Our vision

To be the reference
in the region as a provider
of financial solutions

Our values

• customer oriented
• professionalism
• competitiveness
• knowledge
• quality and security
• people focus

contents

corporate profile

The Anglo-Mauritius Assurance Society Limited, one of the market leaders in the life assurance, pensions, actuarial and investment business in Mauritius, has developed over the years a full range of insurance products and services to serve the needs of corporate and individual clients either directly or through its sales representatives' network.

Swan Insurance Company Limited is the major shareholder of The Anglo-Mauritius Assurance Society Limited.

Assets under the management of the Anglo-Mauritius amounted to Rs. 17.8 billion and the Life Assurance Fund reached Rs. 17.6 billion at 31st December 2007.

The Company manages both locally and internationally an investment portfolio which consists of equities at market value of Rs. 8.2 billion and debenture stocks at market value of Rs. 16.5 million at 31st December 2007.

Investments are made in key sectors of activity namely tourism, real estate, sugar, trade and financial services in Mauritius and in the region. The Company caters for the insurance requirements of its clients in the region.

The Company participates actively in the socio-economic development of the country by granting loans for the construction or purchase of residential and business properties. Residential loans granted to policyholders amounted to Rs. 2 billion and loans on business properties totalled Rs. 287 million at 31st December 2007.

Benefits paid to policyholders, beneficiaries and annuitants amounted to Rs. 840.7 million at 31st December 2007.

Market capitalisation of the Company on the Mauritian Stock Exchange at 31st December 2007 was Rs. 500 million.

notice of annual meeting to shareholders

Notice is hereby given that the Annual Meeting of the shareholders of The Anglo-Mauritius Assurance Society Ltd. will be held on Thursday 26th June, 2008 at 10.15 hours on the 6th floor of the Swan Group Centre, Intendance Street, Port Louis to transact the following business:

1. To consider the Annual Report 2007 of the Company.
2. To receive the report of BDO De Chazal du Mée, the Auditors of the Company.
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2007.
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005 until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.
5. To re-elect Mr. M.J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
6. To re-elect Me. M.F.I. Jean Hugues Maigrot as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
7. To re-elect Mr. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
8. To elect as Director of the Company Mr. Eric Espitalier-Noël in compliance with Article 21.5(a) of the Company's Constitution.
9. To elect as Director of the Company Mr. Pierre Dinan in compliance with Article 21.5(a) of the Company's Constitution and Section 138 (6) of the Companies Act 2001.
10. To elect as Director of the Company Mr. Jérôme de Chasteauneuf in compliance with Article 21.5(a) of the Company's Constitution.

By order of the Board of Directors

Jean Paul Chasteau de Balyon
For SWAN GROUP CORPORATE SERVICES LIMITED
SECRETARY

02 May 2008

Swan Group Centre
Port Louis
Mauritius

N.B. Members entitled to attend and vote at the meeting may appoint proxies, whether members of the Company or not, to attend and vote for them. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company not less than twenty-four hours before the day fixed for the meeting or else the instrument of proxy shall not be treated as valid.

annual report

DECEMBER 31, 2007

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of The Anglo-Mauritius Assurance Society Limited for the year ended December 31, 2007, contents of which are listed below:

This Annual Report was approved by the Board of Directors on 1st April 2008.

M.E. Cyril Mayer	*M.J. Cyril Lagesse*
Chairperson	*Director*

principal activities

DECEMBER 31, 2007

The principal activities of the Company consist of life assurance, pensions, actuarial and investment business. The principal activity of each subsidiary is shown hereunder and has remained unchanged during the year.

Swan Properties Ltd.*	Purchase, development and sale of land
Verdun Industrial Building Co. Ltd.*	Rental of industrial buildings
Standard Property Co. Ltd.*	Rental of property
Manufacturers' Distributing Station Ltd.	Investment Company
Ilot Fortier Ltd.*	Purchase, development and sale of land (Dormant)
Investment and Administrative Co. (Mtius) Ltd.*	Investment Company (Dormant)
Themis Ltd.*	Purchase, development and sale of land (Dormant)
Pension Consultants and Administrators Ltd.	Pension and fund administration
The Anglo-Mauritius Financial Services Ltd.	Fund management and investment consulting
Swan International Ltd	Reinsurance brokers and consultants
Swan Group Corporate Services Limited	Secretarial Services
Société de la Croix	Investment Corporation
Société de la Montagne	Investment Corporation
Société de la Rivière	Investment Corporation

* These subsidiaries have been amalgamated with the Company on December 31, 2007, under Section 247 of the Companies Act 2001.

directorate & management

DIRECTORS

Non-Executive

M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson

M. J. Cyril LAGESSE

P. Arnaud DALAIS / Diplôme Universitaire en Gestion des Entreprises [up to 31.12.2007]

Jérôme DE CHASTEAUNEUF / A.C.A. (UK) [as from 01.04.2008]

Pierre DOGER DE SPÉVILLE

George John DUMBELL / A.C.I.B. (UK)

M.M. Hector ESPITALIER-NOËL / A.C.A. [up to 21.11.2007]

Eric ESPITALIER-NOËL / B. Soc. Sc., M.B.A. (UK) [as from 21.11.2007]

Henri HAREL / A.C.I.S.

Thierry LAGESSE / M.B.A. (France)

M.F.I. Jean Hugues MAIGROT

Independent Non-Executive

Pierre DINAN / GOSK, B.Sc. Economics (UK), F.C.A. (UK) [as from 01.01.2008]

Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)

Victor Seeyave / M.B.A. (USA), B.A. Economics (UK)

Executive

Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)


M.E. Cyril Mayer


M. J. Cyril Lagesse


Jérôme de Chasteauneuf


Pierre Doger de Spéville


George J. Dumbell


Eric Espitalier-Noël


Henri Harel


Thierry Lagesse

Group Chief Executive

Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)

Secretary

Swan Group Corporate Services Limited
(per Jean Paul CHASTEAU DE BALYON)

Consultant to the Group Chief Executive

Gerald LINCOLN [up to 31.12.2007]

M.F.I. Jean Hugues Maigrot

Pierre Dinan

P. Gopallen Mooroogen

Victor Seeyave

Louis Rivalland

directorate & management

DIRECTORS' PROFILE

M. E. Cyril MAYER, B.Com, CA (SA)

Managing Director of Harel Frères Limited.

Positions presently held on

(a) sugar sector private institutions:

Member of the Selling and Executive Committee of the Mauritius Sugar Syndicate

Member of the Executive Committee of the Mauritius Sugar Producers' Association

(b) other institutions:

Board Member of the Mauritius Sugar Authority

Member of the Mauritius Institute of Directors

Has also served on the Joint Economic Council, the Mauritius Chamber of Agriculture, the Mauritius Sugar Industry Research Institute and the Mauritius Employers' Federation.

Directorships of listed Companies:

- Mon Trésor and Mon Désert Ltd (Non-executive Chairperson)
- Swan Insurance Company Limited (Non-executive Chairperson)
- United Docks Limited

M. J. Cyril LAGESSE

Well known entrepreneur, Mr. Cyril Lagesse took over his father's business in 1969 (Mon Loisir S.E.) and set up the "Compagnie d'Investissement et de Développement Ltée" ("C.I.D.L.") in the early 1970's.

Directorships of listed Companies:

- Ireland Blyth Ltd.
- Mauritius Stationery Manufacturers Ltd.
- Naïade Resorts Ltd.
- Phoenix Beverages Ltd.
- Sun Resorts Ltd.
- Swan Insurance Company Limited
- United Basalt Products Ltd.

Non-executive Chairperson of Group Mon Loisir, he represents GML on the Board of Directors of several most prestigious companies of the country, many of which are listed on the Stock Exchange of Mauritius.

He is a former Chairperson and Director of the Mauritius Commercial Bank Ltd.

Jérôme de CHASTEAUNEUF, A.C.A (UK)

Head of Finance – Ciel Group of Companies

Director of a number of Companies in various sectors of the economy

Directorship of listed Company:

- Swan Insurance Company Limited

Pierre DOGER DE SPÉVILLE

Notary Public from August 1965 to June 1997.
Chairperson of the Médine Group of Companies

Directorships of listed Companies:

- Innodis Limited
- Swan Insurance Company Limited

George John DUMBELL, A.C.I.B. (UK)

Chairperson, Constance Group of Companies.

Worked 34 years for the HSBC Group at senior management level in nine countries across Asia, Americas, Middle East and Europe. Former Director of various Banking and Financial Institutions across Asia and Europe.

Directorships of listed Companies:

- Belle Mare Holding Limited (Chairperson)
- State Bank of Mauritius Ltd.
- Swan Insurance Company Limited

Eric ESPITALIER-NOËL, B.Soc. Sc. (SA), M.B.A (UK)

Executive Director of Espitalier Noël Ltd.

Directorships of listed Companies:

- Automatic Systems Ltd. (Non-executive Chairperson)
- General Investment & Development Co. Ltd.
- Mon Désert Alma Ltd.
- Rogers & Co. Ltd.
- Savannah S.E. Co. Ltd.
- Swan Insurance Company Limited

Henri HAREL, A.C.I.S.

Group Chief Finance Officer of Harel Frères Ltd.

Directorships of listed Companies:

- Harel Frères Limited
- Swan Insurance Company Limited

Thierry LAGESSE, M.B.A (France)

Promoter and Executive Chairperson of Palmar Group of Companies, Companhia de Sena, Parabole Réunion S.A.

Directorships of listed Companies:

- IPRO Growth Fund Limited
- Ireland Blyth Limited
- Phoenix Beverages Limited (Non-Executive Chairperson)
- Swan Insurance Company Limited
- Sun Resorts Limited
- The Mauritius Stationery Manufacturers Limited
- The United Basalt Products Limited (Non-Executive Chairperson)

Member of the Mauritius Chamber of Agriculture
Former Chairperson of the Mauritius Export Processing Zone Association (MEPZA)

directorate & management

M.F.I. Jean Hugues MAIGROT

Notary Public since 1971

Legal adviser to a number of listed and large private companies.

Directorships of listed Companies:

- Harel Frères Limited (Non-executive Chairperson)
- Mon Trésor & Mon-Désert Limited

Pierre DINAN, GOSK, B.Sc. Economics (UK), F.C.A (UK)

Economic Consultant

Positions presently held:

- Member of the Monetary Policy Committee of the Bank of Mauritius
- Board member and Audit Committee Chairman of a few local companies or institutions in the manufacturing and financial services sectors
- Board Member of a UK Investment Trust Plc

Former Senior Partner at De Chazal Du Mée
Former Chairperson of the Mauritius Employers' Federation

Directorship of listed Company:

- Swan Insurance Company Limited

Peroomal Gopallen MOOROOGEN, F.C.C.A., M.B.A (Wales)

Team Leader – Mauritius Telecom

Chairperson of the Stock Exchange of Mauritius Ltd. and Director of The Central Depository & Settlement Co. Ltd.

Directorship of listed Company:

- Swan Insurance Company Limited

Victor SEEYAVE, M.B.A. (USA), B.A. Economics (UK)

Managing Director of Altima Limited

Directorships of listed Companies:

- Innodis Limited
- Swan Insurance Company Limited

MANAGEMENT TEAM

Senior Managers

Robert GALLET — Individual Business Marketing, Communication and Marketing Support and Properties

Alan GODER — Pension Consultants & Administrators Limited, Claims, Fund Administration and Group Systems & Processes

Sattar JACKARIA / B.Sc. (Hons.), F.I.A. — Actuarial

Paul LAM KWOH HING / A.C.I.I. — Pensions

Vincent LAMUSSE / M.S.G. — Anglo-Mauritius Financial Services Ltd.

Vishnoo LUXIMAN / M.Sc. — Group Human Resources

Maxime REY — Group Finance, Loans & Legal

George SUI TIT TONG / A.C.I.I. — Individual Business Operations

Managers

Navindranath BHUGALOO / A.C.I.I. — Pension Consultants & Administrators Limited

Mario BUTTIE / F.C.C.A. — Fund Administration

Paulette CHUNG FAT — Personal Assistant to Group Chief Executive

Edward CUNNIAH — Claims

Patrick DE MARCY CHELIN — Loans

Robert GELLE — Maintenance

Eric HOODMAN / M.B.C.S. — Systems & Processes

Bernard KISHTOO — Pensions

Herbert MADANAMOOTHOO / Maîtrise de Droit — Legal & Compliance, M.L.R.O

Karine MOREL / B.Sc. Accounting & Finance, A.C.C.A. — Accounts

Carlo POLIAH / Dip. (Bus. & Fin.) — Individual Business Marketing

senior management team profile

Louis RIVALLAND, B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S (SA)

Group Chief Executive

B.Sc. (Hons.) in Actuarial Science and Statistics
Fellow of the Institute of Actuaries, United Kingdom
Fellow of the Actuarial Society of South Africa

Louis Rivalland (37) was part of the management team of Commercial Union in South Africa from 1994 to January 1997 and conducted several assignments for Commercial Union in Europe. From February 1997 to July 1999 he worked as Actuary and Consultant at Watson Wyatt in Johannesburg, South Africa developing the investment area as well as issues relating to the healthcare area.

In August 1999, he joined the Swan Group as Consultant to Group Chief Executive. He was involved in the review and setting up of processes and systems for the pensions, investments and life insurance operations and was responsible for the actuarial and consultancy work for the pension schemes.

From January 2002 to December 2004, he acted as Executive Manager of The Anglo-Mauritius. In January 2005 he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance and The Anglo-Mauritius, and member of the Executive Management Committee of the Swan Group.

Since January 2007 he is the Group Chief Executive of the Swan Group.

He has been President of the Insurers' Association of Mauritius from March 2006 to March 2008, is a Board member of the Mauritius Revenue Authority and a member of the Financial Services Consultative Council. He has played an active role in the development of risk management, insurance and pensions in Mauritius having chaired or been part of various technical committees on these areas.

He is a Director to several private and public companies and is also a member of a number of Corporate Governance and Audit Committees.

Jean Paul CHASTEAU DE BALYON

Swan Group Corporate Services Limited

Member of The Chartered Insurance Institute (C.I.I.) – UK
Member of The Association of Company Secretaries – Mauritius

Jean Paul Chasteau de Balyon (57) joined Swan Insurance in 1969 as Underwriter motor and non-motor insurance and was appointed Assistant Company Secretary in 1974. In 1976 he was appointed Company Secretary of Swan Insurance and also attributed the responsibilities of Administration and Human Resources. He was appointed Group Company Secretary of the Swan Group in January 2003.

He has been fully involved in the following key projects:
— Introduction of Swan Insurance on the official market of the Stock Exchange of Mauritius in 1990
— Scheme of Arrangement for the benefit of shareholders in 1991
— Swan Group Centre in 1992 and 1993
— Standardisation of the Swan Group Staff Handbook of conditions of employment (1979)

He is a Council Member of the Mauritius Chamber of Commerce and Industry (member of its Audit and Nomination Committees) and a Member of the Consultative Committee of the Stock Exchange of Mauritius.

