serve the up market real estate sector.
With considerable expertise acquired in the field, MU Property Gold assists promoters and potential buyers through tailor-made financing; personal credit management and risk assessment.

Loans granted during the year amounted to Rs289M compared to Rs145M for 2008.

Acquisition of the National Mutual Fund Ltd

On 31 December 2009, MUA acquired a majority stake in the National Mutual Fund Ltd (NMF). It presently holds 98.57% of the share capital of NMF, after consolidating its existing 2.86% ownership of the latter company.

I am pleased to highlight that NMF has continued to operate as a going concern. Its existing employees have furthermore all been retained and they have successfully integrated MUA Group.

NMF is a public asset management company, incorporated in Mauritius in 1990. It offers local investors an opportunity to access a broad range of mainstream asset classes with diversified risk profiles through its two unit trusts namely, the 'NMF General Fund' and the 'NMF Property Trust'.

The investment objective of the 'NMF General Fund' is to produce both income and capital growth from a diversified portfolio of assets. Investments are mostly in equities and fixed-income securities in the domestic and in the international markets.

The main objective of the 'NMF Property Trust' is to invest in real estate and securities of property companies locally and overseas, in order to provide capital growth.

At end-December 2009, the size of both funds amounted to nearly Rs 600M.

The acquisition of NMF is expected to diversify MUA activities and give it further exposure to asset management. The MUA Board is of the opinion that MUA's existing experience in asset management should potentially benefit NMF unit-holders and create value for MUA shareholders in future.

Human Resources

HR Initiatives taken in 2009 were mainly driven by three objectives: Improving Customer Service, Promoting a Performance Culture and Encouraging Innovation.

Training and Development was the focal point; around 90% of the employees received training (either external or internal or both) based on the organisational needs. A Management Development Programme was run for the Management Team, Leadership course for all Supervisors and Product Knowledge and Customer Service Courses for all front-line employees.

The opening of two new branches at Black River and Rose-Belle, the creation of a Customer Care Department and a Customer Account Management unit and the reinforcement of the Sales department have led to career development opportunities for our employees as well as an increase in workforce from 192 employees in December 2008 to 236 in December 2009, representing an increase of 22.9%.

A more rigorous approach was also adopted with regards to Performance Management; amendments were made to encourage employees in taking initiatives.

The aim is to empower employees so that they strive to add value to the organisation for the benefit of all our stakeholders and to be part of our talent pool.

Information Systems

In our continuous quest to improve customer service and operational efficiency, various IT projects were undertaken in 2009. Some of our core systems are being replaced to keep pace with new technologies while also taking into consideration the changing business needs. Being tightly integrated and flexible, the new systems will help streamline various business processes and reduce the turnaround time for new-product launch.

Towards the end of 2009, MUA acquired a powerful investment administration software, Quantis providing products in the area of institutional funds management, wealth management and credit risk.

As part of our eco-friendly initiatives, we have introduced a document management system that led to considerable reduction in printing of documents and in electricity usage.

The Community

As you will see in the Corporate Governance Report, we have been active in 2009 in the field of our corporate social responsibility and continuous involvement in sustaining those in need through financial support as well as staff time.

Conclusion

I am very proud of the excellent performance of our company in 2009. This is a direct consequence of the right choice made during the last five years in the field of information technology and in implementation of a human resource strategy based on clarity, accountability and empowerment.

I am very grateful to all members of staff, agents and other intermediaries for their continuous support.

Jacques de Navacelle
Managing Director

Gilbert Poisson,
FCCA, ACII

Chief Operating Officer, Company Secretary

Gilbert (56) became a Fellow Member of the Association of Chartered Certified Accountants UK in 1979 and an Associate Member of the Chartered Insurance Institute UK in 1986. He was formerly an auditor with De Chazal Du Mée & Co, Chartered Accountants until 1978 and assistant audit manager on Lloyds Syndicate audit with Futcher, Head & Gilberts, Chartered Accountants in UK until 1981. He joined the Company in 1981 as Accountant and became Group Finance Manager in 1998. He was appointed Head of Finance & Planning / Assistant to the CEO in July 2005 and is the Company Secretary since 31 July 2006. Gilbert was awarded the title of Chartered Insurer by the Chartered Insurance Institute in March 2008.

Dominique Autard
MBA Dip Fin Serv (Ins Brok) ANZIIF (Snr.Assoc.) CIP

Head of Life

Dominique (39) has been in the life insurance industry since 1989 and joined Mauritius Union in October 2008 as Head of Life Insurance. He is responsible for the strategic development and distribution of the long term insurance business. Dominique has a wide-ranged international experience, which includes administration management, underwriting, product development, product research, technical and strategic advice and distribution. He has held positions with a number of reputable companies namely AXA, AMP, Commonwealth Bank of Australia and until September 2008 was providing consulting services to ING Australia, Westpac Banking Corporation and Suncorp. Dominique holds a Master of Business Administration from Charles Sturt University (Australia), a Diploma of Financial Services and is a Senior Associate and a Certified Insurance Professional of the Australian & New Zealand Institute of Insurance and Finance.

Imrith Ramtohul,
FCCA, CFA

Head of Investment

Imrith (35) holds the Chartered Financial Analyst designation. He is also a Fellow Member of the Association of Chartered Certified Accountants UK and holds a Bachelor of Business Science (Honours) degree from the University of Cape Town. He has 10 years of investment and banking experience. Prior to joining Mauritius Union as Head of Investment, he was with local subsidiaries of South African banking groups, Rand Merchant Bank and Nedbank. He also worked for Capital Asset Management Ltd and The Stock Exchange of Mauritius Ltd, whereby he was involved in research and financial analysis. Imrith is actually a board member of the National Investment Trust Ltd (NIT) and is the Vice- President of the Society of Financial Analysts of Mauritius.

Rishi Sewnundun
B.Tech., MBA

Head of Information Systems

Rishi Sewnundun (36) has graduated in Computer Science & Engineering at the University of Mauritius. He also holds an MBA in Marketing from the same university. He joined J. Kalachand & Co. Ltd in 1998 where he worked as Systems Manager and later as Sales Manager. He was recruited in May 2005 as Head of Information Systems and appointed as Senior Manager in January 2008.


I wanna
party

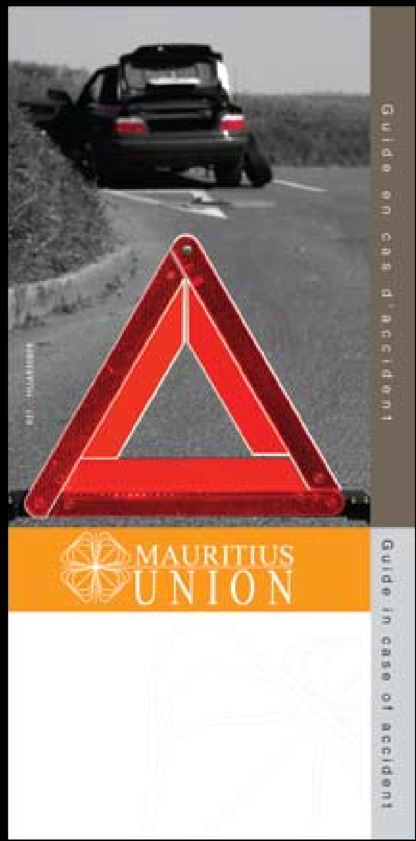
2009 PROJECT REVIEW

National Mutual Fund

As of January 2010, Mauritius Union Assurance Company Limited (MUA) became the major shareholder of NMF Ltd, after acquiring 95.71% of the issued share capital and consolidating its initial 2.86% holding in the company. The acquisition of NMF is expected to diversify MUA activities and give it further exposure to asset management.

Assurance Toutou

Mauritius Union Assurance works alongside the animal welfare community. We are pet lovers and have designed the first 'Dog Insurance' in Mauritius covering veterinary fees, third party liability and death.



Guide in case of accident

Mauritius Union Assurance is the first insurance company to have issued a formal 'Guide in case of accident' to help its clients contracting a Motor Insurance Policy understand the various procedures to be followed in event of an accident.

MU Property Gold

MU PropetyGold was launched in October 2009 and is a dedicated service which brings together both side of the country's high-end real-estate market - prospective buyers and actual developers and promoters. MU Property Gold provides assistance through tailor-made financing, personal credit management and risk assessment.

Corporate Governance Report

Statement of Compliance

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

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

1. Shareholding

- In accordance with the Constitution of the Company, no shareholder can hold more than 5% of the issued share capital of the Company without the previous authorisation of the Board of Directors.
- As at December 31, 2009, the following shareholders owned more than 5% of the issued share capital:
  - Newins Holding Ltd – 22.5%
  - Devlin Investments Ltd – 7.5%
- There are no restrictions on the transfer of fully paid-up shares.
- There are no pre-emptive rights attached to the shares.

Analysis of shareholders at December 31, 2009

No. of shareholders	No. of shares	No. of shares owned	% of total issued shares
858	1 – 5,000	1,037,635	5.18%
261	5,001 – 50,000	3,850,376	19.21%
32	50,001 – 100,000	2,376,801	11.86%
26	100,001 – 250,000	3,602,262	17.98%
2	250,001 – 500,000	554,953	2.77%
9	500,001 – 20,040,000	8,617,973	43.00%
1,184	TOTAL	20,040,000	100.00%

2. Common Directors at December 31, 2009

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

3. Shareholders' Agreement

The Company is not aware of any shareholders' agreement.

4. Management Agreement

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

5. Dividend Policy

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

6. Board of Directors

At December 31, 2009, the Board consisted of nine directors, two of whom are executives and seven are independent non-executives.

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

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

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

Board members' profiles are set out on pages 13 and 14.

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

6.1 Executive Directors' Service Contracts

- Jacques de Navacelle's fixed term contract has been renewed up to December 31, 2010.
- Pierre de Chasteigner du Mée has no fixed term contract.

6.2 Contracts of Significance

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

6.3 Changes in Directorship

- Antoine Delaporte and Jerome Lagesse were appointed to the Board on May 8, 2009.

6.4 Directorships in Other Listed Companies

The directorships held by the Board Members of MUA in other listed companies as at December 31, 2009 are shown below:

Vincent Ah Chuen	POLICY Ltd	Les Moulins de La Concorde Ltée	ABC Motors Co Ltd		
Pierre de Chasteigner du Mée	POLICY Ltd				
Jacques de Navacelle	Harel Frères Ltd	Omnicane Ltd	United Basalt Products Ltd	Southern Cross Tourist Co Ltd	Ascencia Ltd
Antoine Delaporte	Ciel Textile Ltd	Shell Mauritius Ltd			
Jerome Lagesse	Ciel Textile Ltd				
Pierre-Yves Pougnet	POLICY Ltd	Les Moulins de La Concorde Ltée	Livestock Feed Ltd	Tropical Paradise Co. Ltd	
Georges A. Robert	POLICY Ltd	IPRO Growth Fund	Robert Le Maire Ltd		

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

6.5 Directors' Interests in Shares of the Company

The direct and indirect interests of the directors in the ordinary shares of the Company as at December 31, 2009, together with their classification, are set out in the table below:

Directors	Classification	No. of Shares	
		Direct	Indirect
Vincent Ah-Chuen	Independent Non-executive	132,287	155,568
Priscilla Balgobin-Bhoyrul	Independent Non-executive	500	-
Pierre de Chasteigner du Mée	Executive	1,125	31,104
Jacques de Navacelle	Executive	32,600	-
Antoine Delaporte	Independent Non-executive	500	121,157
Jerome Lagesse	Independent Non-executive	500	6,042
Pierre-Yves Pougnet	Independent Non-executive	128,551	-
Georges A. Robert	Independent Non-executive	137,812	-
Axel Roussety	Independent Non-executive	10,636	400

6.6 Directors' dealing in shares

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

During the year under review, the directors dealt in the shares of the Company as follows:

- Antoine Delaporte purchased 500 shares
- Jerome Lagesse purchased 500 shares
- Axel Roussety purchased 9,605 shares

7. Committees of the Board

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

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

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

7.1 Audit & Risk Committee

The Audit & Risk Committee is chaired by Pierre-Yves Pougnet. Vincent Ah Chuen and Jerome Lagesse are the other members. All members have the required expertise. External and Internal Auditors attend meetings when required.

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

The Audit & Risk Committee focuses on:

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

7.2 Corporate Governance Committee

Members of the Corporate Governance Committee are:

- Antoine Delaporte (Chairperson)
- Jacques de Navacelle
- Georges A. Robert

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

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

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

Directors	Board Meetings	Audit & Risk Committees	Corporate Governance Committees
Vincent Ah Chuen	12 out of 13	6 out of 6	-
Priscilla Balgobin-Bhoyrul	11 out of 13	1 out of 2	-
Pierre de Chasteigner du Mée	12 out of 13	-	1 out of 1
Jacques de Navacelle	11 out of 13	-	2 out of 2
Antoine Delaporte	8 out of 8	-	1 out of 1
Jerome Lagesse	7 out of 8	4 out of 4	-
Pierre-Yves Pougnet	13 out of 13	6 out of 6	-
Georges A. Robert	11 out of 13	-	2 out of 2
Axel Roussety	12 out of 13	2 out of 2	-

7.4 Directors' Remuneration whilst in office

Directors	Remuneration from the Company Rs ('000)		Remuneration from Subsidiaries Rs ('000)	
	2009	2008	2009	2008
Vincent Ah Chuen	345	320	12	12
Priscilla Balgobin-Bhoyrul	357	100	-	-
Robert Bigaignon (up to May 27, 2008)	-	160	-	-
Jean Paul de Chazal (up to May 27, 2008)	-	160	-	-
Pierre de Chasteigner du Mée	645	630	609	537
Jacques de Navacelle	8,297	5,900	12	12
Ravi Kalachand (up to May 27, 2008)	-	100	-	-
Danielle Lagesse (up to February 6, 2007)	-	-	-	12
Bernard Mayer (up to May 27, 2008)	-	380	-	-
Antoine Delaporte	350	-	-	-
Jerome Lagesse	160	-	-	-
Pierre-Yves Pougnet	405	320	12	12
Georges A. Robert	345	320	15	15
Axel Roussety	352	100	-	-
	11,256	8,490	660	600

8 Remuneration Policy

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

9 Share Option

The Company has no share option plan.

10 Internal Audit

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

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

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

They have carried out three internal audit reviews during 2009.