He has attended a number of management development courses given by the Chartered Insurance Institute of the United Kingdom.

He has been Secretary General of the Insurers' Association and Secretary of the first consultative committee of the Swan Group. He is the Chairperson of the sub-committee of the Insurers' Association on issues linked to the World Trade Organisation (WTO).

He is a member of the Working Group on Financial Services set up by the Government on issues connected with the WTO and was part of the national delegation which took part in the WTO negotiations in Geneva in 2002 and 2003.

He acts as Director of Companies in the tourism, sugar and commercial sectors.

Directorships of Listed Companies:
— The Mount Sugar Estates Co. Ltd. (member of its Governance Committee)
— Naïade Resorts Limited (Alternate Director)

Jean Paul Chasteau de Balyon acts as Company Secretary and Director of Swan Group Corporate Services Ltd.

Robert GALLET

Senior Manager

Senior Management Course - Graduate School of Business Administration (S.A.)
Diploma in Agency Management - Life Insurance Marketing and Research - Hartford, Connecticut
Diploma in Advanced Management Programme - Life Insurance Marketing and Research - Hartford, Connecticut

Robert Gallet (57) worked for eight years in the Pensions Business of Southern Life in South Africa. He held the position of assistant to Divisional Accountant responsible for the division's financial accounting function of the New Business, Underwriting, Claims, Commissions, Actuarial, Legal and IT departments, including budgeting, cost control and financial reporting, and general administration.

He worked for six years in the Individual Life Business of Southern Life in South Africa. He held the position of Manager and Senior Manager responsible for providing financial and administrative services to the New Business, Premium Collection, Underwriting, Policy Servicing, Claims, Actuarial, IT departments within the Division and all sixteen Regional offices and branches across the country with special emphasis on yearly and long term financial planning and budgeting.

He joined The Anglo-Mauritius in March 1987 whereby he has spent eighteen years in Pensions and Individual Life Business. He holds the position of Senior Manager responsible for the marketing of the Individual Business including the overall responsibility of its sales force. He manages the communication and marketing support function of the Swan Group and is responsible for the administration of the immovable property portfolio of the Company and its subsidiaries.

His key areas of expertise are administration and marketing.

senior management team profile

Alan GODER

Senior Manager

Student Member of the Institute of Actuaries
Followed various courses in IT including Unix and Visual Basic

Alan Goder (40) worked in the Actuarial Department of The Anglo-Mauritius as Actuarial Clerk from February 1988 to April 1989. From May 1989 to December 1995, he was employed as Technical Supervisor in the Life Department of The Albatross Insurance Company Ltd. From August 1996 to June 2001, he was the Executive Director of Actuarial & Capital Management Services Ltd.

From July 2001 to October 2004, he was the Chief Executive Officer of Pension Consultants & Administrators Ltd.

He joined The Anglo-Mauritius as Senior Manager in November 2004 where he oversees the Claims and Fund Administration departments. He is also responsible for managing Pension Consultants & Administrators Ltd.

Since January 2007, he is also Senior Manager to the Group Systems & Processes department.

His key areas of specialisation are pensions administration and consulting.

Sattar JACKARIA, B.Sc. (Hons.), F.I.A.

Senior Manager

B.Sc. (Hons.) Mathematics, Operational Research, Statistics and Economics, U.K.
Fellow of the Institute of Actuaries (F.I.A.), U.K.

From September 1999 to September 2006, Sattar Jackaria (30) was working in the HR Services department of Towers Perrin in London, United Kingdom. Towers Perrin is a leading provider of HR consulting services worldwide.

He joined Towers Perrin as an actuarial trainee after completing a degree at Warwick University (UK). He qualified as an actuary and was promoted to consultant in 2004. During his time with Towers Perrin, he acquired a vast experience in the HR space dealing mainly with subsidiaries of large US multinational companies.

He joined the Actuarial Department of the Company as Actuary in October 2006 and is responsible for the day-to-day running of the department. He also offers technical assistance to the other departments of the Group.

His key areas of specialisation include pensions business and actuarial consulting. He has been involved in a wide range of client facing activities including funding and investment advice, preparation of various types of GAAP disclosures, design and implementation of new pension schemes, advice in respect of merger and/or acquisition and day-to-day consulting.

Paul LAM KWOH HING, A.C.I.I.

Senior Manager

Associate of the Chartered Insurance Institute (A.C.I.I.) (U.K.)
Chartered Insurer (U.K.)
Intermediate Stage examinations - the Institute of Bookkeeping
Member of the Insurance Institute of Mauritius (IIM)

Paul Lam Kwoh Hing (61) joined The Anglo-Mauritius in 1967. He was appointed Pensions Superintendent in 1978 and promoted to Manager in the Pensions Department in 1994 and to Senior Manager in 2001. He leads the Pensions Department of the Company and is in charge of the portfolio of the Corporate Clients Group Pension Schemes administered by the Company.

He has acquired experience in various areas, including Actuarial Services, within the Company. He currently reckons over thirty years experience in Pensions Business.

He acted as Lecturer on a temporary basis at the University of Mauritius giving lectures in Elements of Insurance from November 1980 to March 1981 to students sitting for Chartered Insurance Institute (CII) examinations.

He regularly attends professional workshops relating to the insurance sector.

Vincent LAMUSSE, MSG

Senior Manager

Diplôme Universitaire en Sciences Economiques
Maîtrise de Science de Gestion (Bordeaux, France)

Vincent Lamusse (40) manages The Anglo-Mauritius Financial Services Ltd., which provides Fund Management and advisory services to the companies of the Swan Group as well as to other institutions, Pension funds, and Investments Funds.

He joined the Company in 1991 and was subsequently appointed Assistant Manager (Investments) in 1994, and Investments Manager in 1999. He received some training in England at Eagle Star Assurance, London Life, Teacher's Assurance, and Mercantile & General Reinsurance. He contributed substantially to the development of the range of the Unit Linked Life and Pension policies and set up the several Unit Linked Insurance Funds and other Segregated Funds of the Company. In 2004, he set up The Anglo-Mauritius Financial Services Ltd and was appointed Manager of this new venture. He was promoted Senior Manager in 2005.

senior management team profile

Vishnoo LUXIMAN, M.Sc.

Senior Manager

Master of Science in Human Resource Management (University of Surrey)
Diploma in Business Management (University of Surrey/ Mauritian Institute of Management)
Diploma in Personnel Management (University of Mauritius)
Member of the Singapore Human Resources Institute and of the Association of Human Resource Professionals (AHRP)-Mauritius

Vishnoo Luximan(46) worked as Assistant Personnel & Public Relations Officer at the Constance & La Gaieté SE Company Ltd from 1983 to 1988. He joined Deep River-Beau Champ Ltd (DRBC) as Assistant Personnel Manager/Public Relations Officer in 1988. He was promoted to the position of Personnel Manager/Public Relations Officer with the same company in 1990.

He was nominated Human Resources Manager of DRBC in 2002 and, as such, provided advice and services to 7 companies of the CIEL Group, including TPC Ltd (Tanzania). He cumulated the responsibility of Acting Secretary of the Mauritius Sugar Producers' Association with that of Human Resources Manager of DRBC from September to December 2005.

He joined the Group in 2006.

He is a registered trainer, up to degree level, with the Mauritius Qualifications Authority and has been delivering courses in the field of human resource management at the Regional Training Centre since 1998.

His key areas of specialisation are labour legislation, employee resourcing, training & development, performance management, reward management and employee relations.

Maxime REY

Senior Manager

Maxime Rey (55) gained audit experience at Kemp Chatteris, in association with Touche Ross & Co., Chartered Accountants, from 1973 to 1974, and at Coopers & Lybrand (De Chazal du Mée), in association with Coopers & Lybrand (International), Chartered Accountants, from 1974 to 1977.

From 1977 to 1980, he worked as First Assistant Accountant at Deep River Beau Champ Sugar Estate Ltd.

From 1981 to 1993, he worked for Kuehne and Nagel (Pty) Ltd in Johannesburg, South Africa. That Company forms part of Kuehne and Nagel International AG, Switzerland, a worldwide transport, travel consulting and insurance broking organisation with some 400 offices in 60 countries. He held various financial positions within that Company, building up valuable experience in this international framework. He was appointed Group Financial Controller in 1989 and Director in 1992.

He joined the Company in 1993 as Financial Controller, also heading the Company's then budding IT department. He was instrumental in the computerisation and modernisation of the accounting systems of the Company. He was concurrently appointed head of the Loans and Legal Departments, as well as Deputy Money Laundering Reporting Officer (M.L.R.O.), in 2003.

He was appointed Senior Manager - Group Finance in 2005, and is now heading the Finance departments of the Group.

George SUI TIT TONG , A.C.I.I.

Senior Manager

Associate of the Chartered Insurance Institute-U.K
Chartered Insurer-U.K
A founder member of the Insurance Institute of Mauritius

George Sui Tit Tong (60) joined the Company in January 1968.

He is a Senior Manager since July 2004 and is responsible for the overall operations pertaining to Individual Business, Group Life Schemes and the medical organisation of the company.

He is also the responsible person for the reassurance portfolio of the company and is in constant touch with its main reinsurers, namely Swiss Re and Munich Re.

His key area of specialization is the underwriting of life assurance business. He has acquired international exposure through his participations in workshops and attending conferences relating to life assurance and underwriting in London, Oxford, Singapore, Cape Town, Johannesburg, Geneva and Shanghai.

chairperson's statement

M.E. Cyril Mayer
/ Chairperson

On behalf of the Board of Directors, I am pleased to submit the Annual Report and Audited Financial Statements of The Anglo-Mauritius Assurance Society Limited and of the Group, for the year ended 31st December 2007.

On the economic front most of the attention was devoted to the sugar reform under negotiations with the Government. The satisfactory outcome of these negotiations prompted the application of the Multi Annual Adaptation Strategic Plan, the centrepiece reference to the key measures that have to be implemented if production of sugar is to be undertaken in the most cost-effective manner. Furthermore, it was on the basis of this strategic plan that the European Union was agreeable to release the financial grants earmarked within the framework of accompanying measures.

Another feeling of relief came from the conclusion of an Interim Economic Partnership Agreement with the European Union. This provisional instrument, which ensures duty free and quota free access of our products to the European Union market in the course of 2008, has enabled maintenance of favourable trading conditions with the European Union, any disruption of which would have resulted in considerable prejudice to our manufacturing sector. The challenge now lies in the delicate and difficult negotiations in view of the conclusion by December 2008 of a comprehensive and final Economic Partnership Agreement (EPA) with the European Union.

On the other hand, the economic, fiscal and monetary policies stated on the occasion of the budget speech, resolutely consolidated the transition initiated in 2006, with the result that signs of economic renewal were evermore noticeable, economic growth on the high and private investment more dynamic. Moreover, foreign direct investment flowed at unprecedented levels. The textile and tourism sectors have performed exceptionally well, and the sum of all this resulted in the fact that the balance of payment posted a surplus for the first time in many years. Another catalyst came from the announcement of an early reduction of the personal tax rate to 15% and the adoption of an overall flat rate of corporate tax at 15%. The Minister of Finance reiterated government's intention of opening the economy, facilitating business, investing massively in public infrastructure, broadening the scope of opportunities and restoring order in public finance. National solidarity was also stated to be a fundamental feature of the budgetary philosophy.

I am glad to report that the Group has been able to take advantage of the prevailing good macro-economic conditions by achieving very satisfactory results. In spite of the acute competitive environment, both turnover and profitability improved. Mr. Louis Rivalland who took over as Group Chief Executive on 1st January 2007, in setting clear strategies for future growth, gave a new impetus to the Group's objectives of business prosperity, people development and shareholder value.

The Anglo-Mauritius Assurance Society Limited proceeded with the amalgamation of six wholly-owned subsidiaries, namely: Standard Property Limited, Swan Properties Limited, Verdun Industrial Building Company Limited, Investment and Administrative Company (Mtius) Limited, Ilot Fortier Limited and Themis Limited. In proceeding with this amalgamation, both synergy and cost-efficiency within the Group are expected to improve.

In the course of the year three Directors expressed the wish to resign due to conflicting interests that may arise as a result of their newly acquired responsibilities.

I wish, on behalf of my colleagues of the Board, to place on record my appreciation of the longstanding and valuable contribution of Messrs. Arnaud Dalais and Hector Espitalier Noël to the development of the Group. I also wish to express my recognition to Mr. Sulliman Adam Moollan for his valuable assistance to the activities of the Board, more especially for having chaired so competently and tactfully its Audit and Risks Committee. I wish them all every success.

The Directors, acting on the recommendations of the Corporate Governance Committee, proceeded with the appointment of Messrs. Eric Espitalier Noël, Pierre Dinan and Jérôme de Chasteauneuf as Directors of Swan Insurance and Anglo-Mauritius. Mr. Michel Thomas was also appointed as Director of Swan Insurance to be the second executive on that Company's Board in compliance with the Code of Corporate Governance.

I would like, on behalf of my colleagues of the Board, to express my appreciation to the Group's executive and management teams and to the personnel at large who, by their dedication and hard work, contributed to the commendable performance of the Group.

In concluding, may I express my gratitude to my colleagues of the Board, more especially to those who contributed to its committees, for their valuable support and guidance throughout the year.

M. E. Cyril Mayer
Chairperson

group chief executive's review

Louis Rivalland
/ Group Chief Executive

After my first year at the head of the Group, I am pleased to present you with an overview of what we have achieved in 2007.

STRATEGIC REVIEW

We started the year by identifying the main priorities of the Group and the challenges going forward over the short to medium term. Six strategic initiatives were identified. They comprise profitability, human capital, our areas of operation, synergies within the Group, the use of technology and the core processes.

Each of these priorities was then broken down into actionable items either at Group level or operational level to ensure that the projects being worked on were in line with our business plan.

Some of the projects especially the ones to do with the reorganisation of the Group are quite exciting and will yield very interesting results. We are confident that they will make a real difference to the Group over the short term.

LONG TERM OPERATIONS

Total net premiums inclusive of annuity consideration has increased satisfactorily by around 11.3%, albeit lower than 2006. As expected, the reason for the lower rate of growth is due to the adverse fiscal changes introduced in July 2006 and which have now been in force for a full accounting year for the first time.

The abolition of tax relief on insurance premiums brings with it a window of opportunity for us. Under the old fiscal regime it was difficult to differentiate our products and services as a fair number of policyholders were more focused on the tax benefits. However, we believe that with the wide choice of individual products that we offer, ranging from the unrivalled flexibility of our unit-linked policies to our solid and very reliable conventional with-profit policies, we are well placed to meet the more demanding and ever-changing needs of prospective policyholders.

We are also investing heavily in the automation of our systems and procedures to offer a better and faster service to our clients. Coupled with the continued desire to design new and innovative products, we believe that we are positioning ourselves to add value to a new generation of more demanding policyholders.

Individual Business

Total premium income during the year under review has been affected by the fiscal measures introduced in 2006. We expect to see in the coming year the tail end of their consequences as people become increasingly conscious of the role of the Life Industry as a unique provider of financial security and a prominent player in personal savings.