10.1 Reporting lines

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

10.2 Coverage

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

10.3 Restrictions

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

11 Risk Management

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

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

To strengthen control, a Risk Management Framework has been implemented to:

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

The following risk areas have been identified for the Company:

11.1 Insurance Risks

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

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

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

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

11.2 Financial Risks

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

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

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

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

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

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

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

11.3 Operational Risks

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

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

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

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

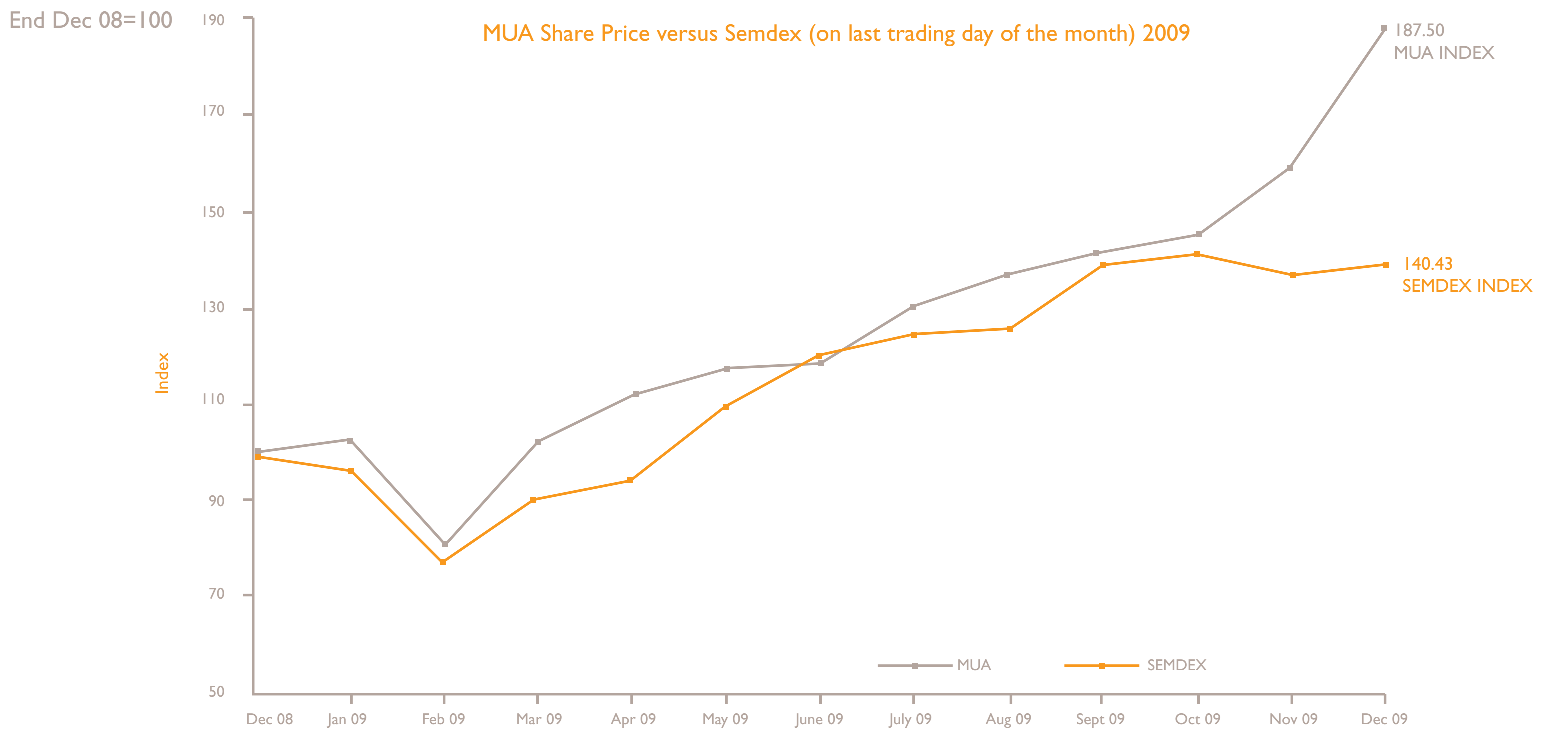
(d) Product/Service Failure Risk
During insurance operations, there may be a risk of customers receiving faulty insurance policies or service. These failures would result in customer complaints, litigated claims, cancelled policies, increased claim frequency or severity. These can significantly affect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

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

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

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

12 Share Price Information



13 Charitable Donations

Charitable donations were made by the Company during the year to 16 recipients for an amount of Rs. 1,182,527 (2008: Rs 1,022,361) This year's actions were centred on the fight against poverty.

None of the subsidiaries made any charitable donations.

14 Political Donations

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

15 Auditors' Remuneration

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000
Audit fees paid to:				
- BDO & Co	541	581	541	541
- Other firms	97	97	-	-
Fees paid for other services provided by				
- BDO & Co	352	239	343	230
Details:				
• Advisory services	178	92	178	92
• Tax computation fees	76	72	67	63
• Audit of the annual statuory return to the FSC	98	75	98	75
- Other firms	-	-	-	-

16 Sustainability Reporting

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

16.1 Ethics

The Company has adopted a code of Ethics in order to:
- Define accepted/acceptable behaviours
- Promote high standards of practice;
- Provide a benchmark for staff members to use for self evaluation;
- Establish a framework for professional behaviour and responsibilities;

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

16.2 Related party transactions

For related party transactions, please refer to Note 37 of the Financial Statements.

16.3 Environment, Health & Safety

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

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

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

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

16.4 Social

We have made significant progress in our corporate citizenship initiatives. We particularly want to highlight one area in which we have made great strides: The fight against poverty and poverty alleviation.

In 2009, we adopted a multi-focus approach for our corporate citizenship activities via our corporate partners such as the Government through the Eradication of Absolute Poverty programme (EAP) and supported non-governmental organisations (NGOs) such as APEIM, CEDEM, Mauritius Mental Health Association, Befrienders, SOS Children's Village, Transparency Mauritius, Mission Verte and others. Projects were carried out in different fields such as health, education, sensitisation against corruption, environment and care for the disabled.

The advent of the new legislation and our field experience last year has helped us define and embed new commitments and targets into our business plans for the forthcoming years. In the year 2010, we will intensify our focus on poverty alleviation programmes across a few more regions and deepen our people's commitment and engagement and the impact we can make by working together.

17 Time-table of important upcoming events

June 30, 2010	Payment of Interim Dividends
June 30, 2010	Annual Meeting of Shareholders
August 13, 2010	Publication of unaudited accounts for quarter ended June 30, 2010
November 11, 2010	Declaration of Final Dividends
November 12, 2010	Publication of unaudited accounts for quarter ended September 30, 2010
December 17, 2010	Payment of Final Dividends

18 Directors' Statement of Responsibilities

18.1 Financial Statements

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

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

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

18.2 Internal Control

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

18.3 Risk Management

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

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

Approved by the Board of Directors on May 6, 2010 and signed on its behalf by:

Antoine Delaporte
Chairperson

Jacques de Navacelle
Managing Director

Gilbert Poisson
Company Secretary

Secretary's Certificate

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

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

Gilbert Poisson
Company Secretary

May 6, 2010

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 50 to 109 which comprise the statements of financial position at December 31, 2009, and the income statements, the statements of comprehensive income, the statements of changes in equity and the statements of cash flow 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Financial Statements (Continued)

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

Opinion

In our opinion, the financial statements on pages 50 to 109 give a true and fair view of the financial position of the Group and of the Company at December 31, 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Financial Reporting Act 2004

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

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

Insurance Act 2005

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

BDO & Co

BDO & Co
(Formerly BDO De Chazal Du Mée)
Chartered Accountants

March 31, 2010

Port Louis
Mauritius

A. Ebrahim

Per Afsar Ebrahim F.C.A

		THE GROUP		THE COMPANY	
		2009	2008	**2009**	2008
		Rs'000	Rs'000	**Rs'000**	Rs'000
ASSETS	**NOTES**				
Non-Current Assets					
Property and equipment	5	**19,360**	93,466	**18,760**	93,119
Investment property	6	**10,000**	8,000	**-**	-
Intangible assets	7	**34,279**	10,144	**7,906**	5,565
Investments in subsidiary companies	8	**-**	-	**77,299**	11,979
Investments in associated companies	9	**586**	1,695	**4,817**	4,817
Financial assets	10	**1,304,422**	1,193,797	**1,262,504**	917,872
Loans and receivables	11	**53,723**	32,269	**53,390**	127,979
Life business		**2,572,157**	2,034,113	**-**	-
		3,994,527	3,373,484	**1,424,676**	1,161,331
Current Assets					
Financial assets	10	**96,221**	41,032	**96,221**	41,032
Loans and receivables	11	**12,776**	6,961	**12,776**	6,961
Trade and other receivables	12	**170,419**	130,360	**157,588**	129,064
Deferred acquisition costs receivable	2(p)	**32,304**	27,162	**32,304**	27,162
Recoverable from reinsurers	13&14	**289,179**	288,753	**289,179**	288,753
Bank balances and cash	31(b)	**189,085**	109,024	**175,213**	105,287
Life business		**429,555**	405,845	**-**	-
		1,219,539	1,009,137	**763,281**	598,259
Total Assets		**5,214,066**	4,382,621	**2,187,957**	1,759,590
EQUITY AND LIABILITIES					
Capital and Reserves					
(attributable to owners of the parent)					
Share capital	15	**200,400**	200,400	**200,400**	200,400
Revaluation and other reserves	16	**476,484**	427,528	**472,788**	270,354
Non-distributable share of Life surplus		**56,861**	45,200	**56,861**	45,200
Retained earnings		**496,506**	363,083	**492,611**	344,489
Owners of the Parent		**1,230,251**	1,036,211	**1,222,660**	860,443
Non-controlling interests		**5,241**	3,233	**-**	-
Total equity		**1,235,492**	1,039,444	**1,222,660**	860,443
Technical Provisions					
Unearned premium reserve	14/17	**337,719**	280,696	**337,719**	280,696
Life assurance fund		**2,971,331**	2,412,918	**-**	-
Outstanding claims	13&14	**502,190**	487,223	**502,190**	487,223
		3,811,240	3,180,837	**839,909**	767,919
Non-Current Liabilities					
Deferred tax liabilities	18	**80**	48	**-**	-
Retirement benefit obligations	19	**342**	199	**342**	199
Life business		**342**	199	**-**	-
		764	446	**342**	199
Current Liabilities					
Borrowings	20/31(b)	**7,715**	-	**-**	-
Trade and other payables	21	**75,691**	84,056	**73,328**	80,820
Deferred acquisition costs payable	2(p)	**12,210**	8,261	**12,210**	8,261
Amount payable to Life business (page51)		**36,787**	39,822	**36,787**	39,822
Current tax liabilities	22	**4,128**	2,914	**2,721**	2,126
Life business		**30,039**	26,841	**-**	-
		166,570	161,894	**125,046**	131,029
Total Equity and Liabilities		**5,214,066**	4,382,621	**2,187,957**	1,759,590

These financial statements have been approved for issue by the Board of Directors on March 30, 2010:

) DIRECTORS

The notes on pages 63 to 109 form an integral part of these financial statements.
Auditors' report on pages 48 and 49.

STATEMENT OF FINANCIAL POSITION - LIFE BUSINESS - DECEMBER 31, 2009

	Notes	2009	2008
		Rs'000	Rs'000
Non-Current Assets			
Property and equipment	5	**105,102**	92,869
Investment properties	6	**150,200**	64,000
Intangible assets	7	**12,498**	5,764
Investments in associated companies	9	**586**	1,405
Financial assets	10	**1,937,770**	1,537,758
Loans and receivables	11	**366,001**	332,317
		2,572,157	2,034,113
Current Assets			
Financial assets	10	**62,012**	20,000
Loans and receivables	11	**41,919**	33,078
Trade and other receivables	12	**55,372**	42,786
Amount receivable from General business (page 50)		**36,787**	39,822
Bank balances and cash	31	**233,465**	270,159
		429,555	405,845
Total Assets		**3,001,712**	2,439,958
Less:			
Non-Current Liabilities			
Retirement benefit obligations	19	**342**	199
		342	199
Current Liabilities			
Trade and other payables	21	**30,039**	26,841
		30,039	26,841
		2,971,331	2,412,918
Life Assurance Fund		**2,971,331**	2,412,918

The notes on pages 63 to 109 form an integral part of these financial statements.
Auditors' report on pages 48 and 49.

INCOME STATEMENTS - YEAR ENDED DECEMBER 31, 2009

	Notes	THE GROUP 2009 Rs'000	THE GROUP 2008 Rs'000	THE COMPANY 2009 Rs'000	THE COMPANY 2008 Rs'000
Revenue	24	**595,669**	480,603	**585,966**	472,353
Underwriting surplus (page 53)		**159,487**	85,944	**159,487**	85,944
Investment and other income	25(a)	**95,301**	99,247	**85,886**	91,696
Profit on disposal of available-for-sale financial assets	25(a)	**194,051**	63,010	**194,049**	62,617
Increase in fair value of investment property	6	**2,000**	-	**-**	-
		450,839	248,201	**439,422**	240,257
Legal costs		**10,000**	-	**10,000**	-
Management expenses		**107,331**	82,849	**101,466**	78,020
Depreciation	5	**6,080**	5,977	**5,922**	5,842
Amortisation	7	**2,240**	2,261	**2,240**	2,261
		125,651	91,087	**119,628**	86,123
		325,188	157,114	**319,794**	154,134
Share of results of associated companies	9(a)	**(885)**	(6,886)	**-**	-
Profit before taxation	27	**324,303**	150,228	**319,794**	154,134
Taxation	22	**(7,315)**	(4,696)	**(6,482)**	(3,908)
Net Profit for the year		**316,988**	145,532	**313,312**	150,226
Attributable to :					
Owners of the Parent		**315,524**	144,447	**313,312**	150,226
Non-controlling interests		**1,464**	1,085	**-**	-
		316,988	145,532	**313,312**	150,226
Earnings per share (Rs/cs)	30	**15.74**	7.21		
Number of shares used in calculation of earnings per share		**20,040,000**	20,040,000		

STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED DECEMBER 31, 2009

	THE GROUP 2009 Rs'000	THE GROUP 2008 Rs'000	THE COMPANY 2009 Rs'000	THE COMPANY 2008 Rs'000
Net Profit for the year	316,988	145,532	**313,312**	150,226
Other comprehensive Income				
Increase/(decrease) in fair value of available-for-sale financial assets (note10(a))	233,033	(407,606)	**385,717**	(308,221)
Release from fair value reserve on disposal of available-for-sale financial assets	(171,632)	(64,248)	**(171,632)**	(63,837)
Movement in reserves of associates (note 9(a))	(224)	82	**-**	-
Movement in reserves of subsidiary	665	22	**-**	-
Non distributable share of Life surplus (page 54)	17,936	(39,822)	**17,936**	(39,822)
Amalgamation adjustment	-	-	**16,911**	-
Transfer of revaluation of land and buildings to Life business (page 54)	(11,651)	-	**(11,651)**	-
Total comprehensive income for the year	385,115	(366,040)	**550,593**	(261,654)
Attributable to :				
Owners of the Parent	382,416	(366,649)	**550,593**	(261,654)
Non-controlling interests	2,699	609	**-**	-
	385,115	(366,040)	**550,593**	(261,654)

The notes on pages 63 to 109 form an integral part of these financial statements.
Auditors' report on pages 48 and 49.