During the year under review the new Insurance Act 2005 came into force bringing along considerable changes in the Industry's way of doing business. We have had to put significant resources towards its implementation. The main objective of the Act is to enhance the regulatory and supervisory framework to best international practices, and to safeguard consumers.

The abolition of tax incentives on life assurance and pension premiums has prompted us to review our strategies and products so as to ensure that policyholders receive the best possible return on their investment. A new assurance product, Anglo-Mauritius Oxygen Plan, was successfully launched in July 2007. One of the main features of Oxygen resides in its flexibility and enables the subscribers to choose their policies according to their needs - current and forthcoming. An integrated marketing and communication strategy was developed and a national advertising campaign was carried out using communications channels and tools such as public relations events, press releases, advertising, billboards, radio and television. Since its launch, the Oxygen policies have been very popular and have helped us boost the net premium income to achieve a growth of around 24% in the unit-linked business.

We continue to look for ways of increasing and diversifying our sales. In this regard a qualitative and quantitative survey was carried out to assess the image perception and brand positioning of the Company and its products in the region of Flacq for the opening of our first branch. The Flacq branch was officially launched on the 27 October 2007. This development tallies well with our wish to reinforce our proximity with our customers.

We have worked hard to extend to all unit-linked individual policyholders the web access facility offered to our corporate pension schemes in 2006. We are pleased to report that this project is now completed and that several thousands of our clients will be able to monitor their policies from the comfort of their computer.

We remain confident that we shall continue to add value to our policyholders through the combination of the flexibility of our products, the strong investment returns and our professional and trustworthy level of service.

Corporate Business

At the end of 2007, the Company provided administrative services to over 490 pension schemes. Total active membership of these schemes exceeds 19,000 lives.

Around 150 of these schemes are Defined Contribution (DC) confirming the trend towards this form of pension provision.

Members of the DC schemes have been offered the choice of two additional investment funds, namely, the Foreign Equity Fund and the Foreign Bond Fund.

With the Secure Fund, the Mixed Fund and the Equity Fund, members of DC schemes have now the choice of 5 funds where they can invest their contributions with the possibility of switching their funds once a year without any charge.

The web access service launched in 2006 has also been a success and is greatly appreciated by our DC scheme clients. We have noticed a great interest among the individual members of the schemes and a greater involvement in the investment aspect of their contributions. This is another example where our investment in technology is helping to add value for our clients.

We have continued in our strategy to offer bundled and unbundled services in all the various aspects relating to pension scheme management in response to the needs of our clients and to the current market requirements. The independent legal structures of Pension Consultants and Administrators Limited ("PCA") and Anglo-Mauritius Financial Services Ltd ("AMFS") and our leading actuarial department have enabled us to tender for and retain key services including administration, fund management and actuarial in the unbundled market.

Pension Consultants and Administrators Limited (PCA)

PCA contributes to our corporate business through the provision of administration and setting up services for self-administered occupational pension schemes and complements the administration services offered by Anglo-Mauritius Assurance.

In 2007, PCA has reinforced its position as the market leader in the field of administration of self-administered pension schemes and process outsourcing for insurance companies. As a result, income has increased by 30% while members under administration have increased to nearly 11,000 as compared to 9,000 last year.

PCA's objective for the coming year will be to further strengthen its internal resources to maintain its position as market leader.

The Anglo-Mauritius Financial Services Ltd (AMFS)

AMFS provides investment advisory and portfolio management services to companies within the Swan Group, private investors, institutions and superannuation funds. It is also the appointed distributor of GAM funds and Blackrock Merrill Lynch international funds in Mauritius. The clients that subscribe to these funds are also offered advisory and/or portfolio management services. Although operating in a very competitive environment, the Company has improved its profits over last year and is expected to continue to grow in the coming years.

group chief executive's review

ECONOMIC HIGHLIGHTS

The World Economy

Global economic growth is projected at 4.9 per cent for 2007 amidst volatile oil prices and rising global current account imbalances. The US economy is targeted to grow at a 2.6% pace while GDP in China is expected to increase by 10%. Similarly, India is well poised to expand at a rate of 8.3%. Elsewhere, developed markets experienced large periods of slowdown whilst emerging markets registered robust growth levels.

Domestic economy

The Mauritian economy grew at a higher rate of 5.6% during the year 2007 compared to 5.0% in 2006. In 2007, GDP at basic prices was Rs. 204 billion (2006: Rs. 182 billion) derived from the services sector (68.9%), the manufacturing sector (26.6%) and the agricultural sector (4.5%). GDP per capita at basic prices is estimated at Rs. 162,098 compared to Rs. 144,959 representing an annual increase of 11.8%. Inflation rate for the year 2007 steadied at 8.8% (2006: 8.9%) while the unemployment rate is targeted to diminish to 8.8% (2006: 9.1%). The investment rate was slightly higher at 24.5% over the year compared to 24.3% in 2006 with the share of private and public sector investments increasing to 77.3% and decreasing to 22.7% respectively (2006: 68.3% and 31.7%).

The sugar industry was adversely affected over the year by a 12.8% contraction in sugar production to 440,000 tonnes (2006: 504,857). The downfall is essentially attributable to poor climatic conditions and diminishing harvested areas under the property development scheme. Moreover, revenues were lowered due to an appreciating rupee vis-à-vis its main trading currencies.

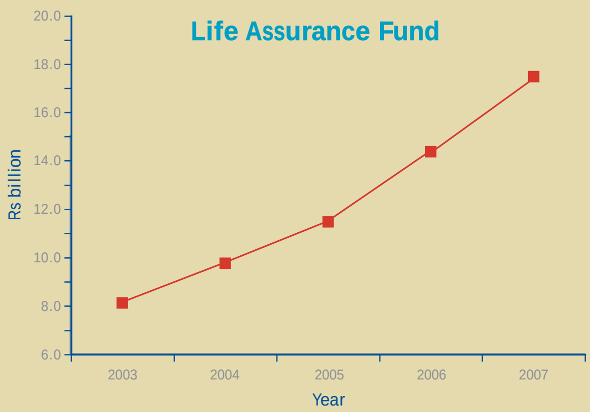
The tourism industry grew impressively in 2007 by 15.1% after the sluggish growth of 3.5% in 2006. Tourist arrivals reached a record 906,271 compared with 788,276 in 2006. The aggressive promotional campaigns launched by the government in the aftermath of 'Chikungunya' in our main markets, were highly rewarding. Moreover, the opening of the air access to new carriers increased the seat capacity. Tourism receipts for the year 2007 is estimated to peak at Rs. 38.8 billion (2006: Rs. 31.9 billion).

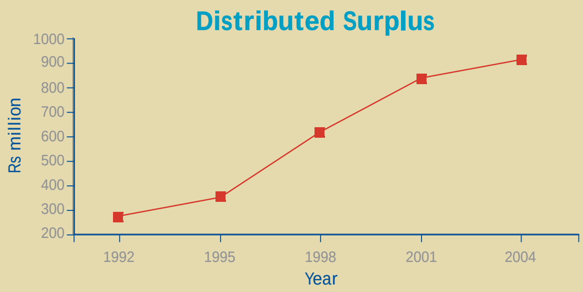
The manufacturing sector registered another year of growth at 3.5% after 4.0% in 2006 although operating with tight margins and a higher rate of rupee vis-à-vis its main trading currencies. Competition remains fierce on the international scene especially as the global market moves towards trade liberalisation and the removal of quotas, which would benefit low-cost producers such as China and India.

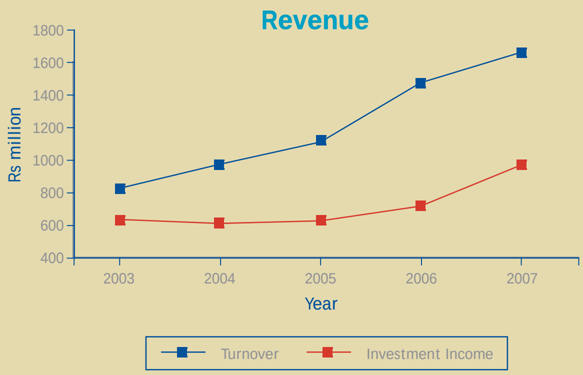
The construction sector boomed by 15.0% in 2007 after the appreciable growth of 5.2% in 2006, mainly due to a mushrooming of construction and renovation projects under the Integrated Resort Scheme, hotel and textile sectors.

Financial intermediation sector grew by a consolidated 7.3% in 2007 essentially supported by growths of 7.6% and 5.1% in banks and insurance clusters respectively.

FINANCIAL HIGHLIGHTS







The Life Assurance Fund at 31st December 2007 amounted to Rs. 17.6 billion (Rs. 14.4 billion in 2006) increasing by Rs. 3.2 billion during the year (Rs. 2.9 billion in 2006).

The Life Assurance Fund includes a fair value reserve of Rs. 5.4 billion in 2007 (Rs. 3.6 billion in 2006). The increase in fair value reserve of Rs. 1.8 billion made during the year (Rs. 1.4 billion in 2006) is due to the excellent unrealised gains of our equities portfolio on the stock exchange.

The premiums receivable net of re-assurances and annuity considerations amounted to Rs. 1.6 billion in 2007 (Rs. 1.5 billion in 2006), including Rs. 529.4 million for the linked business (Rs. 425.6 million in 2006).

The Company sustained during the year death and disablement claims of Rs. 57.5 million as compared to Rs. 52.1 million in 2006. Maturities paid amounted to Rs. 617.3 million as compared to Rs. 566.4 million last year.

During the year, surrenders increased from Rs. 206.8 million to Rs. 377.9 million.

Realised capital appreciation of Rs. 390.5 million was made on the non-linked account during the year as compared to Rs. 150.6 million in 2006, and realised capital depreciation of Rs. 6.4 million was made on the linked account in 2007 as compared to an appreciation of Rs. 44.6 million last year.

Loss on exchange of Rs.197.8 million was made on the non-linked account in 2007 as compared to a gain of Rs. 203.3 million last year, and loss on exchange of Rs. 28.5 million was made on the linked account during the year as compared to a gain of Rs. 18.9 million in 2006.

Declaration of dividends was consistent with the Company's dividend policy as stated in the Governance Report.

INVESTMENTS

Equity Market

The Semtri crossed a new record level and registered a remarkable gain of 59.1% over the year. This index performed positively for the 6th consecutive year averaging an annualised total return of 40.7% over the period. The local market was buoyantly traded by both local and foreign investors with a total volume of 257.6 million shares exchanging hands for a consideration of Rs. 11.7 billion in 2007. Global stockmarkets averaged a growth of 9.6% in 2007 as measured by the MSCI World Index (US Dollars). Amongst the developed markets, Europe returned 11.0% followed by the United States (US) with 3.5% whilst Asia recorded losses of 1.2% in US Dollar terms over the year.

Fixed Income Market

On the fixed income side, interest rates in Mauritius rose by 75 basis points over the year to ease excess liquidity and contain imported inflation. Over the same period the rupee appreciated vis-à-vis its main trading currencies, the US Dollar and the Euro, by 13.0% and 5.0% respectively. In the US, the Central Bank reduced its key interest rates by 100 bps in 2007 to mitigate the effects of the subprime mortgage crisis and stimulate the economy.

Company's Investment Portfolio

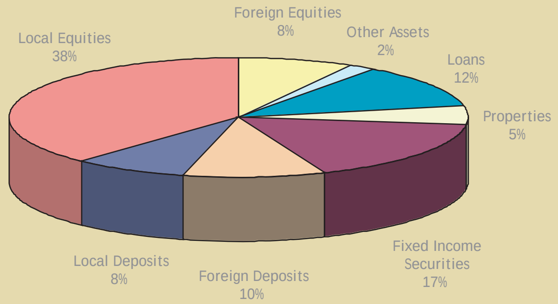
The investment portfolio of the Company performed well over the year. The fund was invested in a mix of 39% in equities and 61% in fixed income securities. Investment income improved due to higher prevailing interest rates, better yields on government securities and an excellent performance of 47.7% of the equity portfolio. Other income decreased slightly as the profits realised on the sale of equities were partly depleted by the unrealised losses on the foreign deposits.

Performance of The Anglo-Mauritius Funds

The Non-Linked Fund remains our largest fund as at 31st December 2007 with assets in excess of Rs. 15.4 billion at market value compared to Rs. 12.8 billion in the previous year. The assets are allocated at approximately 47% in fixed income instruments and 53% in shares & properties. The fund progressed satisfactorily supported by the exceptional performance of its local equity portfolio. Moreover, approximately 18% of the fund is invested in foreign assets to diversify its asset mix and optimise performance.

The Equity Fund (Life) was our overall best performing fund with an outstanding return of 45.1% during the year. This fund invests mainly in quoted shares on the local stock exchange, with a small exposure to foreign stock markets. Moreover, the General Fund (Life), predominantly invested in fixed income instruments, and the Mixed Fund (Pension), balanced between equity and fixed income securities, recorded annualised returns of 9.6% and 19.7% respectively.

Asset Mix



group chief executive's review

LEGAL & REGULATORY FRAMEWORK

The Financial Services Act 2007, the Securities Act 2005 and the Insurance Act 2005 were proclaimed and came into force on 28th September 2007.

The Securities (Amendment) Act 2007 and the Insurance (Amendment) Act 2007 which amend the Securities Act 2005 and the Insurance Act 2005 respectively were also proclaimed on the same date.

Accordingly, the Financial Services Development Act 2001, the Financial Services Development (Amendment) Act 2005, the Insurance Act 1987, the Stock Exchange Act 1988 and the Unit Trust Act 1989 are repealed.

The objective of the legislation is to improve and modernise the legal framework that govern the non-bank financial services sector by simplifying processes and procedures, removing hurdles to investment, facilitating delivery of services and achieving international standards in every activity so as to be globally competitive.

The Financial Services Act aims at providing a consolidated framework for regulating global business and financial services. Its main objectives are to consolidate all amendments brought to the Financial Services Development Act since it was enacted in 2001 in one single Act; to streamline and consolidate the whole licensing framework for various non-bank financial institutions and financial service providers; and to revisit and update the conceptual approach to global business. The Financial Services Act aims at creating a level playing field amongst operators in the financial services sector whilst ensuring that the regulator is also responsible for studying new avenues for development in the financial services sector and for achieving economic sustainability. The new law specifically provides for the independence of the Financial Services Commission as a regulatory body. The Financial Services Act which redefines the concept of global business also provides for the designation of industry associations in all financial services sectors as Self Regulatory Organisations.

The Securities (Amendment) Act 2007 has brought minor amendments to the Securities Act. It extends the scope of "securities" and "exchanges", thus enabling the Commission to approve the trading of a wider range of instruments and license Commodity and other exchanges.

The amendments that are set out in the Insurance Act are essentially to enhance the regulatory and supervisory framework for the insurance industry and to provide greater protection to policyholders. The Insurance (Amendment) Act removes certain administrative obligations on branches of foreign insurers operating in Mauritius and provides for greater flexibility in exceptional circumstances. The Act also deals with two important technical issues relating, firstly, to the definition of solvency and, secondly, to assets backing liabilities.

To complete this legislation, the Minister has made new Regulations under the Insurance Act 2005 and the Financial Services Commission has issued a set of rules under the Insurance Act 2005 relating to solvency, statutory Reinsurer and returns and under the Securities Act 2005 relating to licensing, Disclosure Obligations of Reporting Issuers and Public Offers.

In order to encourage insurers to adopt enhanced procedures in relation to consumer complaints, the Financial Services Commission has issued Guidelines for Insurance Companies on Complaints Handling, and the Company has appointed a Complaints Coordinator since January 2007.

The Borrower Protection Act 2007 which came into force in March 2007 covers credit agreements not exceeding two million rupees granted by lending institutions and makes provisions, inter alia, for prudential measures to safeguard the interests of the borrower and of the lender, the rescheduling of debt as a result of a reasonable cause of hardship, the nullity of an extortionate credit agreement and a change in the judicial process from one of sale by levy to that of a private contract or sealed offers.

The Swan Group has had the immense privilege of welcoming Mr. Mathew Beale to carry out an in-house training programme on anti-money laundering for the Group front-staff employees. Mr. Beale has been the Senior Compliance Manager of the Jersey Financial Services Commission and was also a senior lecturer for the International Compliance Association.

The workshop aimed at enhancing awareness and increasing levels of competence as well as correcting misunderstandings and misconceptions about money laundering.

HUMAN RESOURCES & ORGANISATION STRUCTURE

Human Resources

In 2007 we have focussed our efforts on the creation of an enabling environment for learning and development to take place. A needs analysis has been carried out and a plan set up. The whole Management team has also been sensitised to the importance of constantly updating one's knowledge and skills in a fast evolving business environment.

We have also reviewed our internal communication structure in order to ensure an effective flow of information downwards, upwards and sideways. We have set up innovative communication channels while reinforcing the existing ones. Our aim is to enable all employees understand the link between their key responsibility areas and the high level objectives of the Swan Group and, thus, contribute more intelligently towards their realisation. We have also popularised the concept of Management of Ideas. A structure has been set up to encourage employees at all levels to contribute ideas that can add value to the Swan Group.

We have initiated an exercise in view of ensuring that the Swan Group's culture supports the attainment of its strategic goals. This exercise, which is being carried out with the help of an external consultant, has started with an audit of the Group's leadership and culture. An action plan has been set up and is being implemented on the basis of the findings.

Retirements

Mr. Paul Rousset, Consultant to the Group Chief Executive retired from Swan Insurance on 01st July 2007 after 40 years of service with the Company. I wish to put on record his remarkable contribution to the development of the short-term business during his career with Swan Insurance. He has kindly accepted Management's request to act as part-time Consultant to the Group Chief Executive as from August 2007. This will enable the Group to benefit from his wide knowledge and long experience for some more time.

Mr. Gerald Lincoln resigned from his post of Consultant to the Group Chief Executive at the end of December 2007. Over the past 6 years, following his retirement from The Anglo-Mauritius, he has offered advice and guidance to the whole Management Team of the Swan Group. This has enabled the smooth transfer of critical business knowledge to the Management Team. I wish to seize this opportunity to thank him for his valuable contribution to the Swan Group and to wish him a long and peaceful retirement.

Organisation structure

In view of giving a boost to our short-term operations, we have decided to set up a new organisation structure in respect of the various underwriting departments of Swan Insurance. The aim of this new structure is to improve our level of service by having a smoother and coordinated approach in line with clients' and intermediaries' requirements. Thus the Motor, Fire & Accident, Commercial and Marine departments have been placed under the responsibility of Mr. Rémi Desvaux, who has been promoted to the level of Senior Manager, Underwriting, since 1st July 2007. Mr. Jean-Marc Chevreau has been entrusted with the responsibility for Individual Business Development, Agents' Monitoring & Product Review.

None of what was achieved in 2007 would have been possible without the skill and dedication of our employees for which we are thankful. We are embedding a performance culture and a forward thinking approach throughout the Company with increased focus on prompt execution and quality service to meet customers' evolving needs.

Our gratitude also goes to all our stakeholders, especially our agents and brokers who have contributed to the performance of the Group.

Rivalland

Louis Rivalland
Group Chief Executive

corporate governance report 2007

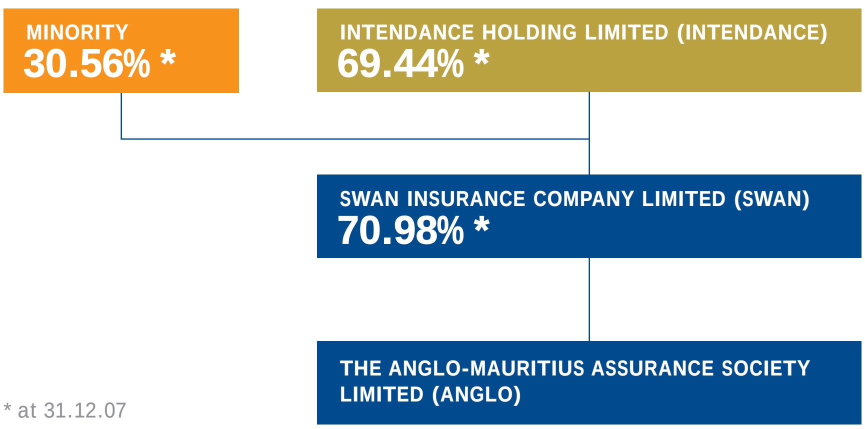
1. COMPLIANCE STATEMENT

The Group is committed to the highest standards of business integrity, transparency and professionalism. The management of the Group's activities is exercised ethically and responsibly with the ultimate objective of enhancing shareholders' value and having regard to stakeholders at large.

During the year under review, the Group ensured that its operations yielded acceptable returns to stakeholders and were conducted in a way that displayed the following characteristics of good governance, namely discipline, transparency, independence, accountability, fairness and social responsibility.

The Boards of directors ensure that the principles of good governance are followed and applied throughout the Group.

2. ULTIMATE HOLDING COMPANY



* at 31.12.07

3. COMMON DIRECTORS (at 31.12.2007)

	ANGLO	SWAN	INTENDANCE
M.E. Cyril Mayer	■	■	■
M.J. Cyril Lagesse	■	■	■
P. Arnaud Dalais	■	■	■
Eric Espitalier-Noël	■	■	■
Pierre Doger de Spéville	■	■	■

4. MAJOR SHAREHOLDERS

At April 30, 2008, the following shareholders held more than 5% of the ordinary share capital of the Company:

	Direct		Indirect	
	No. of shares	% of voting rights	No. of shares	% of voting rights
Swan Insurance Company Limited	1,774,530	70.98	-	-
Intendance Holding Limited	-	-	1,232,234	49.28
	1,774,530	70.98	1,232,234	49.28

5. DIVIDEND POLICY

Every three years, an actuarial valuation report is made by our Consulting Actuaries in accordance with the Insurance Act. The purpose of this valuation is to determine the surplus (deficiency) of the Life Assurance Fund for the period under review.

The surplus is distributed as follows:

- 90% to policyholders as bonuses on policies.
- 10% to shareholders through a transfer to Proprietors' Fund.

The above transfer to Proprietors' Fund is used for the payment of dividends over the next three years and Directors ensure that dividends are authorised and paid out only if the Company shall, upon the distribution being made, satisfy the solvency test.

6. THE BOARD OF DIRECTORS

There is a clear separation of the roles of the Chairperson and the Group Chief Executive. The Chairperson leads the Board, ensuring that each director, particularly the non-executive directors, is able to make an effective contribution. He monitors, with the assistance of the Secretary, the information distributed to the Board to ensure it is sufficient, accurate, timely and clear. The Group Chief Executive has the day-to-day management responsibility for the Group's operations, implementing the strategies and policies agreed by the Board. The non-executive directors constructively challenge and help develop proposals on strategy, scrutinise the performance of management in achieving objectives and monitor the reporting of performance.

The independent non-executive directors bring a wide range of experience and skills to the Board. They are free from any business or other relationships which would materially affect their ability to exercise independent judgement, constructively dissent and are critical by-standers.

All directors have access to the advice and services of the Secretary. Where necessary in the discharge of their duties, directors may seek independent professional advice at the Company's expense.

As part of the induction process, newly appointed directors receive an 'Induction Pack' containing key information on the Group and the sector in which it operates.

(a) Role of the Board

The Board leads and controls the Company and is the link between shareholders and the Company. It also is the focal point of the corporate governance system and is ultimately accountable for the performance of the affairs of the Company. Compliance is equally the responsibility of the Board, which ensures that the Company complies with the full set of laws, rules and regulatory framework in which it operates.

The Board is responsible for organising and directing the affairs of the Company in the best interests of shareholders, in conformity with legal and regulatory framework, and consistent with its constitution and best governance practices.

corporate governance report 2007

(b) Election of Directors

The Code of Corporate Governance provides for directors to be elected (or re-elected as the case may be) every year at the annual meeting of shareholders. However, the Board does not consider this recommendation to be appropriate within the context of the Group. In addition, the constitution of the Company does not make any provision for such a procedure. The Board believes that the complexity of the Group's operations is such that a reasonable time should be allowed for an independent director to be reasonably conversant with its technicalities. This applies particularly to those Directors who are members of the Audit and Risks Committee.

(c) Evaluation

The Board is composed of Directors coming from a wide cross section of the sectors of our economy. Every Director has drawn from his professional background and competence in positively contributing to the Board's activities, especially those who are members of the Board Committees.

(d) Directors' interests in shares at 31.12.2007

Directors	Direct interest	
	No. of shares	%
M.J.Cyril Lagesse	1,250	0.050
Pierre Doger de Spéville	70	0.003
	1,320	0.053

7. REMUNERATION POLICY

The Board is responsible for the remuneration policy of the Group and duties are delegated to the Group Human Resource (HR) management team.

The Remuneration structure has been designed so as to support the following strategic aims:

- Provide a remuneration package that attracts, retains and motivates staff and help to develop a high performance culture.
- Ensure that pay levels are internally consistent and externally competitive.
- Reward employees according to their performance and contribution.
- Provide a right mix of non-financial as well as financial rewards.
- Ensure that the remuneration package promotes improved performance and is affordable.

Executive director's remuneration package consists of basic salary, annual performance bonus, pension provision, other benefits and an annual director's fee. The structure of the package is reviewed annually and benchmarked to market norms and practices. The Group's objective is to attract, motivate and retain executive directors of the highest calibre. This being essential for the successful leadership and effective management of the Group.

Non-executive directors receive an annual fee for their knowledge, experience and insight given to the Board and Committees.

The remuneration policy for executive directors approaching retirement is determined by the Corporate Governance Committee on a case-to-case basis.

8. BOARD COMMITTEES

(a) The Audit and Risks Committee

The Committee consists of four non-executive directors, three of whom are independent including the Chairperson. The current members are Mr. Pierre Dinan, Mr. Henri Harel, Mr. Peroomal Gopallen Mooroogen and Mr. Victor Seeyave. The Group Chief Executive attends unless a conflict of interest is likely to arise. Members of the Committee (including the Chairperson) have adequate financial awareness.

Executives, Members of the Senior Management Team, the Partner in charge of external audit and the Internal Auditors may be required to attend meetings of the Audit and Risks Committee.

The Audit and Risks Committee may secure the attendance of external professional advisers at its meetings in order to perform its duties.

The Committee is satisfied that it has discharged its responsibilities for the year in compliance with its terms of reference.
The Audit and Risks Committee's focus is on:

- The reliability and accuracy of the financial information provided by management to the Board and other users of financial information;
- The functioning of the internal control and the risk management systems;
- The functioning of the internal auditors;
- The risk areas of the operations to be covered in the scope of the internal and external audits;
- Whether the services of the current external and internal auditors should continue;
- Any accounting or auditing concerns identified as a result of the internal or external audits;
- Compliance with legal and regulatory requirements with regard to financial matters;
- The scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors;
- The nature and extent of non-audit services provided by the external auditors; and
- Financial information to be published by the Board.

(b) The Corporate Governance Committee

The Committee consists of four non-executive directors, three of whom are independent.
The current members are Mr. Cyril Mayer (Chairperson), Mr. Pierre Dinan, Mr. Peroomal Gopallen Mooroogen and Mr. Victor Seeyave. The Group Chief Executive is in attendance.

The Corporate Governance Committee's terms of reference include but are not limited to:
- Determining, agreeing and developing the general policy on corporate governance in accordance with the Code of Corporate Governance, legal compliance and ethical policies;
- Assisting the Board on establishing a formal and transparent procedure for developing a remuneration policy for executive and senior management;
- Putting in place plans for succession, in particular the Chairperson and the Group Chief Executive;
- Making recommendations to the Board on all new Board appointments; and
- Determining the level of emoluments of executive, non-executive, Independent non-executive directors and Board Committees members.

The Committee is authorised to seek any information it requires from any employee of the Group in order to perform its duties and shall set the appropriate procedures accordingly.

The Committee is authorised to obtain, at the Group's expense, such outside legal or other independent professional advice as it considers necessary to perform its duties.

9(a) BOARD AND COMMITTEES' ATTENDANCE IN 2007

		Board	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held during the year		4	5	2
Directors	Classification		Attendance	
M.E. Cyril Mayer (Chairperson of the Board and Corporate Governance Committee)	Non-executive	4	N/A	1
M.J. Cyril Lagesse	Non-executive	3	N/A	N/A
P. Arnaud Dalais	Non-executive	2	N/A	N/A
Pierre Doger de Spéville	Non-executive	3	N/A	N/A
George John Dumbell	Non-executive	1	N/A	N/A
M.M. Hector Espitalier-Noël (Up to 21/11/2007)	Non-executive	1	N/A	N/A
Eric Espitalier Noël (As from 21/11/2007)	Non-executive	1	N/A	N/A
Henri Harel	Non-executive	4	3	N/A
Thierry Lagesse	Non-executive	3	N/A	N/A
M.F.I. Jean Hugues Maigrot	Non-executive	2	N/A	N/A
Sulliman Adam Moollan (Chairperson of Audit & Risks Committee – (Up to 19/09/2007)	Independent non-executive	2	4	1
Peroomal Gopallen Mooroogen	Independent non-executive	4	5	2
Victor Seeyave	Independent non-executive	3	5	2
Louis Rivalland	Executive	4	5	2

(b) DIRECTORS' REMUNERATION IN 2007

	From the Company	From Subsidiary Companies
	Rs	Rs
Non-Executives	1,054,500	64,500
Executive	4,229,074	30,000

10. SECRETARY

All directors have access to the services of the Secretary who is responsible for ensuring that Board procedures are followed and plays an active role in the facilitation and induction of new directors and the improvement and monitoring of corporate governance processes.

11. RELATED PARTY TRANSACTIONS

For related party transactions, please refer to Note 29 to the financial statements.