GENERAL BUSINESS REVENUE ACCOUNT - YEAR ENDED DECEMBER 31, 2009

	Notes	2009	2008
		Rs'000	Rs'000
Gross Premiums		**772,861**	617,954
Premiums ceded to Reinsurers		**(129,872)**	(96,617)
Change in gross unearned premiums	14(ii)/17	**(57,023)**	(48,984)
Recoverable from reinsurers		**13,455**	13,152
Net earned premiums	2(k)	**599,421**	485,505
Gross claims paid	14(i)	**415,886**	320,496
Claims recovered from Reinsurers	14(i)	**(45,825)**	(30,901)
Movement in gross outstanding claims		**14,968**	102,620
Recoverable from reinsurers		**13,028**	(20,633)
Net claims incurred		**398,057**	371,582
Commissions payable to agents and brokerage fees		**74,854**	56,921
Commissions receivable from Reinsurers		**(25,265)**	(22,216)
Documentation and policy fees		**(7,712)**	(6,726)
Net commissions payable		**41,877**	27,979
Underwriting surplus (page 52)		**159,487**	85,944

The notes on pages 63 to 109 form an integral part of these financial statements.
Auditors' report on pages 48 and 49.

LIFE ASSURANCE FUND - YEAR ENDED DECEMBER 31, 2009

	Notes	2009 Rs'000	2008 Rs'000
Gross Premiums		339,651	335,166
Ceded to Reinsurers		(22,793)	(19,444)
Net insurance premiums		316,858	315,722
Consideration for annuities		806	9,468
		317,664	325,190
Investment and other income	25(b)	139,617	87,622
Loss on disposal of property and equipment		(14)	(5,767)
Increase in fair value of investment properties	6	5,000	10,073
Transfer of revaluation reserves from General business (page 52)		11,651	-
Revaluation of land and buildings	5(e)	16,001	-
Increase/(decrease) in fair value of available-for-sale financial assets	10 (c)	385,584	(784,648)
		557,839	(692,720)
		875,503	(367,530)
Commissions payable		24,730	26,018
Commissions recoverable from reinsurers		(8,157)	(7,853)
Net commissions payable		16,573	18,165
Gross death and disablement claims		12,014	12,515
Recoverable from reinsurers		(6,110)	(6,319)
Net death and disablement claims		5,904	6,196
Maturity claims		152,338	153,395
Surrenders		14,750	21,014
Other benefits		1,772	2,437
Annuities and pensions		13,424	27,923
Total claims		188,188	210,965
Management expenses		87,134	63,467
Depreciation	5(e)	5,958	5,989
Amortisation of intangible assets	7	482	490
		93,574	69,946
		577,168	(666,606)
Share of results of associated companies	9(a)	(885)	(7,083)
Share of currency translation reserve of associated companies	9(a)	66	679
Surplus/(deficit) for the year		576,349	(673,010)
Fund at January 1,		2,412,918	3,046,106
Surplus/(deficit) for the year		576,349	(673,010)
Share of (surplus)/deficit to shareholders (page 52)		(17,936)	39,822
Fund at December 31,		2,971,331	2,412,918

The notes on pages 63 to 109 form an integral part of these financial statements.
Auditors' report on pages 48 and 49.

	Notes	Attributable to owners of the Parent						
		Share Capital	Revaluation and Other Reserves	Non-distributable share of Life Surplus	Retained Earnings	Total	Non-controlling Interests	TOTAL
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE GROUP								
Balance at January 1, 2009		200,400	427,528	45,200	363,083	1,036,211	3,233	1,039,444
Total comprehensive income for the year		-	48,956	11,661	321,799	382,416	2,699	385,115
Dividends	23	-	-	-	(188,376)	(188,376)	(691)	(189,067)
Balance at December 31, 2009		200,400	476,484	56,861	496,506	1,230,251	5,241	1,235,492
Balance at January 1, 2008		200,400	898,205	92,328	290,083	1,481,016	3,315	1,484,331
Total comprehensive income for the year		-	(470,677)	(47,128)	151,156	(366,649)	609	(366,040)
Dividends	23	-	-	-	(78,156)	(78,156)	(691)	(78,847)
Balance at December 31, 2008		200,400	427,528	45,200	363,083	1,036,211	3,233	1,039,444

The notes on pages 63 to 109 form an integral part of these financial statements.
Auditors' report on pages 48 and 49.

	Notes	Share Capital	Revaluation and Other Reserves	Non-distributable share of Life Surplus	Retained Earnings	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
THE COMPANY						
Balance at January 1, 2009		200,400	270,354	45,200	344,489	860,443
Total comprehensive income for the year		-	202,434	11,661	336,498	550,593
Dividends	23	-	-	-	(188,376)	(188,376)
Balance at December 31, 2009		200,400	472,788	56,861	492,611	1,222,660
Balance at January 1, 2008		200,400	642,412	92,328	265,113	1,200,253
Total comprehensive income for the year		-	(372,058)	(47,128)	157,532	(261,654)
Dividends	23	-	-	-	(78,156)	(78,156)
Balance at December 31, 2008		200,400	270,354	45,200	344,489	860,443

The notes on pages 63 to 109 form an integral part of these financial statements.
Auditors' report on pages 48 and 49.

STATEMENT OF CASH FLOWS - YEAR ENDED DECEMBER 31, 2009

		THE GROUP		THE COMPANY	
		2009	2008	**2009**	2008
	Notes	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Operating Activities					
Net cash generated from operations	31(a)	**274,164**	276,132	**278,901**	275,218
Dividend received		**43,899**	38,767	**46,011**	34,254
Interest received		**37,070**	40,090	**36,359**	46,434
Income tax paid		**(6,575)**	(5,953)	**(5,887)**	(5,353)
Net cash generated from operating activities		**348,558**	349,036	**355,384**	350,553
Investing Activities					
Disposal of property and equipment		**151**	369	**151**	369
Disposal/maturity of financial assets		**436,700**	341,317	**436,490**	340,693
Disposal of investments in subsidiary company		**-**	8,600	**-**	8,600
Dividend received from associated companies		**-**	4,931	**-**	-
Purchase of property and equipment	5	**(8,005)**	(7,507)	**(7,648)**	(7,420)
Purchase of intangible asset	7	**(4,581)**	(619)	**(4,581)**	(619)
Purchase of financial assets	10(a),(b)	**(428,913)**	(528,939)	**(428,145)**	(528,581)
Purchase of investment in subsidiary company	33(d)/8	**(54,169)**	-	**(65,029)**	-
Purchase of investment in associated company		**-**	(6,350)	**-**	(6,350)
Loans recovered		**16,893**	12,781	**16,901**	16,430
Loans granted		**(45,221)**	(23,552)	**(45,221)**	(23,552)
Net cash used in investing activities		**(87,145)**	(198,969)	**(97,082)**	(200,430)
Financing Activities					
Dividends - Owners of the Parent	23	**(188,376)**	(78,156)	**(188,376)**	(78,156)
- Non-controlling interest		**(691)**	(691)	**-**	-
Net cash used in financing activities		**(189,067)**	(78,847)	**(188,376)**	(78,156)
Net increase in cash and cash equivalents		**72,346**	71,220	**69,926**	71,967
Movement in cash and cash equivalents					
At January 1,		**109,024**	187,804	**105,287**	183,320
Increase		**72,346**	71,220	**69,926**	71,967
Reallocation of deposits to Life business		**-**	(150,000)	**-**	(150,000)
At December 31,	31(b)	**181,370**	109,024	**175,213**	105,287

The notes on pages 63 to 109 form an integral part of these financial statements.
Auditors' report on pages 48 and 49.

	Notes	2009	2008
		Rs'000	Rs'000
Operating Activities			
Net cash used in operations	31(c)	**(51,062)**	(95,343)
Dividend received		**55,090**	69,191
Interest received		**79,186**	63,242
Net cash generated from operating activities		**83,214**	37,090
Investing Activities			
Disposal of property and equipment		**156**	1,144
Disposal of investment properties		**-**	40,549
Disposal/maturity of financial assets		**554,552**	366,501
Disposal of investment in associated companies		**-**	6,350
Purchase of property and equipment	5	**(7,646)**	(8,590)
Purchase of intangible asset	7	**(7,216)**	(5,095)
Purchase of financial assets	10(c)	**(614,565)**	(423,765)
Loans recovered		**76,977**	117,933
Loans granted		**(122,166)**	(70,296)
Net cash (used in)/generated from investing activities		**(119,908)**	24,731
Net (decrease)/increase in cash and cash equivalents		**(36,694)**	61,821
Movement in cash and cash equivalents			
At January 1,		**270,159**	58,338
(Decrease)/increase		**(36,694)**	61,821
Reallocation of deposits from General business		**-**	150,000
At December 31,	31(d)	**233,465**	270,159

The notes on pages 63 to 109 form an integral part of these financial statements.
Auditors' report on pages 48 and 49.

Notes to the financial statements

1. GENERAL INFORMATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

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

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

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

Adoption of new and revised International Financial Reporting Standards (IFRSs)

IFRS3 (as revised in 2008) Business Combinations

IFRS 3 has been adopted in the current year in advance of its effective date. Its adoption has affected the accounting for business combination in the current year.

In accordance with the relevant transitional provisions, IFRS 3 has been applied prospectively to business combinations for which the acquisition date is on or after January 1, 2009. The impact of the adoption of IFRS 3 Business Combinations has been:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests) either at fair value or at the non-controlling interest's share of the fair value of the identifiable net assets of the acquiree. When accounting for the acquisition of The National Mutual Fund Ltd, the Company has elected to measure the non-controlling interests at fair value at the date of acquisition. Consequently, the goodwill recognised in respect of that acquisition reflects the impact of the difference between the fair value of the non-controlling interest and their share of the fair value of the identifiable net assets of the acquiree;

- to require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being recognised as an expense in the profit or loss as incurred, whereas previously they were accounted for as part of the acquisition.

Statement of comprehensive income	2009 Rs' 000
Acquisition-related costs expensed when incurred and decrease in profit for the year as a result of the adoption of IFRS 3	412

IFRS 3 has also required additional disclosures in respect of the business combination (see note 33(a))

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

Amendments to published Standards, Standards and Interpretations effective in the reporting period

IFRIC 13, 'Customer Loyalty Programmes (effective July 1, 2008)' clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple element arrangement, and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. This IFRIC will not have any impact on the Group's/Company's financial statements.

Amendments to IAS 39 and IFRS 7 Reclassification of Financial Assets (effective July 1, 2008) permit an entity to reclassify non-derivative financial assets (other than those designated at fair value through profit or loss by the entity upon initial recognition) out of the fair value through profit or loss category in particular circumstances. The amendments also permit an entity to transfer from the available-for-sale category to the loans and receivables category a financial asset that would have met the definition of loans and receivables (if the financial asset had not been designated as available for sale), if the entity has the intention and ability to hold that financial asset for the foreseeable future. The amendments will not have any impact on the Group's/Company's financial statements.

IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation' clarifies that the net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. This IFRIC will not have any impact on the Group's/Company's financial statements.

IAS 1 'Presentation of Financial Statements' (Revised 2007), prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in either one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

IAS 23 'Borrowing Costs' (Revised 2007), requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. This IAS is currently not applicable to the Group/Company as there are no qualifying assets.

IFRS 8 'Operating Segments', requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Comparatives for 2008 have been restated.

Amendments to IAS 32 and IAS 1 'Puttable financial instruments and obligations arising on liquidation', require entities to classify puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The amendment is not expected to have any impact on the Group's/Company's financial statements.

Amendments to IFRS 2 'Vesting Conditions and Cancellations', clarify that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The amendment is not expected to have any impact on the Group's/Company's financial statements.

Amendments to IFRS 7 'Improving Disclosures about Financial Instruments', requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

IFRIC 15 'Agreements for the Construction of Real Estate', clarifies whether IAS 18, 'Revenue', or IAS 11, 'Construction contracts', should be applied to particular transactions. IFRIC 15 is not relevant to the Group's/Company's operations as all revenue transactions are accounted for under IAS 18 and not IAS 11.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (cont'd)
Improvements to IFRSs (issued May 22, 2008)

IAS 1 (Amendment), 'Presentation of Financial Statements', clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with IAS 39, 'Financial instruments: Recognition and measurement' are examples of current assets and liabilities respectively. This amendment is not expected to have any impact on the Group's/Company's financial statements.

IAS 8 (Amendment), 'Accounting Policies, Changes in Accounting Estimates and Errors' clarifies that application of the guidance issued with IFRSs that is not an integral part of the Standard is not mandatory in selecting and applying accounting policies. This amendment is unlikely to have an impact on the Group's/Company's financial statements.

IAS 10 (Amendment), 'Events after the Reporting Period' reinforces the clarification of the explanation as to why a dividend declared after the reporting period does not result in the recognition of a liability.

IAS 16 (Amendment), 'Property, Plant and Equipment' requires entities whose ordinary activities comprise renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and transfer the carrying amount of the asset to inventories when the asset becomes held for sale. Consequential amendment to IAS 7 requires that cash flows arising from purchase, rental and have an impact on the Group's/Company's operations. This amendment is currently not applicable on the financial statements of the Company.

IAS 18 (Amendment), 'Revenue', removes the inconsistency between IAS 39 and the guidance in IAS 18 relating to the definition of costs incurred in originating a financial asset that should be deferred and recognised as an adjustment to the effective interest rate.

IAS 19 (Amendment), 'Employee Benefits', clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.

IAS 20 (Amendment) 'Government Grants and Disclosure of Government Assistance', clarifies that the benefit of a below market rate government loan is measured as the difference between the carrying amount in accordance with IAS 39, 'Financial instruments: Recognition and measurement', and the proceeds received with the benefit accounted for in accordance with IAS 20. This amendment will not have an impact on the Group's/Company's operations.

IAS 23 (Amendment), 'Borrowing Costs', has amended the definition of borrowing costs so that interest expense is calculated using the effective interest method defined in IAS 39 'Financial instruments: Recognition and measurement'. This amendment is currently not applicable to the Group/Company as there are no qualifying assets.

IAS 27 (Amendment), 'Consolidated and Separate Financial Statements' requires an investment in a subsidiary that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', and is classified as held for sale under IFRS 5, 'Non-current assets held-for-sale and discontinued Group's/Company's operations. This amendment is currently not applicable on the financial statements of the Company.

IAS 28 (Amendment), 'Investments in Associates' clarifies that an investment in associate is treated as a single asset for the purposes of impairment testing. Any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. Where an investment in an associate that is accounted for under IAS 39, 'Financial instruments: recognition and measurement', only certain rather than all disclosure requirements in IAS 28 need to be made. This amendment will not have an impact on the Group's/Company's operations.

IAS 29 (Amendment), 'Financial Reporting in Hyperinflationary Economies' has amended the guidance to reflect the fact that a number of assets and liabilities are measured at fair value rather than historical cost. The amendment will not have an impact on the Group's/Company's operations.

IAS 31 (Amendment), 'Interests in Joint Ventures' requires where an investment in joint venture is accounted for in accordance with IAS 39, only certain rather than all disclosure requirements in IAS 31 need to be made. The amendment will not have an impact on the Group's/Company's operations.

IAS 34 (Amendment), 'Interim Financial Reporting' clarifies that the presentation of basic and diluted earnings per share in interim financial reports is required only when the entity is within the scope of IAS 33.

IAS 36 (Amendment), 'Impairment of Assets' clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made.

IAS 38 (Amendment), 'Intangible Assets' clarifies that a prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. Advertising and promotional activities includes mail order catalogues.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

Improvements to IFRSs (issued May 22, 2008)

IAS 39 (Amendment), 'Financial Instruments: Recognition and Measurement', clarifies that it is possible for there to be movements into and out of the fair value through profit or loss category where a derivative commences or ceases to qualify as a hedging instrument in cash flow or net investment hedge. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading is also amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. When remeasuring the carrying amount of a debt instrument on cessation of fair value hedge accounting, the amendment clarifies that a revised effective interest rate (calculated at the date fair value hedge accounting ceases) is used. The amendment is not expected to have an impact on the Group's/Company's income statement/statement of comprehensive income.

IAS 40 (Amendment) 'Investment Property', clarifies that property under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment will not have an impact on the Group's/Company's operations, as there are no investments properties under construction or development.

IAS 41 (Amendment), 'Agriculture', requires the use of a market-based discount rate where fair value calculations are based on discounted cash flows and the removal of the prohibition on taking into account biological transformation when calculating fair value. The amendment replaces the terms 'point-of sale costs' and 'estimated point-of-sale costs' with 'costs to sell'. The amendment will not have an impact on the Group's/Company's operations, as no agricultural activities are undertaken.

IFRS 7 (Amendment), 'Financial Instruments: Disclosures', clarifies that interest income is not a component of finance costs.

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

Certain Standards, amendments to published Standards and Interpretations have been issued and are mandatory for accounting periods beginning on or after January 1, 2010 or later periods, but which the Group/Company has not early adopted.
At the reporting date of these financial statements, the following were in issue but not yet effective:

Amendments to IFRIC 9 and IAS 39 Embedded Derivatives
IAS 27 Consolidated and Separate Financial Statements (Revised 2008)
IFRS 3 Business Combinations (Revised 2008)
Amendments to IAS 39 Eligible hedged items
Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary
IFRIC 17 Distributions of Non-cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers
Amendments to IFRS 1 Additional Exemptions for First-time Adopters
Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions
Classification of Rights Issues (Amendment to IAS 32)
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
Amendments to IFRIC 14 Prepayments of a Minimum Funding Requirement
IAS 24 Related Party Disclosures (Revised 2009)
IFRS 9 Financial Instruments

Improvements to IFRSs (issued May 22, 2008)

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Improvements to IFRSs (issued April 16, 2009)

IFRS 2 Share-based Payment
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
IFRS 8 Operating Segments
IAS 1 Presentation of Financial Statements
IAS 7 Statement of Cash Flows
IAS 17 Leases
IAS 18 Revenue
IAS 36 Impairment of Assets
IAS 38 Intangible Assets
IAS 39 Financial Instruments: Recognition and Measurement
IFRIC 9 Reassessment of Embedded Derivatives
IFRIC 16 Hedges of a Net Investment in a Foreign Operation

Where relevant, the Group/Company are still evaluating the effect that these amendments to published standards, Standards and Interpretations issued but not yet effective, on the presentation of their financial statements

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(b) Property and equipment

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

Increases in the carrying amount arising on revaluation are credited to revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the Statement of Comprehensive Income. 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 - 33.33%
Motor vehicles	20%

Land is not depreciated.

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

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

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

(c) Investment properties

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

(d) Intangible assets

(i) *Goodwill*

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

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

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

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

(ii) *Computer software*

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(e) Impairment of non-financial assets

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

(f) Investment in subsidiary companies

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

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

The consolidated financial statements have been prepared in accordance with the purchase method. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement in the year of acquisition.
All significant intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(g) Investments in associated companies

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

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

(h) Financial assets

Categories of financial assets

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets

(iii) Available-for-sale financial asset

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

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

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

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

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

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

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

(iv) Long term receivables

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

(v) Trade receivables

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

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 end of the reporting period.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(i) Insurance Contracts

The Company issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired. Investment contracts are those contracts that transfer financial risk with no significant insurance risk. Investment contracts issued by the Company are in respect of investment business of the staff pension scheme and are not considered material compared to insurance contracts.
Some insurance contracts contain a Discretionary Participation Feature (DPF). This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses.

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

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

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

(iii) **Long-term insurance contracts without fixed terms and with DPF**
These types of insurance contracts contain a DPF which entitles the contract holder, in supplement to a guaranteed amount, to a contractual right to receive additional profits or bonuses. The magnitude of the profits or bonuses as well as the timing of the payments are however at the discretion of the Company. The Company has an obligation to eventually pay to contract holders 90% of the DPF eligible surplus (i.e. all interest and realised gains and losses arising from the assets backing these contracts). The remaining 10% accrues to the shareholders. Any portion of the DPF eligible surplus accruing to contract holders that is not declared as a profit or bonus is retained as a liability in the Life Assurance Fund, until declared and credited to contract holders in future periods. The portion of the DPF eligible surplus accruing to shareholders is transferred annually to a Non Distributable reserve under shareholders' equity.

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

(j) Reinsurance Contracts

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

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(k) Revenue Recognition

(a) ***Premiums earned***

(i) Short-term insurance

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

(ii) Long-term insurance

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

(b) ***Consideration for annuities***

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

(c) ***Other revenues***

Other revenues are recognised on the following bases:

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

(l) Unearned premiums - Short-term insurance

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

(m) Claims expenses and outstanding claims provisions

Outstanding claims provisions are based on the ultimate costs of all claims incurred but not settled at the end of financial reporting period, whether reported or not (IBNR). Notified claims are only recognised when the Company considers that it has a contractual liability to settle the claims. IBNR has been provided for on an actuarial method which consists in the projection of incurred but not reported claims based on the claims reporting delay pattern for the Company over the last ten years. Claims expenses are charged to the 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 end of the financial reporting period. Following the identification and notification of the insured loss, there may still be uncertainty as to the magnitude and timing of the settlement of the claim. Outstanding claims provisions are not discounted and exclude any allowances for expected future recoveries. Recoveries represent claims recoverable from third party insurers. Recoveries are accounted for as and when received. However, non-insurance assets that have been acquired by exercising rights to sell, salvage or subrogate under the terms of the insurance contracts are included when providing for outstanding claims.

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

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

(o) Unexpired premium reserve (UPR)

Unexpired premium in respect of policies/endorsements incepting before the statement of financial position are calculated on the inception basis (daily method).

(p) Deferred Acquisition Costs

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

(q) Incurred but not reported claims (IBNR)

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

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(r) Salvage and subrogation reimbursements

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

(s) Liability adequacy test

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

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

(t) Life Assurance Fund

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

(u) Deferred income tax

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

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

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

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

(v) Alternative Minimum Tax (AMT)

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

(w) Retirement benefit obligations

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

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.
Past service costs are recognised immediately in the Income Statement/Life Assurance Fund unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

2. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(x) Foreign currencies

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

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement or in the Life Assurance Fund. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.
Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in the Statement of Comprehensive Income 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 financial reporting period presented are translated at the closing rate at the date of the financial reporting period;

(b) income and expenses are translated at the average rates, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions and;

(c) the resulting exchange differences are recognised in the currency translation reserve as a separate component of equity or in the Life Assurance Fund.

(y) Segment reporting

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

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

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

(za) Provisions

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

3 MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

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

3.1 Insurance Risks

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

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

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

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

3.1.1 *Insurance liabilities*

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

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

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

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

3.1.2 *Concentration of insurance risk*

(a) **Short-term Insurance**
The following table discloses the concentration of outstanding claims by class of business, gross and net of reinsurance.

	Outstanding claims					
	2009			2008		
Class of Business	**No. of claims**	**Gross Rs'000**	**Net Rs'000**	**No. of claims**	**Gross Rs'000**	**Net Rs'000**
Motor	7,386	232,512	218,611	6,903	208,960	196,964
Fire	52	4,763	1,996	68	19,980	6,598
Personal Accident	26	1,540	929	69	2,681	1,818
Transport	59	2,797	2,437	27	1,645	1,525
Miscellaneous	198	240,904	20,090	60,405	239,639	14,131
IBNR	-	19,674	19,287	-	14,318	14,318
Total (notes 13 & 14)	7,721	502,190	263,350	67,472	487,223	235,354

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

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

3.1 Insurance Risks (Cont'd)

3.1.2 Concentration of insurance risk (cont'd)

(b) **Long-term Insurance**

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

Benefits assured per life assured at the end of 2009	**Total benefits insured**			
	Before reinsurance		After reinsurance	
Rs'000	Rs'000	%	Rs'000	%
0 - 50	**128,329**	**3**	**169,095**	**6**
50 - 100	**603,460**	**10**	**675,252**	**22**
100 - 150	**696,452**	**12**	**989,431**	**32**
150 - 200	**467,929**	**8**	**395,929**	**13**
200 - 250	**599,526**	**10**	**261,638**	**8**
250 - 300	**350,074**	**6**	**133,827**	**4**
More than 300	**2,960,226**	**51**	**475,498**	**15**
Total	**5,805,996**	**100**	**3,100,670**	**100**

Benefits assured per life assured at the end of 2008	**Total benefits insured**			
	Before reinsurance		After reinsurance	
Rs'000	Rs'000	%	Rs'000	%
0 - 50	117,671	3	185,474	6
50 - 100	569,412	7	629,315	14
100 - 150	707,843	14	914,145	26
150 - 200	427,131	8	365,473	20
200 - 250	550,417	11	240,081	10
250 - 300	362,054	6	135,581	5
More than 300	2,779,686	51	641,082	19
Total	5,514,214	100	3,111,151	100

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

Annuities payable per annum per life insured at end of 2009	**Total annuities payable per annum**			
	2009		2008	
Rs'000	Rs'000	%	Rs'000	%
0 - 10	**322**	**4**	**248**	**3**
10 - 20	**615**	**7**	**575**	**8**
20 - 50	**1,126**	**13**	**896**	**9**
50 - 100	**1,762**	**20**	**1,372**	**20**
100 - 150	**1,179**	**14**	**1,086**	**13**
More than 150	**3,631**	**42**	**4,264**	**47**
Total	**8,635**	**100**	**8,441**	**100**

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

3.1 Insurance Risks (Cont'd)

3.1.3 Sources of uncertainty

(a) **Short-term Insurance**

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

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

(b) **Long-term Insurance**

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

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

3.1.4 *Claims development table*

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

	Underwriting year				
	2005	2006	2007	2008	2009
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Net estimate of ultimate claim costs					
- At end of claim year	41,699	56,897	57,044	74,604	62,111
- one year later	31,964	34,194	60,119	56,012	-
- two years later	18,963	26,678	44,329	-	-
- three years later	23,972	26,005	-	-	-
- four years later	20,536	-	-	-	-

	Underwriting year					**2009**	2008
	2005	2006	2007	2008	2009	**Total**	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000
Current estimates of cumulative claims	272,660	279,193	287,888	293,401	262,545	1,395,687	1,224,208
Cumulative payments	252,124	253,188	243,559	237,389	200,434	1,186,694	1,028,024
Liability	20,536	26,005	44,329	56,012	62,111	208,993	196,184
Liability in respect of prior years						35,070	24,852
IBNR						19,287	14,318
Total liability (net) (notes 13 & 14(i))						263,350	235,354

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

3.2 Financial Risks

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

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

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

3.2.1 Market risk

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

(i) Foreign exchange risk

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

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

Concentration of financial assets and liabilities

THE GROUP - 2009	USD	EUR	GBP	SGD	AUD	MUR	TOTAL
ASSETS	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets	112,844	27,184	39,368	6,292	14,046	1,200,908	1,400,642
Loans and receivables	-	-	-	-	-	66,499	66,499
Trade and other receivables	-	-	-	-	-	167,084	167,084
Recoverable from reinsurers	-	-	-	-	-	289,179	289,179
Bank balances and cash	12,983	2,070	5,668	-	517	167,847	189,085
Life business assets	164,420	104,823	104,031	16,865	14,563	2,291,838	2,696,540
	290,247	134,077	149,067	23,157	29,126	4,183,355	4,809,029
LIABILITIES							
Trade and other payables	-	-	-	-	-	75,691	75,691
Life business liabilities	-	-	-	-	-	30,039	30,039
	-	-	-	-	-	105,730	105,730

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

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

3.2 Financial Risks (cont'd)

3.2.1 Market risk (cont'd)

(i) Foreign exchange risk (cont'd)
Concentration of financial assets and liabilities