12. CONSTITUTION

The constitution of the Company does not provide any ownership restriction or pre-emption rights. It is in conformity with the Companies Act 2001 and Mauritius Stock Exchange Listing rules.

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year under review.

14. INTERNAL AUDIT

Internal Audit is an objective assurance function reporting to the Audit and Risks Committee and the Board of Directors. It derives its authorities from the Board through the Audit and Risks Committee.

Messrs. Ernst & Young, Public Accountants perform the duties of Internal Auditors.

- **Role and Responsibilities**
  The Internal Auditors are responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management.
- **Reporting and disclosure**
  - Structure and Organisation
    The internal audit charter, which is reviewed and approved every three years by the Audit and Risks Committee, establishes the composition, role, scope, authority, independence, reporting procedures, auditing standards and responsibilities of the Internal Auditors.
  - Reporting lines
    The Internal Auditors have a direct reporting line to the Audit and Risks Committee and maintain an open and constructive communication with executive management. They also have direct assess to the Chairperson of the Committees and of the Board. This reporting structure allows the Internal Auditors to remain independent and report all items of significance to the Board and the Audit and Risks Committee.
- **Coverage and Risk Management**
  The annual internal audit plan, which is approved by the Audit and Risks Committee, is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited.
- **Accessibility**
  The Internal Auditors have unrestricted access to the records, management or employees of the Group.

  The Internal Auditors act as a source of constructive advice and best practice, assisting the Audit and Risks Committee in its responsibility to improve the processes by which risks are identified and managed and to report and advise on the proper and effective use of resources.

15. RISK MANAGEMENT

In our business, successful management essentially means controlling risks in order to protect the financial strength of the Group and increase its value on a sustained basis.

The Board has overall responsibility for the Group's systems of risk management and for reviewing their effectiveness at least annually. The systems are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material financial misstatement or loss.

Executive management has the responsibility for establishing and implementing appropriate systems and controls in their own areas of remit.

corporate governance report 2007

Risks Management refers to the process used by the Group to monitor and mitigate its exposure to risk. The objective of risk management is not to completely eliminate risk but to reduce it at an acceptable level having regard to risk appetite of the Group. It is the intention of the Group to align the risk management framework of the Group to best practices.

Risk assessment activities were carried out by the Internal Auditors following which management of the Group and the Internal Auditors have been working in collaboration to finalise the risk-monitoring framework. The risk management framework will be continuously reviewed and updated to reflect the ongoing risk facing the Group.

Risks discussed and identified for the Group are categorised as follows:

- **Insurance risk**
  The Group's insurance activities are primarily concerned with the pricing, acceptance and management of risks from customers.
  The Claims department closely monitors claims development. The Management of the underwriting and claims risks uses a number of tools to write certain higher risk classes of business, review performance and management of insurance portfolios throughout the Group.
- **Reinsurance risk**
  The Group's reinsurance strategy and appetite is set by management and recommended to the Board for approval. The Reinsurance team monitors and controls reinsurance activity and has the responsibility for the purchase of the Group's covers. Major treaty purchases are analysed to ensure that the level of cover purchased is aligned to the Group's risk appetite and strategy. Over and above treaty capacities, large risks are reinsured on the facultative reinsurance market.
- **Environment and Strategy risks**
  These risks arise when there are environmental forces that could either put the Group out of business or significantly change the fundamentals that drive the Group's overall objectives and strategies.

  Environment risks may arise from:
  — failure to understand customer wants;
  — failure to anticipate or react to actions of competitors; and
  — over dependence on vulnerable suppliers, etc.

  As the Group's competitive advantage becomes difficult to maintain, management's assumptions about the business environment provide a critical starting point for re-evaluating and formulating new business strategies.

  These assumptions include the strategic profile of major competitors, demographic and social trends, new technologies that provide opportunities for competitive advantage and economic, political, and regulatory developments. The assessment of the Environment and Strategy risks also included discussions on:

  — *Regulatory Risks:*
    Changes in regulations and actions by the local regulators can result in increased pressures and significantly affect the Group's ability to efficiently and competitively conduct business.
  — *Industry Risks:*
    Risks which makes the industry less attractive as a result of changes in:
    • Key factors for competitive success within the industry, including significant opportunities and threats;
    • Capabilities of existing and potential competitors; and
    • Group's strengths and weaknesses relative to present and future competitors.

- **Operational risks**
  Operational risks are defined as risks of loss resulting from inadequate or failed internal processes and procedures, human error or system failure or from external events (e.g. legal risks). Operational loss events have significant negative impact on the market value of insurers.

  Operational risks are further broken down into:
  — Human resource risks:
    Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.
  — Fraud risks:
    Intentional or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involving one internal party and/or a third party.
  — Physical risks:
    Losses due to fire, cyclone, explosion, riots etc.
  — Business Continuity risks:
    Losses from failed transaction processing, and process management, inadequate back ups and loss of data.

— Reputational risks:
Losses due to unintentional or negligent failure to meet a professional obligation to specific clients or from the nature or design of a product.

- **Information Processing/Technology Risks**
These are risks that hardwares and softwares are not operating as intended, are compromising the integrity and reliability of data and information, are exposing significant assets to potential loss or misuse, or are exposing the Group's ability to maintain a high standard of its main business processes.

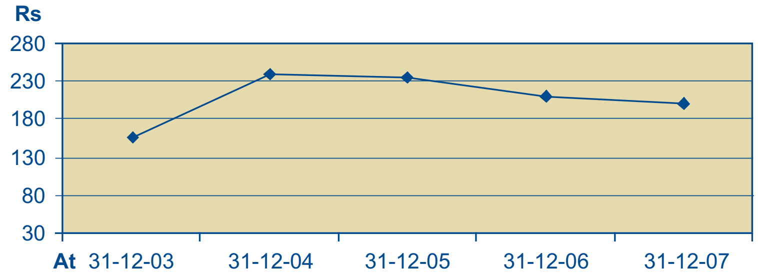
- **Financial Risks**
The primary sources of financial risks within the Group are reinsurance counterparties, credit risk inherent to insurance contracts, treasury and investment activities and premium debtors. Market risk arises from the Group's investment portfolios. Liquidity risk is considered to be low for the Group.

The management of these financial risks is further discussed in Note 3 to the financial statements.

16. SHARE OPTION

The Group has no share option plan.

17. SHARE PRICE INFORMATION



Share Price of the Company increased by 28.21% over the last five years, from Rs. 156.- per share at December 31, 2003 to Rs. 200.- per share in 2007.

18. SHAREHOLDERS' PROFILE

The Company's shareholders' profile at year-end was as follows:

(a)

Range of shares	No. of shareholders	No. of shares	% holding
1 - 500	211	22,669	0.91
501 – 1,000	32	24,497	0.98
1,001 – 5,000	51	110,881	4.44
5,001 – 10,000	8	59,137	2.36
10,001 – 50,000	5	124,550	4.98
50,001 – 100,000	6	383,736	15.35
100,001 – 250,000	0	0	00.00
250,001 – 500,000	0	0	00.00
Over 500,000	1	1,774,530	70.98
TOTAL	**314**	**2,500,000**	**100.00**

corporate governance report 2007

(b)

Category	No. of shareholders	No. of shares	% holding
Individuals	261	214,367	8.58
Insurance and Assurance Companies	3	5,556	0.22
Pension and Provident Funds	1	9,800	0.39
Investment and Trust Companies	7	165,144	6.61
Other Corporate Bodies	41	330,603	13.22
The Holding Company	1	1,774,530	70.98
TOTAL	**314**	**2,500,000**	**100.00**

19. CHARITABLE DONATIONS

For charitable donations, please refer to page 84 of the Annual Report under 'Other Statutory Disclosures'.

20. STAKEHOLDERS' RELATIONS AND COMMUNICATION

The Group's objective is to properly understand the information needs of shareholders and to have an open and meaningful dialogue with all its stakeholders. Open lines of communication are maintained to ensure transparency and optimal disclosure. All Board members are requested to attend the annual meeting of shareholders.

The Annual Report is sent to all shareholders and to a number of stakeholders. The Group's website provides financial, business and other information about the Group's activities and profile.

21. CODE OF ETHICS

The Group is committed to the highest standards of integrity and ethical conduct in dealing with all its stakeholders. The Group's Code of Ethics is based on the Model Code of the Joint Economic Council and adapted to meet the specific needs of the Group.

22. SUSTAINABILITY REPORTING

The Group is committed to the development and implementation of social, safety, health and environmental policies and practices, which comply with existing legislative and regulatory frameworks. In this area, the Group is aiming for best practice in line with its corporate values and long-term objectives.

In reckoning its social responsibility and the significance of broadening its role to areas not directly connected with its operations, the Group, as a corporate citizen, contributed to the development of a number of organisations in the educational, cultural, social and humanitarian fields.

23. TIME-TABLE OF IMPORTANT FORTHCOMING EVENTS

June 2008	Annual Meeting of Shareholders
September 2008	Filing of half-year results with the Stock Exchange of Mauritius
November 2008	Publication of Unaudited condensed financial statements for third quarter 2008
November 2008	Board of Directors meets to decide on the advisability of declaring a dividend.

Jean Paul CHASTEAU DE BALYON
For Swan Group Corporate Services Limited
Secretary

statement of directors' responsibilities

Directors acknowledge their responsibilities for:

(i) adequate accounting records and maintenance of effective internal control systems;

(ii) the preparation of financial statements which fairly present the state of affairs of the Company and its Subsidiaries as at the end of the financial year and the results of its operations and cash flows for that period and which comply with International Financial Reporting Standards (IFRS);

(iii) the selection of appropriate accounting policies supported by reasonable and prudent judgements.

The external auditors are responsible for reporting on whether the financial statements are fairly presented

The directors report that:

(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(ii) appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

(iii) applicable accounting standards have been adhered to. Any departure in the fair presentation has been disclosed, explained and quantified.

Signed on behalf of the Board of Directors

M.E. Cyril Mayer *Chairperson*	*M. J. Cyril Lagesse* *Director*

independent auditors' report

This report is made solely to the members of The Anglo-Mauritius Assurance Society 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 Anglo-Mauritius Assurance Society Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 40 to 81 which comprise the balance sheets at December 31, 2007 and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 40 to 81 give a true and fair view of the financial position of the Group and of the Company at December 31, 2007, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with, or interest 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.

Insurance Act 2005

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

BDO DE CHAZAL DU MEE
Chartered Accountants

Per M. Yacoob A. Ramtoola, F.C.A.

Port Louis,
Mauritius
01 April 2008

balance sheets

DECEMBER 31, 2007

	Notes	THE GROUP 2007 Rs'000	THE GROUP 2006 Rs'000	THE COMPANY 2007 Rs'000	THE COMPANY 2006 Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	**155,753**	163,139	**123,142**	129,781
Investment property	6	**400,117**	393,832	**332,045**	327,449
Intangible assets	7	**25,085**	25,101	**763**	611
Investments in Subsidiary Companies	8	**-**	-	**126,338**	126,338
Investment in associated Company	9	**54,171**	-	**-**	-
Financial assets	10	**10,513,461**	7,318,198	**10,513,461**	7,318,198
Loans and receivables	11	**2,264,670**	2,318,957	**2,264,670**	2,318,957
Statutory Deposit		**-**	8,000	**-**	8,000
		13,413,257	10,227,227	**13,360,419**	10,229,334
Current assets					
Trade and other receivables	12	**140,788**	133,059	**137,035**	131,414
Financial assets	10	**1,565,981**	2,113,295	**1,565,981**	2,113,295
Loans and receivables	11	**240,708**	198,104	**240,708**	198,104
Short term deposits	13/26(b)	**2,403,888**	1,854,180	**2,399,388**	1,854,180
Cash in hand and at bank	26(b)	**34,304**	88,540	**18,906**	74,724
		4,385,669	4,387,178	**4,362,018**	4,371,717
Total assets		**17,798,926**	14,614,405	**17,722,437**	14,601,051
EQUITY AND LIABILITIES					
Capital and Reserves (attributable to equity holders of the parent company)					
Share Capital	14	**25,000**	25,000	**25,000**	25,000
Proprietors' Fund		**295**	34,219	**295**	34,219
Equity holders' interest		**25,295**	59,219	**25,295**	59,219
Minority Interest	15	**11,014**	177	**-**	-
Total equity		**36,309**	59,396	**25,295**	59,219
Technical Provisions					
Life Assurance Fund	2(i)/16	**17,607,922**	14,384,606	**17,548,441**	14,376,113
Outstanding claims		**18,072**	10,101	**18,072**	10,101
		17,625,994	14,394,707	**17,566,513**	14,386,214
Non-current liabilities					
Deferred tax liabilities	17	**1,317**	1,472	**-**	-
Retirement Benefit Obligations	18	**63,178**	89,223	**63,292**	89,251
		64,495	90,695	**63,292**	89,251
Current liabilities					
Trade and other payables	19	**65,490**	63,114	**62,337**	61,367
Current tax liabilities	20	**6,638**	6,493	**5,000**	5,000
		72,128	69,607	**67,337**	66,367
Total equity and liabilities		**17,798,926**	14,614,405	**17,722,437**	14,601,051

These financial statements have been approved for issue by the Board of Directors on 1st April 2008.