THE COMPANY - 2009	USD	EUR	GBP	SGD	AUD	MUR	TOTAL
ASSETS	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Financial assets	112,844	27,184	39,368	6,292	14,046	1,158,990	1,358,724
Loans and receivables	-	-	-	-	-	66,166	66,166
Trade and other receivables	-	-	-	-	-	154,496	154,496
Recoverable from reinsurers	-	-	-	-	-	289,179	289,179
Bank balances and cash	12,983	2,070	5,668	-	517	153,975	175,213
	125,827	29,254	45,036	6,292	14,563	1,822,806	2,043,778
LIABILITIES							
Trade and other payables	-	-	-	-	-	73,328	73,328
	-	-	-	-	-	73,328	73,328

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

LIFE - 2009	**USD**	**EUR**	**GBP**	**SGD**	**AUD**	**MUR**	**TOTAL**
ASSETS	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
Financial assets	162,333	102,751	98,466	16,865	14,046	1,605,322	1,999,783
Loans and receivables	-	-	-	-	-	407,920	407,920
Trade and other receivables	-	-	-	-	-	55,372	55,372
Bank balances and cash	2,087	2,072	5,565	-	517	223,224	233,465
	164,420	104,823	104,031	16,865	14,563	2,291,838	2,696,540
LIABILITIES							
Trade and other payables	-	-	-	-	-	30,039	30,039
	-	-	-	-	-	30,039	30,039

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

3.2 Financial Risks (cont'd)

3.2.1 Market risk (cont'd)

(i) Foreign exchange risk (cont'd)
Concentration of financial assets and liabilities

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

Sensitivity analysis

	Group		Company		Life	
	2009	2008	**2009**	2008	**2009**	2008
Impact of change in foreign exchange rate on foreign investments	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
± 2.5%	**±5,718**	±2556	**±5,524**	±2659	**±10,118**	± 6,083

(ii) Interest rate risk

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

Sensitivity analysis

Impact of change in fixed income securities on results:	Group and Company		Life	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
±250 basis points	**±3,771**	±2671	**±13,124**	±7,803

(iii) Equity price risk

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

Sensitivity analysis

	Group		Company		Life	
Impact of change in price of equity investment:	**2009**	2008	**2009**	2008	**2009**	2008
on overall investments	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
± 2.5%	**± 31,579**	±26,069	**±30,778**	±19,572	**±46,690**	±36,643

3.2.2 Credit risk

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

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

3.2 Financial Risks (cont'd)

3.2.3 Liquidity risk

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

3.2.4 Capital Management

The Group's objectives when managing capital are:

• to comply with the minimum capital requirements of the Insurance Act 2005 and the Insurance Rules and Regulations 2007

• to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its policyholders.

• to provide an adequate return to shareholders by pricing insurance contracts in line 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 financial reporting period. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at end of financial reporting period.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

4.1 Critical accounting estimates and assumptions

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

4.2 Insurance contracts

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

(a) Short-term insurance

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

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

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

(b) Long-term insurance

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

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

(i) Sensitivity analysis
The following table presents the sensitivity of the value of insurance liabilities disclosed to movements in assumptions used in the estimation of insurance liabilities.

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

	Basic liability	Future bonus reserve	Total Life Fund	Change in basic liability
Variable	Rs' 000	Rs'000	Rs'000	%
Base run	**2,459,691**	**511,747**	**2,971,439**	**0.0%**
Future mortality 10% worse	**2,471,979**	**499,460**	**2,971,439**	**-2.40%**
Future lapses 10% higher	**2,454,446**	**516,993**	**2,971,439**	**1.03%**
Future investment returns 1% lower	**2,647,554**	**368,981**	**3,016,535**	**-27.90%**
Future inflation 1% higher	**2,498,443**	**472,996**	**2,971,439**	**-7.57%**
Future maintenance expenses 10% higher	**2,505,828**	**465,611**	**2,971,439**	**-9.02%**

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

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

4.6 Legal costs

With regards to the MCB case (details of which are provided in Note 35), legal costs include a provision for estimated legal fees to be incurred up to the conclusion of the case, in accordance with the accounting policy described in Note 2.2(u) and IAS 37, Provisions, Contingent Liabilities and Contingent Assets.

4.7 Limitation of sensitivity analysis

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

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

5. PROPERTY AND EQUIPMENT

(a) THE GROUP - 2009

	Land and Buildings: Freehold land	Land and Buildings: Buildings on freehold land	Office equipment fixtures & fittings	Motor Vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION					
At January 1, 2009					
- Cost	4,681	42,408	48,563	13,554	109,206
- Valuation	12,319	16,476	-	-	28,795
Additions	-	-	6,306	1,699	8,005
Disposals	-	-	(282)	(357)	(639)
Acquisition through business combination (note (33))	-	-	617	-	617
Transfer (to)/from Life business	(17,000)	(58,884)	(37,090)	12,956	(100,018)
At December 31, 2009					
- Cost	4,681	42,408	18,114	27,852	93,055
- Valuation	(4,681)	(42,408)	-	-	(47,089)
	-	-	18,114	27,852	45,966
DEPRECIATION					
At January 1, 2009	-	1,359	36,965	6,211	44,535
Charge for the year	-	1,177	3,751	1,152	6,080
Disposal adjustment	-	-	(187)	(282)	(469)
Acquisition through business combination (note (33))	-	-	564	-	564
Transfer (to)/from Life business	-	(2,536)	(27,306)	5,738	(24,104)
At December 31, 2009	-	-	13,787	12,819	26,606
NET BOOK VALUE					
At December 31, 2009	-	-	4,327	15,033	19,360

(b) THE GROUP - 2008

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

5. PROPERTY AND EQUIPMENT

(c) **THE COMPANY - 2009**

	Land and Buildings		Office		
	Freehold land	Buildings on freehold land	equipment fixtures & fittings	Motor Vehicles	Total
COST OR VALUATION	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, 2009					
- Cost	4,681	42,392	48,295	13,242	108,610
- Valuation	12,319	16,474	-	-	28,793
Additions	-	-	5,950	1,698	7,648
Disposals	-	-	(282)	(357)	(639)
Transfer (to)/from Life business	(17,000)	(58,866)	(37,108)	12,956	(100,018)
At December 31, 2009					
- Cost	-	-	16,855	27,539	44,394
- Valuation	-	-	-	-	-
	-	-	16,855	27,539	44,394
DEPRECIATION					
At January 1, 2009	-	1,177	37,031	6,076	44,284
Charge for the year	-	1,177	3,657	1,088	5,922
Disposal adjustment	-	-	(187)	(281)	(468)
Transfer (to)/from Life branch	-	(2,354)	(27,488)	5,738	(24,104)
At December 31, 2009	-	-	13,013	12,621	25,634
NET BOOK VALUE					
At December 31, 2009	-	-	3,842	14,918	18,760

(d) **THE COMPANY - 2008**

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

5. PROPERTY AND EQUIPMENT

(e) **LIFE BUSINESS - 2009**

	Land and Buildings: Freehold land	Land and Buildings: Buildings on freehold land	Office equipment fixtures & fittings	Motor Vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
COST OR VALUATION					
At January 1, 2009					
- Cost	4,681	46,455	51,442	11,551	114,129
- Valuation	12,319	12,382	-	-	24,701
Additions	-	-	5,881	1,765	7,646
Disposals	-	-	(340)	(360)	(700)
Transfer from/(to) General business	17,000	58,871	37,103	(12,956)	100,018
Revaluation surplus	6,000	10,001	-	-	16,001
Revaluation adjustment	-	(4,708)	-	-	(4,708)
Transfer to investment property (note 6)	(20,000)	(61,200)	-	-	(81,200)
At December 31, 2009					
- Cost	4,681	55,996	94,086	-	154,763
- Valuation	15,319	5,805	-	-	21,124
	20,000	61,801	94,086	-	175,887
DEPRECIATION					
At January 1, 2009	-	1,177	39,735	5,049	45,961
Charge for the year	-	1,177	3,812	969	5,958
Disposal adjustment	-	-	(250)	(280)	(530)
Transfer from/(to) General branch	-	2,354	27,488	(5,738)	24,104
Revaluation adjustment	-	(4,708)	-	-	(4,708)
At December 31, 2009	-	-	70,785	-	70,785
NET BOOK VALUE					
At December 31, 2009	20,000	61,801	23,301	-	105,102

LIFE BUSINESS - 2008

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

5. PROPERTY AND EQUIPMENT (CONT'D)

(f) The land and building, which is presently occupied by the Company, was revalued at December 31, 2009 by independent valuers on an open market basis, by reference to market evidence of transaction prices for similar properties.

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

	THE GROUP		THE COMPANY		LIFE	
	2009	2008	**2009**	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Cost incl additions	**120,131**	112,766	**115,619**	108,610	**121,075**	114,129
Transfer to Life business	**(71,225)**	-	**(71,225)**	-	**71,225**	-
Transfer to investment property	**-**		**-**	-	**(37,537)**	-
Accumulated depreciation	**(23,365)**	(51,346)	**(19,565)**	(47,703)	**(50,914)**	(49,955)
Net book value	**25,541**	61,420	**24,829**	60,907	**103,849**	64,174

6. INVESTMENT PROPERTIES - AT FAIR VALUE

	THE GROUP		LIFE	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**8,000**	8,000	**64,000**	50,000
Transfer from fixed assets (note 5(e))	**-**	-	**81,200**	3,927
Increase in fair value	**2,000**	-	**5,000**	10,073
At December 31,	**10,000**	8,000	**150,200**	64,000

The fair value of the Group's investment property at December 31, 2009 has been arrived at on the basis of a valuation carried out at that date by Messrs JPW International, independent valuers not related to the Group. Messrs JPW International is a member of the Institute of Valuers and they have appropriate qualifications and relevent experience in the valuation of properties in the relevent locations. The valuation, which conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

7. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY	LIFE
	Goodwill	**Computer software**	**Total**	**Computer software**	**Computer software**
<u>2009</u>	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
COST					
At January 1, 2009	**4,579**	**16,357**	**20,936**	**16,357**	**12,259**
Acquisition through business combination (note (33))	**21,780**	**298**	**22,078**	**-**	**-**
Additions	**-**	**4,581**	**4,581**	**4,581**	**7,216**
At December 31, 2009	**26,359**	**21,236**	**47,595**	**20,938**	**19,475**
AMORTISATION					
At January 1, 2009	**-**	**10,792**	**10,792**	**10,792**	**6,495**
Charge for the year	**-**	**2,240**	**2,240**	**2,240**	**482**
Acquisition through business combination	**-**	**284**	**284**	**-**	**-**
At December 31, 2009	**-**	**13,316**	**13,316**	**13,032**	**6,977**
NET BOOK VALUE					
At December 31, 2009	**26,359**	**7,920**	**34,279**	**7,906**	**12,498**

7. INTANGIBLE ASSETS (CONT'D)

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

8. INVESTMENTS IN SUBSIDIARY COMPANIES - COST

	THE COMPANY	
	2009	2008
(a) UNQUOTED - AT COST	Rs'000	Rs'000
At January 1,	**11,979**	11,979
Additions (note 33(d))	**65,029**	-
Increase in fair value of non controlling interest upon early adoption of IFRS3	**424**	-
Transfer from available-for-sale investments	**867**	-
Disposals	**(1,000)**	-
At December 31,	**77,299**	11,979

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

	Main Activities	Nominal value of investment		Class of shares held	% of ownership interest and voting power held	
		2009	2008		2009	2008
		Rs'000	Rs'000			
MUA Commercial Vehicles Agency Limited	Investment holding	**-**	1,000	Ordinary	**Nil**	100%
The National Mutual Fund Ltd	Fund management	**65,029**	-	Ordinary	**98.6%**	2.86%
Associated Brokers Ltd	Stock broker	**862**	862	Ordinary	**80%**	80%

MUA Commercial Vehicles Agency Ltd was amalgamated with the Company on February 1, 2009.

9. INVESTMENT IN ASSOCIATED COMPANIES

(a) Group's share of net assets	THE GROUP		THE COMPANY		LIFE	
	2009	2008	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	**1,695**	32,894	**4,817**	24,282	**1,405**	36,855
Share of results	**(885)**	(6,886)	**-**	-	**(885)**	(7,083)
Dividend received	**-**	(4,931)	**-**	-	**-**	(4,931)
Share of currency translation reserve	**(224)**	679	**-**	-	**66**	679
Additions	**-**	6,350	**-**	6,350	**-**	-
Disposals	**-**	(8,646)	**-**	(8,050)	**-**	(6,350)
Capital reduction	**-**	(17,765)	**-**	(17,765)	**-**	(17,765)
At December 31,	**586**	1,695	**4,817**	4,817	**586**	1,405

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

	Class of Shares Held	% holding THE COMPANY		% holding LIFE		
		2009	2008	2009	2008	Year ended
Union and POLICY Offshore Ltd	Ordinary	**25%**	25%	**25%**	25%	December 31

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

	Assets	Liabilities	Revenues	Loss	Proportion of ownership interest and voting power held Direct
Name	Rs'000	Rs'000	Rs'000	Rs'000	%
2009					
- Union and POLICY Offshore Ltd	**2,773**	**467**	**-**	**(3,538)**	**50**
2008					
- Union and POLICY Offshore Ltd	6,800	627	-	(48,389)	50

10.FINANCIAL ASSETS

(a) **THE GROUP**

	2009			2008		
	Held-to-maturity	Available-for-sale	Total	Held-to-maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	192,804	1,042,025	1,234,829	210,702	1,216,652	1,427,354
Reclassification	-	-	-	(138,516)	-	(138,516)
At January 1, as restated	192,804	1,042,025	1,234,829	72,186	1,216,652	1,288,838
Additions	8,759	420,154	428,913	355,435	173,504	528,939
Acquisition through business combination (note 33)	-	32,047	32,047	-	-	-
Amalgamation (note 34)	-	(255,945)	(255,945)	-	-	-
Transfer to Investment in subsidiary	-	(867)	(867)	-	-	-
Reclassification from Life business (see Note (c))	-	-	-	-	150,000	150,000
Disposals	(42,393)	(370,990)	(413,383)	(234,817)	(90,525)	(325,342)
Amalgamation adjustment	-	142,016	142,016	-	-	-
Increase/(decrease) in fair value (page 52)	-	233,033	233,033	-	(407,606)	(407,606)
At December 31,	159,170	1,241,473	1,400,643	192,804	1,042,025	1,234,829
Analysed as follows :						
Non-current	62,949	1,241,473	1,304,422	151,772	1,042,025	1,193,797
Current	96,221	-	96,221	41,032	-	41,032
	159,170	1,241,473	1,400,643	192,804	1,042,025	1,234,829

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

General Business and subsidiaries	-	232,448	232,448	-	(407,208)	(407,208)
Non-controlling interests	-	585	585	-	(398)	(398)
	-	233,033	233,033	-	(407,606)	(407,606)

(b) **THE COMPANY**

	2009			2008		
	Held-to-maturity	Available-for-sale	Total	Held-to-maturity	Available-for-sale	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1, as previously reported	192,804	766,100	958,904	210,702	841,058	1,051,760
Reclassification	-	-	-	(138,516)	-	(138,516)
At January 1,	192,804	766,100	958,904	72,186	841,058	913,244
Additions	8,759	419,386	428,145	355,435	173,146	528,581
Reclassification from Life business (see Note (c))	-	-	-	-	150,000	150,000
Disposals	(42,393)	(370,781)	(413,174)	(234,817)	(89,883)	(324,700)
Transfer to Investment in subsidiary	-	(867)	(867)	-	-	-
Increase/(decrease) in fair value (page 52)	-	385,717	385,717	-	(308,221)	(308,221)
At December 31,	159,170	1,199,555	1,358,725	192,804	766,100	958,904
Analysed as follows :						
Non-current	62,949	1,199,555	1,262,504	151,772	766,100	917,872
Current	96,221	-	96,221	41,032	-	41,032
	159,170	1,199,555	1,358,725	192,804	766,100	958,904

10.FINANCIAL ASSETS

	2009			2008		
	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**
(c) **LIFE**						
At January 1, as previously reported	**91,948**	**1,465,810**	**1,557,758**	81,939	2,398,766	1 2,480,705
Reclassification	**-**	**-**	**-**	(9,660)	-	(9,660)
At January 1, as restated	**91,948**	**1,465,810**	**1,557,758**	72,279	2,398,766	2,471,045
Additions	**94,880**	**519,685**	**614,565**	113,820	309,945	423,765
Reallocation to General business	**-**	**-**	**-**	-	(150,000)	(150,000)
Disposals	**(50,089)**	**(504,345)**	**(554,434)**	(94,151)	(308,253)	(402,404)
Provision for impairment (note (e) below)	**-**	**(3,691)**	**(3,691)**	-	-	-
Increase/(decrease) in fair value (page 54)	**-**	**385,584**	**385,584**	-	(784,648)	(784,648)
At December 31,	**136,739**	**1,863,043**	**1,999,782**	91,948	1,465,810	1,557,758
Analysed as follows :						
Non-current	**74,727**	**1,863,043**	**1,937,770**	71,948	1,465,810	1,537,758
Current	**62,012**	**-**	**62,012**	20,000	-	20,000
	136,739	**1,863,043**	**1,999,782**	91,948	1,465,810	1,557,758

(d) **Available-for-sale financial assets**	**THE GROUP**		**THE COMPANY**		**LIFE**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Equity securities-at fair value:	**Rs'000**	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
- Listed						
- local	**900,471**	**934,831**	**891,177**	658,906	1,163,822	1,070,321
- foreign	**7,764**	**-**	**-**	-	-	-
- corporate bonds	**150,029**	**-**	**150,030**	-	123,755	-
- DEM quoted	**95,948**	**52,329**	**95,013**	52,330	268,114	120,262
- Unquoted						
- local	**20**	**22,172**	**17**	22,172	9,804	24,040
- foreign	**9,674**	**32,693**	**9,673**	32,692	10,731	11,692
- Open-Ended Mutual Funds						
- local	**37,534**	**-**	**13,612**	-	26,843	30,366
- foreign	**40,033**	**-**	**40,033**	-	259,974	209,129
Total available-for-sale financial assets	**1,241,473**	**1,042,025**	**1,199,555**	766,100	1,863,043	1,465,810
Held-to-maturity investment						
Unlisted debt securities at amortised cost	**159,170**	**192,804**	**159,170**	192,804	136,739	91,948
	159,170	**192,804**	**159,170**	192,804	136,739	91,948
Total investments in financial assets	**1,400,643**	**1,234,829**	**1,358,725**	958,904	1,999,782	1,557,758

	LIFE	
	2009	**2008**
(e) Movement in provision for impairment of available-for-sale financial assets	**Rs'000**	Rs'000
At January 1,	**-**	-
Increase in provision recognised in the Life Assurance Fund (note (c))	**(3,691)**	-
At December 31,	**(3,691)**	-

(f) Held-to-maturity investments comprise treasury notes, bonds, fixed deposits with interest rate of 6.25% to 12.9% with maturity dates ranging between 1 to 11 years from the balance sheet date.

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

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

11. LOANS AND RECEIVABLES

	THE GROUP		THE COMPANY		LIFE	
	2009	2008	**2009**	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Mortgage Loans	**36,036**	11,854	**36,036**	11,854	**380,023**	336,681
Loans on Life policies	**-**	-	**-**	-	**35,177**	34,015
Secured Loans	**31,617**	27,354	**31,617**	123,377	**1,817**	1,510
CDS guarantee fund	**333**	313	**-**	-	**-**	-
Provision for impairment of loans:						
- Mortgage	**(687)**	-	**(687)**	-	**(7,114)**	(6,445)
- Loan on life policies	**-**	-	**-**	-	**(1,972)**	(76)
- Loan on personnal guarantee	**(26)**	(113)	**(26)**	(113)	**(11)**	(290)
- Lien on car	**(774)**	(178)	**(774)**	(178)	**-**	-
	66,499	39,230	**66,166**	134,940	**407,920**	365,395
Analysed as follows:						
Non-current	**53,723**	32,269	**53,390**	127,979	**366,001**	332,317
Current	**12,776**	6,961	**12,776**	6,961	**41,919**	33,078
	66,499	39,230	**66,166**	134,940	**407,920**	365,395

(a) The Group and the Company and Life have recognised an impairment loss of **Rs10.6m** (The Group and the Company **Rs1.5m**, Life **Rs9.1m**) (2008: The group and the Company Rs0.3m, Life Rs6.8m) during the year ended December 31, 2009.
This has been included in the management expenses in the Income statement and Life Assurance Fund respectively.

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

(c) Movement in provision for impairment of loans

	THE COMPANY		LIFE	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**(291)**	-	**(6,811)**	(4,388)
Increase in provision recognised in:				
- Income Statement	**(1,196)**	(291)	**-**	-
- Life Assurance Fund	**-**	-	**(2,635)**	(2,506)
Write off during the year	**-**	-	**349**	83
	(1,487)	(291)	**(9,097)**	(6,811)

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

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

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

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

12.TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY		LIFE	
	2009	2008	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Premium debtors and agents' balances	123,634	117,041	123,634	117,041	6,374	5,717
Provision for credit impairment	(5,142)	(4,238)	(5,142)	(4,238)	-	-
	118,492	112,803	118,492	112,803	6,374	5,717
Reinsurance assets	11,148	1,325	11,148	1,325	-	-
Other receivables and prepayments	37,806	15,958	27,748	14,662	40,725	31,965
Acquisition through business combination (note 33)	2,773	-	-	-	-	-
Loans at call	200	274	200	274	2,090	1,716
Amount due by reinsurer	-	-		-	6,183	3,388
Interbranch tax equalisation account	-	-	-	-	-	9,372
Derecognition of interbranch tax equalisation account tax assets	-	-	-	-	-	(9,372)
	170,419	130,360	157,588	129,064	55,372	42,786

(a) Premium debtors and agents' balances that are less than three months past due are not considered impaired. As at December 31, 2009 **Rs32.6m** (The Group and the Company Rs29.2m, Life Rs3.4m) (2008: Rs53.3m (The Group and the Company Rs51m, Life Rs2.3m)) 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	
	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000
Up to 3 months	89,296	61,845	2,995	3,461
3 to 6 months	21,493	40,176	1,944	1,271
6 to 12 months	7,703	10,782	269	359
> 12 months	-	-	1,166	626
	118,492	112,803	6,374	5,717

(b) Movement in provision for credit impairment

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
At January 1,	4,238	4,774
Amounts written off during the year	(561)	(831)
Increase in allowance recognised in Statement of Comprehensive Income	1,465	295
At December 31,	5,142	4,238

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

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

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

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

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

13.REINSURANCE ASSETS AND INSURANCE LIABILITIES

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
Short-term insurance		
Gross		
- Claims reported and loss adjustment expenses (note 3.1.2(a))	**482,516**	472,905
- Claims incurred but not reported (IBNR) (note 3.1.2(a))	**19,674**	14,318
- Unearned premiums (page 50)	**337,719**	280,696
Total gross insurance liabilities	**839,909**	767,919
Recoverable from reinsurers		
- Claims reported and loss adjustment expenses	**238,453**	251,869
- Claims incurred but not reported (IBNR)	**387**	-
- Unearned premiums	**50,339**	36,884
Total reinsurers' share of insurance liabilities	**289,179**	288,753
Net		
- Claims reported and loss adjustment expenses (note 3.1.2(a))	**244,063**	221,036
- Claims incurred but not reported IBNR (note 3.1.2(a))	**19,287**	14,318
- Unearned premiums	**287,380**	243,812
Total net insurance liabilities	**550,730**	479,166

14.MOVEMENTS IN REINSURANCE ASSETS AND INSURANCE LIABILITIES

(i) GENERAL BUSINESS
(a) Short term insurance

	THE GROUP AND THE COMPANY					
	2009			2008		
(i) Claims	**Gross Rs'000**	**Reinsurance Rs'000**	**Net Rs'000**	Gross Rs'000	Reinsurance Rs'000	Net Rs'000
At January 1, as previously reported	**487,223**	**(251,869)**	**235,354**	384,603	(231,236)	153,367
Increase in liabilities	**430,853**	**(32,796)**	**398,057**	423,116	(51,534)	371,582
Cash paid for claims settled in the year	**(415,886)**	**45,825**	**(370,061)**	(320,496)	30,901	(289,595)
At December 31,	**502,190**	**(238,840)**	**263,350**	487,223	(251,869)	235,354
Recognised notified claims	**482,516**	**(238,453)**	**244,063**	472,905	(251,869)	221,036
Incurred but not reported	**19,674**	**(387)**	**19,287**	14,318	-	14,318
	502,190	**(238,840)**	**263,350**	487,223	(251,869)	235,354

	2009			2008		
(ii) Provision for unearned premiums	**Gross Rs'000**	**Reinsurance Rs'000**	**Net Rs'000**	Gross Rs'000	Reinsurance Rs'000	Net Rs'000
At January 1,	**280,696**	**(36,884)**	**243,812**	231,712	(23,732)	207,980
Increase/(decrease) in the year (note 17)	**57,023**	**(13,455)**	**43,568**	48,984	(13,152)	35,832
At December 31,	**337,719**	**(50,339)**	**287,380**	280,696	(36,884)	243,812

15.SHARE CAPITAL

THE GROUP AND THE COMPANY	Authorised 2009 & 2008 Rs'000	Issued and fully paid 2009 Rs'000	Issued and fully paid 2008 Rs'000
Ordinary shares of Rs.10 each	500,000	200,400	200,400
Number of ordinary shares ('000)	50,000	20,040	20,040

16.REVALUATION AND OTHER RESERVES

(a) **THE GROUP**

Revaluation and Other Reserves are analysed as follows :

2009

	Revaluation Reserve Rs'000	Currency Translation Reserve Rs'000	Fair Value Reserve Rs'000	TOTAL Rs'000
At January 1,	11,651	1,271	414,606	427,528
Increase in fair value of available-for-sale financial assets	-	-	232,448	232,448
Release from fair value reserves on disposal of available-for-sale financial assets	-	-	(171,632)	(171,632)
Transfer of revaluation of land and buildings to Life business	(11,651)	-	-	(11,651)
Movement in reserves of subsidiary	-	-	15	15
Movement during the year (see note below)	-	(224)	-	(224)
At December 31,	-	1,047	475,437	476,484

2008

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

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

(b) **THE COMPANY**

Revaluation and Other Reserves are analysed as follows:

	2009 Revaluation Reserve Rs'000	2009 Fair Value Reserve Rs'000	2009 TOTAL Rs'000	2008 Revaluation Reserve Rs'000	2008 Fair Value Reserve Rs'000	2008 TOTAL Rs'000
At January 1,	11,651	258,703	270,354	11,651	630,761	642,412
Increase/(decrease) in fair value of available-for-sale financial assets	-	385,717	385,717	-	(308,221)	(308,221)
Release from fair value reserves on disposal of available-for-sale financial assets	-	(171,632)	(171,632)	-	(63,837)	(63,837)
Transfer of revaluation of land and buildings to Life business	(11,651)	-	(11,651)	-	-	-
At December 31,	-	472,788	472,788	11,651	258,703	270,354

17. UNEARNED PREMIUM RESERVE

	THE GROUP AND THE COMPANY	
	2009	2008
	Rs'000	Rs'000
At January 1,	**280,696**	231,712
Movement during the year (note 14(ii))	**57,023**	48,984
At December 31,	**337,719**	280,696

18. DEFERRED INCOME TAX

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

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

	THE GROUP		THE COMPANY		LIFE	
	2009	2008	**2009**	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At January 1,	**(48)**	(48)	**-**	-	**-**	-
Charge for the year (note 22)	**(19)**	-	**-**	-	**-**	-
Acquisition through business combination (note 33)	**(13)**	-	**-**	-	**-**	-
At December 31,	**(80)**	(48)	**-**	-	**-**	-

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

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

	THE GROUP		THE COMPANY		LIFE	
	2009	2008	**2009**	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Deferred tax liabilities (Note (c) (i))	**(5,784)**	(5,745)	**(5,704)**	(5,697)	**(11,164)**	(12,824)
Deferred tax assets (Note (c) (ii))	**5,704**	5,697	**5,704**	5,697	**11,164**	12,824
	(80)	(48)	**-**	-	**-**	-

Deferred tax assets and liabilities are attributable to the following :

	THE GROUP		THE COMPANY		LIFE	
	2009	2008	**2009**	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000	Rs'000
Deferred income tax liabilities						
Revaluation of property and equipment	**(5,664)**	(5,664)	**(5,664)**	(5,664)	**(3,336)**	(5,736)
Interest accrued but not due	**(40)**	(33)	**(40)**	(33)	**(421)**	(432)
Change in fair value of investment properties	**-**	-	**-**	-	**(7,407)**	(6,656)
Difference between capital allowances and depreciation	**(80)**	(48)	**-**	-	**-**	-
	(5,784)	(5,745)	**(5,704)**	(5,697)	**(11,164)**	(12,824)
Deferred income tax assets						
Difference between capital allowances and depreciation	**8,138**	4,851	**8,138**	4,851	**5,496**	3,936
Change in non-current assets held-for-sale	**-**	-	**-**	-	**777**	777
Provision for bad debts	**771**	636	**771**	636	**-**	-
Provision for impairment of loans	**-**	-	**-**	-	**554**	376
Retirement benefit obligations	**-**	30	**-**	30	**-**	-
Provision for legal costs	**(3,205)**	180	**(3,205)**	180	**-**	-
Tax losses carried forward					**4,337**	7,735
	5,704	5,697	**5,704**	5,697	**11,164**	12,824

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 **Rs641m** (2008: Rs.452m) 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.