M.E. Cyril Mayer
Chairperson

M. J. Cyril Lagesse
Director

The notes on pages 44 to 81 form an integral part of these financial statements.
Auditors' report on pages 38 and 39.

life assurance fund

FOR THE YEAR ENDED DECEMBER 31, 2007

		THE GROUP		THE COMPANY					
				NON-LINKED	LINKED	TOTAL	NON-LINKED	LINKED	TOTAL
	Notes	2007	2006		2007			2006	
		Rs'000	Restated Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross Premiums		1,470,620	1,337,548	941,245	529,375	1,470,620	916,172	421,376	1,337,548
Ceded to Reinsurers		(77,893)	(51,146)	(77,893)	-	(77,893)	(55,355)	4,209	(51,146)
Net insurance premiums		1,392,727	1,286,402	863,352	529,375	1,392,727	860,817	425,585	1,286,402
Consideration for annuities		255,557	193,958	255,557	-	255,557	193,958	-	193,958
Fee income on insurance and investment contracts		63,398	51,808	49,620	-	49,620	40,669	-	40,669
Investment income	21	970,031	720,711	817,178	156,565	973,743	610,198	115,984	726,182
Other income	22	384,101	195,127	390,471	(6,370)	384,101	150,560	44,567	195,127
Gain on exchange		-	222,218	-	-	-	203,293	18,925	222,218
Other operating income - rent		21,390	18,200	14,738	-	14,738	12,208	-	12,208
Share of results of associated company	9	24,667	-	-	-	-	-	-	-
		3,111,871	2,688,424	2,390,916	679,570	3,070,486	2,071,703	605,061	2,676,764
Gross death and disablement insurance claims		71,752	80,197	70,299	1,453	71,752	79,882	315	80,197
Recoverable from reinsurers		(14,255)	(28,057)	(14,255)	-	(14,255)	(28,057)	-	(28,057)
Maturity claims		617,302	566,372	565,729	51,573	617,302	553,111	13,261	566,372
Surrenders		377,915	206,773	207,784	170,131	377,915	169,129	37,644	206,773
Annuities		165,880	137,175	144,257	21,623	165,880	119,494	17,681	137,175
Commissions payable to agents and brokers		44,993	50,163	44,993	-	44,993	50,163	-	50,163
Fees payable		50,327	39,890	20,548	29,776	50,324	19,872	20,018	39,890
Depreciation of property and equipment	5	10,922	11,778	10,055	-	10,055	11,038	-	11,038
Depreciation of investment property	6	6,589	6,331	6,413	-	6,413	6,192	-	6,192
Amortisation of intangible assets	7	1,006	1,216	838	-	838	509	-	509
Computer development expenses		3,930	2,538	3,930	-	3,930	2,538	-	2,538
Bad debts		2,457	3,594	2,458	-	2,458	3,594	-	3,594
Marketing and administrative expenses	23	125,828	114,607	117,021	-	117,021	106,902	-	106,902
Loss on exchange		226,322	-	197,822	28,500	226,322	-	-	-
		1,690,968	1,192,577	1,377,892	303,056	1,680,948	1,094,367	88,919	1,183,286
Surplus for the year before taxation		1,420,903	1,495,847	1,013,024	376,514	1,389,538	977,336	516,142	1,493,478
Taxation	20	(3,058)	(19,340)	(1,592)	-	(1,592)	(17,294)	-	(17,294)
Surplus for the year		1,417,844	1,476,507	1,011,432	376,514	1,387,946	960,042	516,142	1,476,184
Surplus transferred as follows:									
— Life Assurance Fund	16	1,407,007	1,476,434	1,011,432	376,514	1,387,946	960,042	516,142	1,476,184
— Proprietors' Fund		-	-	-	-	-	-	-	-
— Minority interest	15	10,837	73	-	-	-	-	-	-
		1,417,844	1,476,507	1,011,432	376,514	1,387,946	960,042	516,142	1,476,184

The notes on pages 44 to 81 form an integral part of these financial statements.
Auditors' report on pages 38 and 39.

statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2007

THE GROUP

	Notes	Attributable to equity holders of the parent company Share Capital	Proprietors' Fund	Total	Minority Interest	Total
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2007		**25,000**	**34,219**	**59,219**	**177**	**59,396**
Interest allocated		**-**	**4,576**	**4,576**	**-**	**4,576**
Net movement for the year	15	**-**	**-**	**-**	**10,837**	**10,837**
Dividends	24	**-**	**(38,500)**	**(38,500)**	**-**	**(38,500)**
Balance at December 31, 2007		**25,000**	**295**	**25,295**	**11,014**	**36,309**
Balance at January 1, 2006		25,000	65,173	90,173	108	90,281
Interest allocated		-	7,546	7,546	-	7,546
Net movement for the year	15	-	-	-	69	69
Dividends	24	-	(38,500)	(38,500)	-	(38,500)
Balance at December 31, 2006		25,000	34,219	59,219	177	59,396

THE COMPANY

	Notes	Share Capital	Proprietors' Fund	Total
		Rs'000	Rs'000	Rs'000
Balance at January 1, 2007		**25,000**	**34,219**	**59,219**
Interest allocated		**-**	**4,576**	**4,576**
Dividends	24	**-**	**(38,500)**	**(38,500)**
Balance at December 31, 2007		**25,000**	**295**	**25,295**
Balance at January 1, 2006		25,000	65,173	90,173
Interest allocated		-	7,546	7,546
Dividends	24	-	(38,500)	(38,500)
Balance at December 31, 2006		25,000	34,219	59,219

The notes on pages 44 to 81 form an integral part of these financial statements.

Auditors' report on pages 38 and 39.

cash flow statements

FOR THE YEAR ENDED DECEMBER 31, 2007

	Notes	THE GROUP 2007 Rs'000	THE GROUP 2006 Rs'000	THE COMPANY 2007 Rs'000	THE COMPANY 2006 Rs'000
Operating activities					
Cash generated from operations	26(a)	**221,212**	388,831	**208,107**	381,116
Investment income received		**970,031**	707,659	**973,747**	712,876
Tax paid		**(2,914)**	(17,775)	**(1,592)**	(16,144)
Net cash generated from operating activities		**1,188,329**	1,078,715	**1,180,262**	1,077,848
Investing activities					
Purchase of property and equipment	5	**(6,146)**	(10,268)	**(6,027)**	(9,027)
Purchase of investment property	6	**(12,874)**	(30,676)	**(11,008)**	(30,649)
Purchase of intangible assets	7	**(990)**	(994)	**(990)**	(310)
Purchase of subsidiary company	9	**-**	-	**-**	(614)
Purchase of financial assets	10	**(3,410,738)**	(3,438,798)	**(3,410,738)**	(3,438,798)
Loans granted		**(280,715)**	(232,546)	**(280,715)**	(232,546)
Redemption/disposal of financial assets		**2,984,215**	2,479,853	**2,984,215**	2,479,853
Disposal of property and equipment		**4,123**	21	**4,123**	21
Disposal of investment property		**-**	1,637	**-**	1,637
Loans received		**295,090**	282,928	**295,090**	282,928
Net cash used in investing activities		**(428,035)**	(948,843)	**(426,050)**	(947,505)
Financing activity					
Dividends paid	24	**(38,500)**	(38,500)	**(38,500)**	(38,500)
Net cash used in financing activity		**(38,500)**	(38,500)	**(38,500)**	(38,500)
Increase in cash and cash equivalents		**721,794**	91,372	**715,712**	91,843
Movement in cash and cash equivalents					
At January 1,		**1,942,720**	1,629,130	**1,928,904**	1,614,843
Increase		**721,794**	91,372	**715,712**	91,843
Effects of exchange rate changes		**(226,322)**	222,218	**(226,322)**	222,218
At December 31,	26(b)	**2,438,192**	1,942,720	**2,418,294**	1,928,904

The notes on pages 44 to 81 form an integral part of these financial statements.

Auditors' report on pages 38 and 39.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

1. GENERAL INFORMATION

The Anglo-Mauritius Assurance Society Limited is a limited liability company incorporated and domiciled in Mauritius. These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of the Company.

The principal activities of the Company consist of life assurance, pensions, actuarial and investment business and have remained unchanged during the year. The activities of the subsidiary companies are detailed in note 8.

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 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with change in presentation and disclosure in the current year. The financial statements are prepared under the historical cost convention, except that:

(i) land and buildings of certain subsidiary companies are carried at revalued amounts;
(ii) available-for-sale financial assets are stated at their fair values; and
(iii) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

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

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

Except for IFRS 8, 'Operating segments', the revised IAS 1, 'Presentation of Financial Statements' and the amendment to IAS 23 'Borrowing costs' (effective for periods on or after 1 January 2009), these standards, amendments and interpretations are not relevant to the Group's operations.

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

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

(b) Property and Equipment

All property and equipment is initially recorded at cost. Land and buildings of certain subsidiary companies are subsequently shown at market value, based on valuations by external independent valuers, less subsequent depreciation for property. 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. All other property and equipment is stated at historical cost less depreciation. Increases in the carrying amount arising on revaluation of property and equipment of certain subsidiary companies are credited to revaluation reserve in shareholders' equity of these companies. Decreases that offset previous increases of the same asset as well as all other decreases are charged against revaluation reserve directly in equity. All other decreases are charged to the Income Statement of the subsidiary companies.

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

Buildings	2%
Furniture, fixtures and fittings	10%
Computer equipment	15% - 25%
Electrical equipment	10%
Motor vehicles	20%

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 amount and are taken into account in determining the surplus on the Life Assurance Fund.

On disposal of revalued assets, the amounts included in the revaluation reserve are transferred to retained earnings of the subsidiary companies.

(c) Intangible assets

Intangible assets consist of the following:

(i) Goodwill

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

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

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

(ii) Computer softwares

Acquired computer softwares are capitalised on the basis of costs incurred to acquire and bring to use and are amortised over their estimated useful lives of 3 years. The carrying amounts of the computer softwares are reviewed annually and adjusted for impairment where considered necessary.

(d) Investment Property

Property held to earn rentals or capital appreciation or both and not occupied by the Group is classified as investment property.

Investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight line method to write off the cost of each asset, to its residual value over its estimated useful life. The principal annual rate used is:-

Buildings	2%

Land is not depreciated.

Gains and losses on disposal of investment property are determined by reference to their carrying amount and are taken into account in determining the surplus on the Life Assurance Fund.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

(e) Impairment of 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 value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(f) Investment in subsidiaries

(i) Separate financial statements

In the separate financial statements of the Company, investments in subsidiary companies are carried at cost. The carrying amount is reduced to recognise any impairment in the value of individual investments.

(ii) Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) 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 subsidiaries acquired or disposed of during the year are included in the Life Assurance Fund from the effective date of their acquisition or up to the effective 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 Life Assurance Fund 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) Investment in associates

Consolidated financial statements

An associate is an entity over which the Group has significant influence but not control, or joint control. Investments in associates are accounted for by the equity method except when classified as held-for-sale (see below). Investments in associates are initially recognised at cost as adjusted by post acquisition changes in the group's share of the net assets of the associate less any impairment in the value of individual investments.

When the group's share of losses exceeds its interest in an associate, the Group discontinues recognising further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

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.

Where necessary, appropriate adjustments are made to the financial statements of associates to bring the accounting policies used in line with those adopted by the Group.

(h) Financial assets

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

(i) Loans and receivables

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments. 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 balance sheet date or non-current assets for maturities greater than twelve months.

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

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

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

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 available-for-sale financial assets are recognised directly in equity of the subsidiaries and in the Life Assurance Fund for the company, until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in equity or in the Life Assurance Fund is included in the Income Statement or the Life Assurance Fund as gains and losses on financial assets. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in the Income Statement or the Life Assurance Fund as gains and losses on financial assets.

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 arm's length transactions, reference to other instruments that are substantially the same, discounted cash flows analysis, and net assets basis.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are 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 previously recognised in equity, is removed from equity and recognised in the Income Statement. Impairment loss for the Company is recognised in the Life Assurance Fund.

If there is evidence of impairment loss on loans or held-to-maturity investments carried at amortised cost, the amount of loss is measured as the difference between the asset's carrying amount and present value of estimated future cash flows (net of future credit losses), discounted at the asset's original effective interest rate. The amount of loss is recognised in the Income Statement or the Life Assurance Fund.

(iv) Trade and other receivables and payables

Trade receivables and payables relate to insurance contracts and are recognised when due. These include amounts due to and from reinsurers, agents, brokers and insurance contract holders.

(i) Trade and other 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 receivables. The amount of provision is recognised in the income statement or the Life Assurance Fund.

(ii) Trade and other payables

Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

The carrying amounts of trade receivables and payables and other receivables and payables are assumed to approximate their fair values.

(v) Cash and cash equivalents

Cash and cash equivalents include cash in hand , deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

(i) Life Assurance Fund

(i) Non-Linked Account

The surplus on the Life Assurance Fund (Non-Linked Account) for the year is retained in the Life Assurance Fund. The adequacy of the fund is determined by actuarial valuation every three years.

(ii) Linked Account

Earmarked assets in respect of segregated funds are assigned in the name of the Life Assurance Fund.

(j) Borrowings

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred. Borrowings comprise mainly of obligations under finance leases and other interest free and unsecured loans without fixed repayments terms. The carrying amounts of these borrowings approximate their fair values.

(k) Retirement Benefit Obligations

(i) Defined Benefit Plan

The Group contributes to a defined benefit plan, the assets of which are held independently and administered by The Anglo-Mauritius Assurance Society Limited.

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The cost of providing benefits is determined using the Projected Unit Credit Method, so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out a full valuation of plans every three years. Cumulative actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans in excess of the greater of 10% of the value of the Plan Assets or 10% of the defined benefit obligation are spread to income over the average remaining working lives of the related employees.

Past-service costs are recognised immediately in income, 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.

(ii) Defined Contribution Plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group operates a defined contribution retirement benefit plan for all qualifying employees (new entrants and their dependents). Payments to deferred contribution retirement plans are charged as an expense as they fall due.

(iii) The Company

The Company, The Anglo-Mauritius Assurance Society Limited, has a retirement pension fund for its employees which is internally managed. Full liability of the Retirement Benefit Obligations has been recognised as the assets are not legally separate and cannot therefore be considered as Plan Assets.

(l) Deferred Income Tax

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

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

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

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

(m) Insurance contracts - The Company

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract.Insurance contracts are derecognised when all rights and obligations are extinguished or expired. Contracts that do not transfer significant insurance risk are investment contracts. The Company considers that virtually all its long term products are insurance contracts.

Insurance risk is transferred when the Company agrees to compensate a policyholder if a specified uncertain event adversely affects the policyholder.

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

(i) Long-term insurance contracts without fixed terms and with discretionary participating feature (DPF)
This type of contracts entitles the contract holders to a minimum guaranteed amount. The Discretionary Participating Feature (DPF) component gives the contract holders contractual rights to bonuses in addition to the minimum guaranteed amounts. A bonus is declared when the actual return on backing assets is higher than the expected return at inception of the contract. The amount and timing of the settlement of the DPF element is however at the discretion of the Company. The bonus is derived from the DPF eligible surplus available arising mainly from upon revaluation of backing assets. Revaluation of long term business assets is carried out by independent Actuaries on a triennial basis.

The Company has legal obligation to eventually pay to contract holders at least 90% of the DPF eligible surplus.
Any portion of the DPF eligible surplus that is not declared as a bonus rate and not credited to individual contract holders accounts is retained as a liability for the benefit of all contract holders until declared and credited to them individually in future periods. Equity holders' share of the DPF eligible surplus, equal to 10%, is transferred from the Life Assurance Fund to the Proprietors' funds on a triennial basis when bonuses are declared.

(ii) Long-term insurance contracts with fixed and guaranteed terms
These contracts insure events with human life (for example death or survival) over a long duration. A liability for contractual benefits that are expected to be incurred in the future is recorded when the premiums are recognised. The liability is based on assumptions such as mortality, persistency, maintenance expenses and investment income that are established at the time the contract is issued. A margin for adverse deviations is included in the assumptions.

(iii) Unit-Linked
A unit-linked insurance contract includes an embedded derivative linking payments on the contract to units of investment (unitised) funds set up by the Company with consideration received from contract holders. This embedded derivative meets the definition of an insurance contract and is therefore not accounted for separately from the host insurance contract. The liability for such contracts is adjusted for all changes in the fair value of the underlying assets.

(n) Revenue recognition - Premiums Earned

(i) The Group
Revenue comprises the fair value for services rendered and after eliminating revenue within the Group.

(ii) The Company
Premiums earned on long-term insurance contracts are recognised as income when they become payable by the contract holder. When policies lapse (due to non-receipt of premiums) within two years for unit-linked business and three years for other contracts, the related unpaid premium income due from the date they are deemed to have lapsed is reversed against premiums in the Life Assurance Fund. For contracts that lapse after longer periods, a surrender or paid up value is refunded to contract holders based on the terms of the contracts.

(o) Liability adequacy test

The Company's independent Actuaries review contract liabilities and carry out a liability adequacy test using current estimates of future contractual cash flows after taking into account the investment return expected on assets relating to the relevant long term business.

(p) Reinsurance contracts

Contracts entered into by the Company with Reinsurers under which it is compensated for losses are classified as reinsurance contracts held. The benefits to which the Company is entitled under its reinsurance contracts held are recognised as reinsurance assets. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

The Company's reinsurance assets arise from 'First Surplus Obligatory' treaty arrangements. Reinsurance assets are assessed for impairment on a regular basis. If ever there is objective evidence that the assets are impaired, the carrying amounts are reduced to the recoverable amounts and impairments recognised in the Life Assurance Fund.

(q) Other revenue recognition

(i) Consideration for annuities - upon maturity of insurance contracts.
(ii) Rental income - as it accrues based on the terms of the rental contract.
(iii) Interest income - as it accrues unless collectibility is in doubt.
(iv) Dividend income - when the shareholder's right to receive payment is established.

(r) 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, which is the Company's functional and presentation currency.

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

(iii) Group companies
The results and financial position of the subsidiary, Swan International Ltd holding a Global Business 1 Licence (GBL 1),

which has a functional currency different from that of the presentation currency of the Company, are translated as follows:

(a) assets and liabilities are translated at the closing balance sheet date rate;
(b) income and expenses are translated at average exchange 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 'Translation Reserve', as a separate component of equity.

In the event of disposal of the above subsidiary, such translation differences are recognised in the Income Statement as part of the gain or loss on sale.

(s) Provisions

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

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

The Company issues contracts that transfer insurance or financial risk or both. This section summarises the main risks linked to long-term insurance business and the way they are managed.

A description of the significant risk factors is given below together with the risk management policies applicable.

3.1 Insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal 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.

The Company has developed its insurance underwriting strategy 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.

(a) Insurance contracts

(i) Concentration, frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. 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. Insurance risk is therefore subject to contract holders' behaviours and the impact of contract holders' behaviours have been factored into the assumptions used to measure insurance liabilities.

For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating items and conditions that reduce the insurance risk accepted.

For contracts with DPF, the participating nature of these contracts results in a significant portion of the insurance risk being shared with the insured party.

The Company manages these risks through its underwriting strategy and reinsurance arrangements. The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. For example, the Company balances death risk and survival risk across its portfolio. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company has defined group-wide retention limit on any single life insured and reinsures the excess of the insured benefit over its retention limit. The retention limit is further reinsured through a Catastrophe Risk Reinsurance treaty. The Company does not have any reinsurance covers for contracts that insure survival risk.

(ii) Sources of uncertainty in the estimation of future payments and premium receipts
Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holders' behaviour.

The Company uses appropriate base tables of standard mortality according to the type of contract being written and statistical data are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. When data is not sufficient to be statistically credible, the best estimate of future mortality is based on standard industry tables adjusted for the Company's experience.

3.2 Financial risk

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

The most important components of this financial risk are:
- Market risk (which includes currency risk, interest rate risk and equity price risk)
- Credit risk;
- Liquidity risk;
- Capital management; and
- Fair value estimation.

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and control, and to monitor the risks and adherence to limits by means of reliable and up-to-date administrative and information systems.

The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. The Board recognises the critical importance of having efficient and effective risk management policies and systems in place. To this end, there is a clear organisational structure with delegated authorities and responsibilities from the Board to Board Committees, executives and senior management. Individual responsibility and accountability are designed to deliver a disciplined, conservative and constructive culture of risk management and control.

3.2.1 Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cashflows of financial instruments from fluctuation in interest rates, equity prices, property prices and foreign currency exchange rates.

The Group has established policies which set out the principles that they expect to adopt in respect of management of the key market risks to which they are exposed. The Group monitors adherence to this market risk policy through the Group Investment Committee. The Group Investment Committee is responsible for managing market risk at Company levels.

The financial impact from market risk is monitored at Board level through investment reports which examine impact of changes in market risk on investment returns and asset values. The Group's market risk policy sets out the principles for matching liabilities with appropriate assets, the approaches to be taken when liabilities cannot be matched and the monitoring processes that are required.

(i) Currency risk

The Group:

The Company has an investment in a Global Business Licence '(GBL)' company which in turn holds an equity investment in Seychelles. The net assets of the GBL company is exposed to currency translation risk.

The Company:

The Company purchases reinsurance contracts internationally, thereby exposing it to foreign currency fluctuations. The Company's primary exposures are with respect to the Euro, US Dollar and UK pound sterling. The Company also has a number of investments in foreign currencies which are exposed to currency risk. The Investment Committee closely monitors currency risk exposures against pre-determined limits. Exposure to foreign currency exchange risk is not hedged.

The Group's balance sheets by currency is detailed below:

At December 31, 2007	Rs	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
– Financial assets	**10,297,574**	**45,179**	**884,063**	**600,023**	**252,603**	**12,079,442**
– Loans and receivables	**2,505,378**	**-**	**-**	**-**	**-**	**2,505,378**
– Other non-current assets	**635,126**	**-**	**-**	**-**	**-**	**635,126**
– Current assets						
• Trade and other receivables	**140,788**	**-**	**-**	**-**	**-**	**140,788**
• Bank balances, deposits and cash	**838,086**	**53,918**	**675,247**	**870,941**	**-**	**2,438,192**
TOTAL ASSETS	**14,416,952**	**99,097**	**1,559,310**	**1,470,964**	**252,603**	**17,798,926**
Equity and liabilities						
- Total equity	**36,309**	**-**	**-**	**-**	**-**	**36,309**
- Technical Provisions:						
• Life assurance fund	**17,607,922**	**-**	**-**	**-**	**-**	**17,607,922**
• Outstanding claims and IBNR	**18,072**	**-**	**-**	**-**	**-**	**18,072**
- Non-current liabilities	**64,495**	**-**	**-**	**-**	**-**	**64,495**
- Current liabilities	**72,128**	**-**	**-**	**-**	**-**	**72,128**
TOTAL EQUITY AND LIABILITIES	**17,798,926**	**-**	**-**	**-**	**-**	**17,798,926**

At December 31, 2006	Rs	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
– Financial assets	7,589,865	59,690	948,817	589,008	244,113	9,431,493
– Loans and receivables	2,517,061	-	-	-	-	2,517,061
– Other non-current assets	590,072	-	-	-	-	590,072
– Current assets						
• Trade and other receivables	133,059	-	-	-	-	133,059
• Bank balances, deposits and cash	189,725	867,091	824,008	61,896	-	1,942,720
TOTAL ASSETS	11,019,782	926,781	1,772,825	650,904	244,113	14,614,405
Equity and liabilities						
– Total equity	59,396	-	-	-	-	59,396
– Technical Provisions:						
• Life assurance fund	14,384,606	-	-	-	-	14,384,606
• Outstanding claims and IBNR	10,101	-	-	-	-	10,101
– Non-current liabilities	90,695	-	-	-	-	90,695
- Current liabilities	69,607	-	-	-	-	69,607
TOTAL EQUITY AND LIABILITIES	14,614,405	-	-	-	-	14,614,405

3.2.1 Market risk (cont'd)

(i) Currency risk

Sensitivity

If the rupee had weakened/strengthened against the following currencies with all variables remaining constant, the impact on the results for the year would have been as shown below mainly as a result of foreign exchange gains/losses.

	GBP		USD		EURO		OTHERS	
	+5%	-5%	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Life Assurance Fund :								
- At December 31, 2007								
- Financial assets	**2,259**	**(2,259)**	**44,203**	**(44,203)**	**30,001**	**(30,001)**	**12,629**	**(12,629)**
- Bank balances, deposits and cash	**2,696**	**(2,696)**	**33,762**	**(33,762)**	**43,547**	**(43,547)**	**-**	**-**
- At December 31, 2006								
- Financial assets	1,802	(1,802)	30,385	(30,385)	19,575	(19,575)	212	(212)
- Bank balances, deposits and cash	43,355	(43,355)	41,200	(41,200)	3,095	(3,095)	-	-

(ii) Interest rate risk

The Group:

Interest rate risk arises from the Group's investments in long term debt securities and fixed income securities (Held-to-Maturity Investments), bank balances and deposits which are exposed to fluctuations in interest rates. Exposure to interest rate risk on short term business is monitored by the Investment Committee through a close matching of assets and liabilities. The impact of exposure to sustained low interest rates is also regularly monitored.

The Company:

For liabilities under long term insurance contracts with fixed and guaranteed terms, changes in interest rate will not cause a change to the amount of liability because their carrying amounts are not affected by the level of market interest rates.

For unit linked contracts, the Company matches all the assets on which the unit prices are based with assets in the portfolio. There is therefore no price, currency or interest risk on these contracts.

However for insurance contracts with DPF, the DPF element liabilities are directly affected by changes in the level of interest rates to the extent that they affect the carrying amount of underlying assets. An increase in the value of the assets would require all other assumptions being equal, an increase in the DPF liability and vice versa.

Management regularly monitors the sensitivity of reported interest rate movements.

Sensitivity

A change of 5% in interest rates has no material impact on the DPF eligible surplus of the life fund.

(iii) Equity price risk

The Group is subject to price risk due to daily changes in the market values of its equity securities portfolio. Equity price risk is actively managed in order to mitigate anticipated unfavourable market movements. In addition, local insurance regulations set out investment concentration as part as overall prudent portfolio investment policy.

The Group does not have material holdings in unquoted equity securities. The Investment Committee actively monitors equity assets owned directly by the Company as well as concentrations of specific equity holdings. Equity price risk is also mitigated as the Group holds diversified portfolios of local and foreign investments in various sectors of the economy.

3.2.1 Market risk (cont'd)

(iii) Equity price risk (cont'd)

Sensitivity

The impact on the Life Assurance Fund had the equity market values increased/decreased by 1% with other assumptions left unchanged would have been as follows:

	Impact on Shareholders' equity	
	+1%	-1%
At December 31, 2007	Rs'm	Rs'm
– Available for sale financial assets	**68**	**(68)**
At December 31, 2006		
- Available for sale financial assets	62	(62)

3.2.2 Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Group's credit risk is primarily attributable to :

– reinsurer's share of insurance liabilities;
– amounts due from reinsurers in respect of claims already paid;
– amounts due from insurance contract holders; and
– amounts due from insurance intermediaries.

The amounts presented in the balance sheets are net of allowances for estimated irrecoverable amount receivables, based on management's prior experience and the current economic environment.

The Group has no significant concentration of credit risk in respect of its insurance business with exposure spread over a large number of clients, agents and brokers. The Group has policies in place to ensure that sales of services are made to clients, agents, and brokers with sound credit history.

Reinsurance credit exposures - The Company
The Company is however exposed to concentrations of risks with respect to its reinsurers due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings. The Company is exposed to the possibility of default by its reinsurers in respect of share of insurance liabilities and refunds in respect of claims already paid.

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk. The Company's largest reinsurance counterparty is Swiss Re. At December 31, 2007 the reinsurance assets recoverable were **Rs.3.5m** (2006 : Rs.1.6m).

This exposure is monitored on a regular basis for any shortfall in the claims history to verify that the contract is progressing as expected and that no further exposure for the Company will arise.

Management also monitors the financial strength of reinsurers and there are policies in place to ensure that risks are ceded to top-rated and credit worthy reinsurers only.

The following table provides information regarding the carrying value of loans and receivables that have been impaired and the ageing of financial assets that are past due but not impaired. Financial assets and trade and other receivables of the Group are neither past due nor impaired.

	Neither past due nor impaired Rs'000	Impairment Rs'000	Carrying amount at year end Rs'000
2007			
- Loans and receivables	**2,493,378**	**12,000**	**2,505,378**
2006			
- Loans and receivables	2,503,061	10,000	2,513,061

3.2.3 Liquidity risk

The Group has strong liquidity positions and liquidity risk is considered to be low. Through the application of the liquidity management policy, the Group seeks to maintain sufficient financial resources to meet its obligations as they fall due.

The Group's financial liabilities which include outstanding claims and trade and other payables have all maturity within one year.

3.2.4 Capital Management

The main objectives of the Company when managing capital are:

• to maintain at all times the Minimum Capital Requirement as required by the Insurance Act 2005, i.e as determined by the company's actuary at the higher of :

(a) a stress test requirement determined in accordance with guidelines issued by the Commission or
(b) the higher of an amount of Rs. 25m or an amount representing 13 weeks' operating expenses.

• to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

• to provide an adequate return to shareholders by pricing insurance contracts and other services commensurately with the level of risk.

The Company is required to maintain at all times a solvency margin that is at least equal to the Minimum Capital Requirement.

The Company's capital and solvency margins are above the minimums required by the Insurance Act 2005 and proper internal controls are in place to ensure that they remain so.

3.2.5 Fair value estimation

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

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

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.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. 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:

4.1 Insurance contracts - The Company

(i) Estimates of future benefit payments

Long-term business technical provisions are computed using statistical or mathematical methods. The computations are made by the Company's Actuaries on the basis of recognised actuarial methods, with due regard to the actuarial principles laid down by the law and by actuarial best practices. The methodology takes into account the risks and uncertainties of the particular classes of long-term business written and the results are certified by the professionals undertaking the valuations.

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Company. Estimates are made as to the expected number of deaths for each of the years in which the Company is exposed to risk. The Company bases these estimates on standard industry mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Company's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Company is exposed to longevity risk.

For contracts without fixed terms, it is assumed that the Company will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Under certain contracts, where the Company has offered guaranteed annuity options, estimates are made based on the percentage of contract holders that will exercise them. Changes in investment conditions could result in significantly more contract holders exercising their options than has been assumed.

Estimates are also made as to the future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

For long-term insurance contracts with fixed and guaranteed terms and with DPF, estimates are made in two stages. Estimates of future deaths, voluntary terminations, investment returns and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities during the life of the contract. A margin for risk and uncertainty is added to these assumptions. These assumptions are 'locked in' for the duration of the contract. New estimates are made each subsequent year in order to determine whether the previous liabilities are adequate in the light of these latest estimates. If the liabilities are considered adequate, the assumptions are not altered. If they are not adequate, the assumptions are altered ('unlocked') to reflect the best estimate assumptions.

(ii) Sensitivity

The reasonableness of the estimation process of future benefit payments is tested by an analysis of sensitivity under several different scenarios. This analysis enables the Company to assess the most significant assumptions and monitor the emerging variations accordingly.

4.2 Reinsurance - The Company

The Company is exposed to disputes on, and defects in, contract wordings and the possibility of default by their Reinsurers. The Company monitors the financial strength of their Reinsurers. Allowance is made in the financial statements for non-recoverability due to Reinsurer's default as required.

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. In making their judgement for classification, 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 for specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value and not amortised cost.