19.RETIREMENT BENEFIT OBLIGATIONS

Pension schemes

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

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

(ii) Amounts recognised in the Balance Sheets in respect of the No Worse Off Guarantee	THE GROUP AND THE COMPANY		LIFE BUSINESS	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Present value of unfunded obligations	**342**	199	**342**	199
Fair value of plan assets	**-**	-	**-**	-
Liability in the balance sheet	**342**	199	**342**	199

The retirement benefit obligations have been allocated as follows:	**2009**	2008
	Rs'000	Rs'000
Life Business	**342**	199
General Business	**342**	199
	684	398

(iii) The movement of defined benefit obligation over the year are as follows:	THE GROUP AND THE COMPANY		LIFE BUSINESS	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**199**	-	**199**	-
Interest cost	**22**	-	**22**	-
Acturial (gains)/losses	**121**	199	**121**	199
	342	199	**342**	199

(iv) The amounts recognised in the Income Statement in respect of the No Worse Off Guarantee are as follows:	THE GROUP AND THE COMPANY		LIFE BUSINESS	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Interest cost	**22**	-	**22**	-
Actuarial (losses)/gains	**121**	199	**121**	199
Total included in staff costs	**143**	199	**143**	199
Actual return on plan assets	**-**	-	**-**	-

(v) Movement in the liability recognised in the Balance Sheet:	**2009**	2008	**2009**	2008
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	**199**	-	**199**	-
Total included in staff costs	**121**	199	**121**	199
At December 31,	**320**	199	**320**	199

The principal actuarial assumptions used for accounting purposes were:	LIFE BUSINESS AND THE COMPANY	
	2009	2008
	%	%
Discount rate	**9.5 %**	**11 %**
Future salary increases	**8.0 %**	**9.5 %**
Future pension increases	**0 %**	**0 %**

20.BORROWINGS

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

21.TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY		LIFE	
	2009	2008	**2009**	2008	2009	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000	Rs'000
Loans repaid in advance	**232**	124	**232**	124	**1,117**	978
Premiums prepaid	**4,137**	3,157	**4,137**	3,157	**9,296**	7,527
Amounts due to reinsurers	**21,679**	13,305	**21,679**	13,305	**4,851**	3,919
Dividend payable	**-**	23,447	**-**	23,447	**-**	-
Other payables and accruals	**49,591**	44,023	**47,280**	40,787	**14,775**	14,417
Acquisition through business combination (note 33)	**52**	-	**-**	-	**-**	-
	75,691	84,056	**73,328**	80,820	**30,039**	26,841

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

22.CURRENT TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
(a) **Income tax provision for the year at 15%**	**808**	788	**-**	-
Alternative minimum tax	**6,017**	3,908	**6,017**	3,908
Under provision in previous year	**471**	-	**465**	-
	7,296	4,696	**6,482**	3,908
Movement in deferred tax (Note 18)	**19**	-	**-**	-
Tax charge for the year	**7,315**	4,696	**6,482**	3,908

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
(b) Balance Sheet	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At January 1,	**2,914**	4,170	**2,126**	3,571
Income tax provision for the year at 15%	**808**	788	**-**	-
Advance payment of tax	**(3,693)**	(1,782)	**(3,296)**	(1,782)
Payment during the year	**(2,841)**	(4,170)	**(2,591)**	(3,571)
Under provision in previous year	**471**	-	**465**	-
Acquisition through business combination (note 33)	**494**	-	**-**	-
Tax deducted at source - TDS	**(42)**	-	**-**	-
Alternative Minimum Tax	**6,017**	3,908	**6,017**	3,908
At December 31,	**4,128**	2,914	**2,721**	2,126

22.CURRENT TAX LIABILITIES (CONT'D)

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

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000
Profit before taxation	**324,303**	150,228	**319,794**	154,134
Tax thereon (15%)	**48,645**	24,720	**47,969**	23,120
Tax effect of :				
- Income not subject to tax	**(36,296)**	(13,305)	**(36,211)**	(14,532)
- Expenses not deductible for tax purposes	**1,754**	851	**1,752**	3,014
- Depreciation on non-qualifying assets	**177**	177	**177**	177
- Deferred tax assets not recognised	**(13,453)**	(11,779)	**(13,687)**	(11,779)
Underprovision in previous year	**471**	124	**465**	-
Alternative Minimum Tax	**6,017**	3,908	**6,017**	3,908
	7,315	4,696	**6,482**	3,908

	LIFE	
	2009	2008
	Rs'000	Rs'000
Surplus/(deficit) for the year including surplus on Life Assurance Fund	**576,349**	(673,010)
Tax thereon (15%)	**86,452**	(100,952)
Tax effect of :		
- Income not subject to tax	**(112,370)**	116,233
- Expenses not deductible for tax purposes	**95**	887
- Depreciation on non-qualifying assets	**177**	188
- Pension claims and annuities	**26,215**	27,456
- Pension premium and consideration for annuity	**(35,533)**	(36,409)
- Change in pension liability	**(50,063)**	23,120
- Share of associated company results	**145**	961
- Deferred tax liability(assets) not recognised	**84,882**	(31,484)
	-	-

23.DIVIDENDS PAID

	THE GROUP AND THE COMPANY	
	2009	2008
Paid	**Rs'000**	Rs'000
Interim ordinary dividend of 14% (2008 - 12%)	**28,056**	24,048
Final ordinary dividend 80% (2008 - 27%)	**160,320**	54,108
	188,376	78,156

24.REVENUE

Continuing operations : Revenue is made up as follows :	THE GROUP 2009 Rs'000	THE GROUP 2008 Rs'000	THE COMPANY 2009 Rs'000	THE COMPANY 2008 Rs'000
Gross earned insurance premiums - General Business	715,838	568,970	715,838	568,970
Insurance premium ceded to reinsurers	(129,872)	(96,617)	(129,872)	(96,617)
Net earned premiums - General Business	585,966	472,353	585,966	472,353
Brokerage and related commissions	9,703	8,250	-	-
	595,669	480,603	585,966	472,353

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.

25.INVESTMENT AND OTHER INCOME

(a) (i) Investment and other income	THE GROUP 2009 Rs'000	THE GROUP 2008 Rs'000	THE COMPANY 2009 Rs'000	THE COMPANY 2008 Rs'000
Dividends receivable	43,899	38,767	46,011	34,254
Interest on loans and deposits	22,450	32,099	22,450	39,303
Interest on bank accounts	14,620	7,991	13,909	7,130
Brokerage fees	9,704	8,250	-	-
Rent receivable	1,075	1,028	-	-
Exchange gain	2,152	8,636	2,152	8,636
Other income	1,401	2,476	1,364	2,373
	95,301	99,247	85,886	91,696

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

	2009 Rs'000	2008 Rs'000	2009 Rs'000	2008 Rs'000
Profit on disposal of available-for-sale financial assets	195,416	63,010	195,414	62,617
Exchange loss arising on disposal	(1,365)	-	(1,365)	-
	194,051	63,010	194,049	62,617

(b) Life Business	2009 Rs'000	2008 Rs'000
Dividends receivable	55,090	69,191
Interest on loans and deposits	66,913	58,640
Interest on bank accounts	12,273	4,602
Loss on disposal of available-for-sale financial assets	(1,427)	(53,665)
Rent receivable	-	108
Exchange gain	2,150	1,155
Other income	4,618	7,591
	139,617	87,622

26.SHAREHOLDERS SHARE OF LIFE SURPLUS

In accordance with the accounting policy in Note 2(n) the independent actuaries have assessed the amount of the Discretionary Participating Feature (DPF) eligible surplus to be transferred (from)/to the Life Assurance Fund to the Income Statement at (**Rs.17.9m**) (2008 - Rs.39.8m)

27.PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2009	2008	**2009**	2008
	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	**43,899**	38,767	**46,011**	34,254
Profit on disposal of available-for-sale financial assets	**195,416**	63,010	**195,414**	62,617
Loss on sale of property and equipment	**(19)**	(9)	**(19)**	(9)
And charging:				
Employee benefit expense (Note 28)	**58,236**	41,240	**55,378**	38,785
Depreciation on property and equipment (Note 5)	**6,080**	5,977	**5,922**	5,842
Amortisation of intangible assets (Note 7)	**2,240**	2,261	**2,240**	2,261
Legal costs (note (a) below)	**10,000**	-	**10,000**	-

Note (a): Legal costs relate to MCB case (note 35) and have been disclosed separately due to the materiality of the amount involved.

28.EMPLOYEE BENEFIT EXPENSE

	THE GROUP		THE COMPANY		LIFE	
	2009	2008	**2009**	2008	**2009**	2008
	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000	Rs'000
Wages and salaries	**53,601**	37,685	**50,985**	35,372	39,338	28,458
Social Security costs	**1,856**	1,138	**1,770**	1,081	1,146	885
Pension costs						
- Defined contributions	**2,658**	2,218	**2,502**	2,133	2,013	1,782
- Defined benefits	**121**	199	**121**	199	121	199
	58,236	41,240	**55,378**	38,785	42,618	31,324

29.OUTSTANDING FINANCIAL COMMITMENTS

	LIFE	
	2009	2008
	Rs'000	Rs'000
Loans approved by the Board of Directors but not yet disbursed	222,348	51,241

30.EARNINGS PER SHARE

		THE GROUP	
		2009	2008
		Rs'000	Rs'000
Earnings per share is based on the following:			
Profit for the year after minority interest		315,523	144,447
Number of ordinary shares in issue and ranking for dividends		20,040,000	20,040,000
Earnings per share	Rs	15.74	7.21

31.NOTES TO CASH FLOW STATEMENTS

	Notes	THE GROUP		THE COMPANY	
		2009	2008	2009	2008
		Rs'000	Rs'000	Rs'000	Rs'000
(a) **Cash generated from operations**					
Profit before taxation		324,303	150,228	319,794	154,134
Share of results of associated companies		885	6,886	-	-
Increase in fair value of investment properties		(2,000)	-	-	-
Provision for retirement benefit obligations		142	199	142	199
Provision for bad debts and loan impairment		1,195	294	1,195	291
Dividend income		(43,899)	(38,767)	(46,011)	(34,254)
Interest received		(37,070)	(40,090)	(36,359)	(46,434)
Depreciation		6,080	5,977	5,922	5,842
Amortisation		2,240	2,261	2,240	2,261
Loss on sale of property and equipment		19	9	19	9
Profit on disposal of available-for-sale financial assets		(195,416)	(63,010)	(195,414)	(62,617)
Transfer of revaluation reserve on land and building to Life business		(11,651)	-	(11,651)	-
Amalgamation adjustment	34(b)	113,929	-	113,929	-
Movement in unearned premiums reserve		43,566	35,832	43,566	35,832
		202,323	59,819	197,372	55,263
Change in trade and other receivables		30,437	126,489	39,352	114,220
Change in outstanding claims		27,996	81,986	27,996	81,986
Change in trade and other payables		13,408	7,838	14,181	23,749
Net cash generated from operations		274,164	276,132	278,901	275,218

	THE GROUP		THE COMPANY	
	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000
(b) **Bank balances and cash**				
Interest bearing bank balances	158,063	21,413	144,191	17,676
Bank deposits	31,022	87,611	31,022	87,611
	189,085	109,024	175,213	105,287
Bank overdraft (Note 20/page 57)	(7,715)	-	-	-
	181,370	109,024	175,213	105,287

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

	Notes	LIFE 2009	LIFE 2008
		Rs'000	Rs'000
(c) **Cash generated from operations**			
Surplus/(deficit) before taxation		**576,349**	**(673,010)**
(Increase)/decrease in fair value of available-for-sale financial assets		**(385,584)**	**784,648**
Release on fair value adjustment		**319,667**	**320,728**
Revaluation of land and buildings		**(16,001)**	**-**
Dividend from associated companies		**-**	**4,931**
Share of results of associated companies	9(a)	**885**	7,083
Share of currency translation reserve of associated companies	9(a)	**(66)**	(679)
Increase in fair value of investment properties	6	**(5,000)**	(10,073)
Provision for retirement benefit obligations	19	**142**	199
Provision for credit impairment	10(e) & 11 (c)	**5,977**	2,423
Dividend income	25(b)	**(55,090)**	(69,191)
Interest received	25(b)	**(79,186)**	(63,242)
Depreciation	5(e)	**5,958**	5,989
Amortisation	7	**482**	490
Loss on sale of property and equipment		**14**	(30)
Profit on sale of investment properties		**-**	5,797
Profit on disposal of available-for-sale financial assets		**(319,782)**	(267,063)
		48,765	49,000
Change in trade and other receivables		**(29,926)**	(568)
Change in trade and other payables		**(69,901)**	(143,775)
Net cash used in operations (page 58)		**(51,062)**	(95,343)

	LIFE 2009	LIFE 2008
	Rs'000	Rs'000
(d) **Bank balances and cash**		
Interest bearing bank balances	**88,208**	89,288
Bank deposits	**145,257**	180,871
	233,465	270,159

32.SEGMENT INFORMATION

GROUP AND LIFE

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

	2009				
	GROUP				LIFE
	Casualty Rs'000	Property Rs'000	Other Rs'000	Total Rs'000	Total Rs'000
Income					
Gross Premiums	633,900	138,961	-	772,861	339,651
Premiums ceded to Reinsurers	(43,196)	(86,676)	-	(129,872)	(22,793)
Change in unearned premiums	(39,047)	(4,521)	-	(43,568)	-
Net insurance premium income	551,657	47,764	-	599,421	316,858
Consideration for annuities	-	-	-	-	806
Fee and commission income	12,262	20,009	-	32,271	8,157
Brokerage fees	-	-	9,703	9,703	-
Investment and other income	227,341	49,837	4,470	281,648	139,603
Transfer of revaluation reserves from General branch	-	-	-	-	11,651
Revaluation of Land & Buildings	-	-	-	-	16,001
Increase in fair value of investment property	-	-	-	-	5,000
Segment income	791,260	117,610	14,173	923,043	498,076
Expenses					
Gross claims and benefits	352,811	63,075	-	415,886	194,298
Claims recovered from Reinsurers	(9,600)	(36,225)	-	(45,825)	(6,110)
Movement in outstanding claims	30,557	(2,561)	-	27,996	-
Fees & Commission	57,354	16,793	-	74,147	24,730
Management expenses	91,425	20,042	5,864	117,331	87,134
Depreciation	4,858	1,065	157	6,080	5,958
Amortisation	1,837	403	-	2,240	482
	529,242	62,592	6,021	597,855	306,492
Segment profit/surplus before tax	262,018	55,018	8,152	325,188	191,584
Increase in fair value of available-for-sale financial assets				-	385,584
Share of results of associates				(885)	(819)
Profit/surplus before taxation				324,303	576,349
Taxation				(7,315)	-
Net profit/surplus for the year				316,988	576,349

32.SEGMENT INFORMATION (CONT'D)

	2008				
	GROUP				LIFE
	Casualty	Property	Other	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Income					
Gross Premiums	504,135	113,819	-	617,954	335,166
Premiums ceded to Reinsurers	(30,300)	(66,317)	-	(96,617)	(19,444)
Change in unearned premiums	(30,436)	(5,396)	-	(35,832)	-
Net insurance premium income	443,399	42,106	-	485,505	315,722
Consideration for annuities	-	-	-	-	9,468
Fee and commission income	9,659	19,283	-	28,942	7,853
Brokerage fees	-	-	8,250	8,250	-
Investment and other income	113,740	25,680	14,587	154,007	81,855
Increase in fair value of investment property	-	-	-	-	10,073
Segment income	566,798	87,069	22,837	676,704	424,971
Expenses					
Gross claims and benefits	287,852	32,644	-	320,496	217,284
Claims recovered from Reinsurers	(14,239)	(16,662)	-	(30,901)	(6,319)
Movement in outstanding claims	76,181	5,805	-	81,986	-
Fees & Commission	44,454	12,468	-	56,922	26,018
Management expenses	63,650	14,370	4,829	82,849	63,467
Depreciation	4,766	1,076	135	5,977	5,989
Amortisation	1,845	416	-	2,261	490
	464,509	50,117	4,964	519,590	306,929
Segment profit/surplus before tax	102,289	36,953	17,872	157,114	118,042
Decrease in fair value of available-for-sale financial assets				-	(784,648)
Share of results of associates				(6,886)	(6,404)
Profit/(deficit) before taxation				150,228	(673,010)
Taxation				(4,696)	-
Net profit/(deficit) for the year				145,532	(673,010)

32.SEGMENT INFORMATION (CONT'D)

	2009				
	GROUP				LIFE
	Casualty	Property	Other	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	4,196,913	920,028	96,539	5,213,480	3,001,126
Associates	-	-	586	586	586
	4,196,913	920,028	97,125	5,214,066	3,001,712
Segment liabilities	127,763	28,007	11,563	167,333	30,381
Technical liabilities					
- Unearned premium reserve				337,719	-
- Life assurance fund				2,971,331	-
- Outstanding claims				502,190	-
Total net assets				1,235,493	2,971,332
Capital expenditure	6,273	1,375	356	8,005	7,646
Depreciation	4,858	1,065	157	6,080	5,958
Amortisation	1,837	403	-	2,240	482

	2008				
	GROUP				LIFE
	Casualty	Property	Other	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Segment assets	3,341,673	754,452	284,801	4,380,926	2,438,553
Associates	-	-	1,695	1,695	1,405
	3,341,673	754,452	286,496	4,382,621	2,439,958
Segment liabilities	129,118	29,150	4,073	162,341	27,040
Technical liabilities					
- Unearned premium reserve				280,696	-
- Life assurance fund				2,412,918	-
- Outstanding claims				487,223	-
Total net assets				1,039,443	2,412,918
Capital expenditure	6,053	1,367	87	7,507	8,590
Depreciation	4,766	1,076	135	5,977	5,989
Amortisation	1,845	416	-	2,261	490

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

33.BUSINESS COMBINATIONS

(a) **Subsidiary acquired**

The Company acquired National Mutual Fund Ltd effective December 31, 2009. As at acquisition date, the Company has recognised separately from goodwill, the identifiable assets acquired and liabilities assumed. The effect of the acquisition was to recognise net assets worth Rs45.2m in the Statement of Financial Position as at December 31, 2009 and a nil effect in the Statement of Comprehensive Income for the year ended December 31, 2009.

	Principal activity	Date of acquisition	Proportion of share acquired	Consideration transferred
2009			%	**Rs'000**
National Mutual Fund Ltd	**Fund Management**	December, 31	**95.7 %**	65,029

Acquisition related costs amounting to Rs0.4m have been excluded from the consideration and have been recognised as an expense in the Income Statement

(b) **Goodwill arising on consolidation**

	Notes	Rs'000
Consideration transferred	8(a)	65,029
Non-controlling interest		647
Fair value of previously held interest		1,292
Fair value of net assets acquired		(45,188)
Goodwill		21,780

The goodwill is attributable to future economic benefits expected to be derived from the acquisition of the fund management company.

(c) **Assets acquired and liabilities assumed at date of acquisition**

	Notes	Carrying amount and fair value
		Rs'000
Cash and cash equivalents		**10,860**
Property and equipment	5(a)	**53**
Intangible assets	7	**14**
Financial assets	10(a)	**32,047**
Receivables	12	**2,773**
Payables	21	**(52)**
Taxation	22(b)	**(494)**
Deferred taxation	18(a)	**(13)**
Net assets acquired		**45,188**

(d) **Net cash outflow on acquisition of subsidiary**

	Notes	Rs'000
Consideration settled in cash	8(a)	**65,029**
Cash and cash equivalents in subsidiary acquired		**(10,860)**
Net cash outflow (page 57)		**54,169**

34.AMALGAMATION

On February 1, 2009, the Company merged the activities of MUA Commercial Vehicles Agency Ltd.

(a) The assets and liabilites arising on the merger are as follows:

	Rs'000
Financial assets (note 31(a))	255,945
Loan from Holding Comapny	(96,018)
Net assets merged	159,927

(b) Consolidation adjustment

	Rs'000
Investment in subsidiary	1,000
Loan to subsidiary	96,018
Retained earnings	16,911
Total (note 31(a))	113,929

35.MCB CASE

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

36.EVENTS AFTER THE REPORTING PERIOD

In line with its strategy to further develop the Group's activities and seize growth opportunites, the Board of MUA is considering the acquisition of the insurance activities of La Prudence Mauricienne Assurance Limitee. The Board believes that this will create synergies and value for MUA Shareholders.

The financial commitment has not been approved by the board of MUA in respect of the above transaction, which is yet to be finalised pending a due diligence exercise, necessary approval from all Regulatory Bodies and Shareholders.

37.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	
	2009	2008	2009	2008	2009	2008
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Loans granted to						
Directors and key management personnel	1,300	1,372	1,300	1,372	5,032	3,000
Amount owed by						
Subsidiary company	-	-	-	96,023	-	-
Directors and key management personnel	2,276	1,454	2,276	1,454	10,731	11,270
Purchase of goods and services from						
Subsidiary company	1,017	-	1,017	418	1,008	861
Sale of services to						
Other related parties	219	82	219	82	33	24
Income receivable from:						
Subsidiary companies	-	-	2,757	9,962	-	-
Associated companies	-	-	-	4,931	-	4,931
Remuneration of key management personnel						
Salaries and short-term employee benefits	11,136	9,021	10,616	8,421	8,971	7,155
Post-employments benefits	286	215	286	215	234	176
Termination benefits	-	3,176	-	3,176	-	2,599

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

(a) **Income statements**	**THE GROUP** 2009	2008	2007
	Rs'000	Rs'000	Rs'000
Turnover	**595,669**	480,603	373,218
Operating profit	**325,188**	157,114	101,467
Share of result of associated companies	**(885)**	(6,886)	111
Profit before taxation	**324,303**	150,228	101,578
Taxation	**(7,315)**	(4,696)	(4,252)
Net profit for the year	**316,988**	145,532	97,326
Attributable to:			
- Owners of the Parent	**315,524**	144,447	96,216
- Non-controlling interests	**1,464**	1,085	1,110
	316,988	145,532	97,326
(b) **Statements of Comprehensive Income**			
Net profit for the year	**316,987**	145,532	97,326
Other comprehensive income	**68,127**	(511,572)	435,294
Total comprehensive income for the year	**385,114**	(366,040)	532,620
Attributable to:			
- Owners of the Parent	**382,416**	(366,649)	531,214
- Non-controlling interests	**2,699**	609	1,406
	385,115	(366,040)	532,620
Rate of dividend			
- Interim	**14%**	12%	10%
- Final	**80%**	27%	25%
Earnings per share from continuing operations (Rs/cs)	**15.74**	7.21	4.80

(c) **Statements of financial position**	**THE GROUP** 2009	2008	2007
	Rs'000	Rs'000	Rs'000
Non-current assets	**1,422,370**	1,339,371	1,456,523
Life business non-current assets	**2,572,157**	2,034,113	3,014,721
Current assets	**789,984**	1,009,137	730,084
Life business current assets	**429,555**	-	152,840
Life business non-current asset held for sale	**-**	-	46,346
Total assets	**5,214,066**	4,382,621	5,400,514
Total equity	**1,235,492**	1,039,444	1,484,331
Life Assurance Fund	**2,971,331**	2,412,918	3,046,106
Technical provisions	**839,909**	767,919	616,315
Non-current liabilities	**422**	247	48
Life business non-current liabilities	**342**	199	-
Current liabilities	**136,531**	135,053	85,913
Life business current liabilities	**30,039**	26,841	167,801
Total equity and liabilities	**5,214,066**	4,382,621	5,400,514

NOTICE OF MEETING TO SHAREHOLDERS

Notice is hereby given that the Annual Meeting of Shareholders of the Mauritius Union Assurance Company Limited will be held at the Registered Office of the Company, 4 Léoville L'Homme Street, Port-Louis, Mauritius, on Wednesday June 30, 2010 at 11.00 hrs to transact the following business:-

AGENDA

1. To approve the Minutes of Proceedings of the last Annual Meeting of Shareholders held on June 30, 2009.
2. To approve the Minutes of Proceedings of the Special Meeting of Shareholders held on April 27, 2010.
3. To receive and adopt the Annual Report and the Audited Accounts for the year ended December 31, 2009.
4. To appoint Robert DE FROBERVILLE as a Director of the Company, whether as additional Director or in replacement of a retiring Director, in accordance with Section 138(6) of the Companies Act 2001.
5. To appoint Dominique GALEA as a Director of the Company, whether as additional Director or in replacement of a retiring Director.
6. To appoint Donald AH CHUEN as a Director of the Company, whether as additional Director or in replacement of a retiring Director, in accordance with Section 138(6) of the Companies Act 2001.
7. To re-appoint Vincent AH CHUEN as Director.
8. To re-appoint Priscilla BALGOBIN-BHOYRUL as Director.
9. To re-appoint Pierre DE CHASTEIGNER DU MÉE as Executive Director.
10. To re-appoint Jacques DE NAVACELLE as Executive Director.
11. To re-appoint Antoine DELAPORTE as Director.
12. To re-appoint Pierre-Yves POUGNET as Director.
13. To take note of the automatic reappointment of Messrs. BDO De Chazal Du Mée as auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration for the year ending December 31, 2010.
14. Shareholders' question time

A member of the Company, entitled to attend and vote at this Meeting, may appoint a proxy to attend and vote on his behalf. Any power of attorney appointing a proxy shall be deposited with the share registry, Abax Corporate Administrators Ltd, 6th floor, Tower A, 1 Cybercity, Ebène, Mauritius at least twenty-four hours before the day of the Meeting.

By order of the Board

Gilbert POISSON
Secretary
May 6, 2010

PROXY FORM

I/We ....

of ....

being a member of the Mauritius Union Assurance Company Limited, hereby appoint ....

of ....

or failing him, ... of ....

as my/our proxy to vote for me/us and on my/our behalf at the Annual Meeting of Shareholders of the Company to be held on Wednesday June 30, 2010 at 11.00 hrs at the Registered Office of the Company, 4 Léoville L'Homme Street, Port-Louis, and at any adjournment thereof.

I/We desire my/our vote/s to be cast on the Resolutions as follows:

	FOR	AGAINST	ABSTAIN
1. To approve the Minutes of Proceedings of the last Annual Meeting of Shareholders held on June 30, 2009.			
2. To approve the Minutes of Proceedings of the Special Meeting of Shareholders held on April 27, 2010.			
3. To receive and adopt the Annual Report and the Audited Accounts for the year ended December 31, 2009.			
4. To appoint Robert DE FROBERVILLE as a Director of the Company, whether as additional Director or in replacement of a retiring Director, in accordance with Section 138(6) of the Companies Act 2001.			
5. To appoint Dominique GALEA as a Director of the Company, whether as additional Director or in replacement of a retiring Director.			
6. To appoint Donald AH CHUEN as Director of the Company, whether as additional Director or in replacement of a retiring Director, in accordance with Section 138(6) of the Companies Act 2001.			
7. To re-appoint Vincent AH CHUEN as Director.			
8. To re-appoint Priscilla BALGOBIN-BHOYRUL as Director.			
9. To re-appoint Pierre DE CHASTEIGNER DU MEE as Executive Director.			
10. To re-appoint Jacques DE NAVACELLE as Executive Director.			
11. To re-appoint Antoine DELAPORTE as Director.			
12. To re-appoint Jerome LAGESSE as Director.			
13. To re-appoint Pierre-Yves POUGNET as Director.			
14. To take note of the automatic reappointment of Messrs. BDO De Chazal Du Mée as auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005 and to authorise the Board of Directors to fix their remuneration for the year ending December 31, 2010.			

Dated this .... day of .... 2010.

....

Signature

NOTES

1. A member of the Company entitled to attend and vote at this meeting may appoint a proxy of his/her own choice (whether a member or not) to attend and vote on his/her behalf.
2. Please mark in the appropriate box how you wish to vote. If no specific direction as to voting is given, the proxy will exercise his/her discretion as to how he/she votes.
3. The instrument appointing a proxy or any general power of attorney should reach Abax Corporate Administrators Ltd, 6th floor, Tower A, 1 Cybercity, Ebène, Mauritius, not later that TWENTY-FOUR hours before the holding of the meeting.

The Mauritius Union Assurance Company Limited
4, Léoville L'Homme Street, Port Louis, Mauritius
T (230) 207 5500 - F (230) 212 2962
www.mauritiusunion.com