4.4 Impairment of available-for-sale financial assets

The Group follows the guidance of IAS 39 on determining when a financial asset is permanently 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 a financial asset is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry, sector performance, changes in operations and technology.

4.5 Impairment of other assets

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

4.6 Limitation of sensitivity analysis

The sensitivity analyses demonstrate 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.

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

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

5. PROPERTY AND EQUIPMENT

THE GROUP	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Electrical Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) COST AND VALUATION						
At January 1, 2007						
Cost	123,815	72,854	31,286	2,248	36,581	266,784
Valuation	27,664	-	-	-	-	27,664
	151,479	72,854	31,286	2,248	36,581	294,448
Additions	475	887	1,395	-	3,389	6,146
Disposals	-	(264)	(273)	-	(11,317)	(11,854)
At December 31, 2007						
Cost	124,290	73,477	32,408	2,248	28,653	261,076
Valuation	27,664	-	-	-	-	27,664
	151,954	**73,477**	**32,408**	**2,248**	**28,653**	**288,740**
DEPRECIATION						
At January 1, 2007	12,130	66,495	23,953	2,037	26,694	131,309
Charge for the year	2,485	1,570	5,557	75	1,235	10,922
Disposal adjustment	-	(253)	(190)	-	(8,801)	(9,244)
At December 31, 2007	**14,615**	**67,812**	**29,320**	**2,112**	**19,128**	**132,987**
NET BOOK VALUE						
At December 31, 2007	**137,339**	**5,665**	**3,088**	**136**	**9,525**	**155,753**

5. PROPERTY AND EQUIPMENT

THE GROUP	Freehold land and buildings Rs'000	Furniture fixtures & fittings Rs'000	Computer Equipment Rs'000	Electrical Equipment Rs'000	Motor vehicles Rs'000	Total Rs'000
(b) COST AND VALUATION						
At January 1, 2006						
Cost	121,861	72,468	26,198	2,235	34,324	257,086
Valuation	27,664	-	-	-	-	27,664
	149,525	72,468	26,198	2,235	34,324	284,750
Additions	1,954	536	5,088	13	2,677	10,268
Disposals	-	(150)	-	-	(420)	(570)
At December 31, 2006						
Cost	123,815	72,854	31,286	2,248	36,581	266,784
Valuation	27,664	-	-	-	-	27,664
	151,479	**72,854**	**31,286**	**2,248**	**36,581**	**294,448**
DEPRECIATION						
At January 1, 2006	9,656	64,996	21,555	1,985	21,901	120,093
Charge for the year	2,474	1,649	2,398	52	5,205	11,778
Disposal adjustment	-	(150)	-	-	(412)	(562)
At December 31, 2006	**12,130**	**66,495**	**23,953**	**2,037**	**26,694**	**131,309**
NET BOOK VALUE						
At December 31, 2006	**139,349**	**6,359**	**7,333**	**211**	**9,887**	**163,139**

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

5. PROPERTY AND EQUIPMENT

THE COMPANY	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(c) COST					
At January 1, 2007	120,037	72,028	30,157	34,780	257,001
Additions	475	841	1,321	3,389	6,026
Disposals	-	(264)	(273)	(11,317)	(11,854)
At December 31, 2007	**120,512**	**72,605**	**31,205**	**26,852**	**251,173**
DEPRECIATION					
At January 1, 2007	11,833	66,076	23,183	26,128	127,220
Charge for the year	2,410	1,506	5,264	875	10,055
Disposal adjustment	-	(253)	(190)	(8,801)	(9,244)
At December 31, 2007	**14,243**	**67,329**	**28,257**	**18,202**	**128,031**
NET BOOK VALUE					
At December 31, 2007	**106,269**	**5,276**	**2,948**	**8,650**	**123,142**

5. PROPERTY AND EQUIPMENT

THE COMPANY	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(d) COST					
At January 1, 2006	118,083	71,889	25,263	32,890	248,124
Additions	1,954	289	4,894	1,890	9,027
Disposals	-	(150)	-	-	(150)
At December 31, 2006	**120,037**	**72,028**	**30,157**	**34,780**	**257,001**
DEPRECIATION					
At January 1, 2006	9,432	64,644	20,973	21,283	116,332
Charge for the year	2,401	1,582	2,210	4,845	11,038
Disposal adjustment	-	(150)	-	-	(150)
At December 31, 2006	**11,833**	**66,076**	**23,183**	**26,128**	**127,220**
NET BOOK VALUE					
At December 31, 2006	**108,204**	**5,952**	**6,974**	**8,652**	**129,781**

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

6. INVESTMENT PROPERTY - LAND AND BUILDINGS

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
COST		
At January 1, 2007	419,301	350,938
Additions	12,874	11,009
At December 31, 2007	**432,175**	**361,947**
DEPRECIATION		
At January 1, 2007	25,469	23,489
Charge for the year	6,589	6,413
At December 31, 2007	**32,058**	**29,902**
NET BOOK VALUE		
At December 31, 2007	**400,117**	**332,045**
COST		
At January 1, 2006	390,040	321,704
Additions	30,676	30,649
Disposals	(1,415)	(1,415)
At December 31, 2006	**419,301**	**350,938**
DEPRECIATION		
At January 1, 2006	19,195	17,354
Charge for the year	6,331	6,192
Disposal adjustment	(57)	(57)
At December 31, 2006	**25,469**	**23,489**
NET BOOK VALUE		
At December 31, 2006	**393,832**	**327,449**

(a) The fair value of investment property is estimated as follows:

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
At December 31, 2007 and 2006	657,293	629,957

The investment property were revalued in October 2005 by International Valuers Limited, on an open market value basis. Investment property are revalued every three years.

The following have been recognised in the Life Assurance Fund.

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rental income	**39,905**	34,146	**33,254**	29,786
Direct operating expenses	**18,660**	15,946	**18,516**	14,578

7. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY
	2007			2007
	Goodwill	Computer Softwares	Total	Computer Softwares
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	22,128	5,111	27,239	1,525
Additions	-	990	990	990
At December 31,	22,128	6,101	28,229	2,515
AMORTISATION				
At January 1,	-	2,138	2,138	914
Charge for the year	-	1,006	1,006	838
At December 31,	-	3,144	3,144	1,752
NET BOOK VALUE	22,128	2,957	25,085	763

	THE GROUP			THE COMPANY
	2006			2006
	Goodwill	Computer Softwares	Total	Computer Softwares
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	21,444	4,801	26,245	1,215
Additions	684	310	994	310
At December 31,	22,128	5,111	27,239	1,525
AMORTISATION				
At January 1,	-	922	922	405
Charge for the year	-	1,216	1,216	509
At December 31,	-	2,138	2,138	914
NET BOOK VALUE	22,128	2,973	25,101	611

8. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST

	THE COMPANY	
	2007	2006
	Rs'000	Rs'000
(a) UNQUOTED		
At January 1,	126,338	125,724
Additions	-	614
At December 31,	126,338	126,338
Made up as follows:		
Investments	124,163	124,163
Loan to subsidiary company	2,175	2,175
	126,338	126,338

8. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST (CONT'D)

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

Name of subsidiary	Class of shares held	Nominal value of investment		Proportion of ownership interest and voting power held		Main business
		2007	2006	**2007**	2006	
		Rs'000	Rs'000	**%**	%	
• Swan Properties Ltd*	Ordinary	**2,114**	2,114	**99.99%**	99.99%	• Purchase, development and sale of land
• Verdun Industrial Building Co. Ltd*	"	**19,999**	19,999	**99.99%**	99.99%	• Rental of industrial buildings
• Standard Property Ltd*	"	**31**	31	**99.99%**	99.99%	• Rental of property
• Manufacturers' Distributing Station Limited	"	**47,686**	47,686	**99.80%**	99.80%	• Investment Company
• Ilot Fortier Ltd*	"	**-**	-	**100%**	100%	• Purchase, development and sale of Land (Dormant)
• Investment and Administrative Co. (Mtius) Ltd*	"	**21,514**	21,514	**100%**	100%	• Investment Company (Dormant)
• Themis Ltd*	"	**8,380**	8,380	**100%**	100%	• Purchase, development and sale of Land (Dormant)
• Pension Consultants and Administrators Limited	"	**25,000**	25,000	**100%**	100%	• Pension and fund administration
• The Anglo-Mauritius Financial Services Limited	"	**1,000**	1,000	**100%**	100%	• Fund management and investment consulting
• Swan International Ltd	"	**114**	114	**49%**	49%	• Reinsurance brokers and consultants
• Swan Group Corporate Services Ltd	"	**500**	500	**50%**	50%	• Provide secretarial services to Swan Group
• Société de la Croix	Parts	**-**	-	**100%**	100%	• Investment entity
• Société de la Montagne	Parts	**-**	-	**100%**	100%	• Investment entity
• Société de la Rivière	Parts	**-**	-	**100%**	100%	• Investment entity

(c) The Company owns 100% of the issued capital of Ilot Fortier Ltd through Investment and Administrative Company (Mauritius) Limited and the three above-named sociétés through Manufacturers' Distributing Station Limited.

* These subsidiaries have been amalgamated with the company on December 31, 2007, under Section 247 of the Companies Act 2001. All the shares of these Companies have been cancelled, their assets and liabilities transferred to the Company at the date of the amalgamation.

9. INVESTMENTS IN ASSOCIATED COMPANY

		2007
		Rs'000
(a) Group's share of net assets		
At January 1,		-
Share of results of associated company (page 41)		24,667
Dividends		(2,845)
Other equity movements		65,358
Exchange difference		(33,009)
At December 31,	Rs.	54,171

(b) The Group's interest in the associated company was as follows:

Name	Year end	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest Indirect
		Rs '000	Rs '000	Rs '000	Rs '000	%
2007						
State Assurance Co. Ltd (SACL)	**December 31,**	**1,135,450**	**836,655**	**171,123**	**38,963**	**18.13%**
2006						
State Assurance Co. Ltd (SACL)	December 31,	1,698,723	1,255,649	254,828	82,574	18.13%

10. FINANCIAL ASSETS

	THE GROUP AND THE COMPANY			
	2007			2006
	Held-to-maturity Rs'000	Available for-sale Rs'000	Total Rs'000	Total Rs'000
(a) Local Securities				
At January 1,	3,180,630	4,409,235	7,589,865	5,588,342
Additions	2,865,111	195,036	3,060,147	2,931,528
Increase in fair value	-	1,928,284	1,928,284	1,100,238
Transfer from statutory deposits	8,000	-	8,000	-
Disposals	(2,192,040)	(143,136)	(2,335,176)	(1,994,414)
Accrued interest	46,453	-	46,453	(35,829)
At December 31,	3,908,154	6,389,419	10,297,573	7,589,865

	Held-to-maturity Rs'000	Available for-sale Rs'000	Total Rs'000	Total Rs'000
(b) Foreign Securities				
At January 1,	-	1,841,628	1,841,628	1,290,103
Additions	-	350,591	350,591	507,270
Decrease in fair value	-	(143,902)	(143,902)	334,867
Disposals	-	(266,448)	(266,448)	(290,612)
At December 31,	-	1,781,869	1,781,869	1,841,628
Total	3,908,154	8,171,288	12,079,442	9,431,493

Analysed as follows:

	2007 Rs'000	2006 Rs'000
Non-current	10,513,461	7,318,198
Current	1,565,981	2,113,295
	12,079,442	9,431,493

(c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and Unquoted Debenture Stocks and Treasury Bills with interest rates varying from 13% to 13.75% (2006: 7.29% to 13%).

(d) Available-for-sale financial assets comprise of listed, quoted and unquoted financial assets.

(e) The Directors do not consider the investee companies with a shareholding in excess of 20% to be "Associated Companies" as The Anglo-Mauritius Assurance Society Limited does not exercise significant influence over these companies.

(f) None of the financial assets are either past due or impaired.

(g) The ageing of financial assets are disclosed in note 3.2.2.

11. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs'000	Rs'000
Loans on policies	**97,474**	92,700
Loans on residential properties	**1,991,814**	2,108,116
Loans on business properties	**287,481**	203,296
Cumulative accrued interest	**108,600**	103,907
Less impairment provision (see note (a) below)	**(12,000)**	(10,000)
	2,473,369	2,498,019
Loans to related corporations	**32,009**	19,042
	2,505,378	2,517,061
Analysed as follows:-		
Non-current	**2,264,670**	2,318,957
Current	**240,708**	198,104
	2,505,378	2,517,061

(a) Movements on the provisions for impairment of loans and receivables are as follows :

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs'000	Rs'000
At January 1,	**10,000**	7,000
Impairment provision	**2,000**	3,000
At December 31,	**12,000**	10,000

(b) The rate of interest on loans vary from 6% to 14% (2006 : 7% to 13.25%).

(c) There is no concentration of credit risk with respect to loans and receivables since balances are widely dispersed.

(d) Loans and receivables are secured by guarantees. Impairment provision has been booked where recovery was estimated as doubtful.

(e) The ageing of loans and receivables is disclosed in note 3.2.2.

(f) The fair value of loans asset receivable approximate their amount cost.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
• Receivables arising from insurance and reinsurance contracts:				
— Due from contract holders – Individuals	**14,979**	15,224	**14,979**	15,224
– Schemes	**27,883**	32,697	**27,883**	32,697
• Interest and other receivables	**85,163**	75,836	**75,534**	68,636
• Receivables from related parties:				
- Holding Company	**12,763**	9,302	**12,763**	9,302
– Subsidiary Companies	**-**	-	**5,876**	5,555
	140,788	133,059	**137,035**	131,414

(a) The ageing of trade and other receivables is disclosed in note 3.2.2.
(b) The other classes within trade and other receivables do not include impaired assets.
(c) The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.
(d) Trade and other receivables are neither past due nor impaired and the Group does not hold any collateral security for trade and other receivables.
(e) The carrying amounts of trade and other receivables have been assumed to approximate their fair values.

13. SHORT TERM DEPOSITS

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term deposits (see note (a) & 26(b))	**2,403,888**	1,854,180	**2,399,388**	1,854,180

(a) Short term deposits comprise of foreign deposits, moneys-at-call and savings accounts. The rates of interest vary between **3.6%** to **10.8%** (2006: 1% to 12%).

14. SHARE CAPITAL

	Authorised	Issued and fully paid
	2007 & 2006	2007 & 2006
	Rs'000	Rs'000
2,500,000 ordinary shares of Rs 10.- each	25,000	25,000

15. MINORITY INTEREST

	THE GROUP	
	2007	2006
	Rs'000	Rs'000
At January 1,	**177**	108
Share of net surplus for the year	**10,837**	73
Share of dividends of subsidiary companies	**-**	(4)
At December 31,	**11,014**	177

16. LIFE ASSURANCE FUND

(a) THE GROUP

	2007 Surplus Rs'000	2007 Fair value reserve Rs'000	2007 Associate's reserve Rs'000	2007 Total Rs'000	2006 Total Rs'000
At January 1,	**10,813,366**	**3,571,240**	**-**	**14,384,606**	11,473,068
Surplus on Life Assurance Fund for the year (page 41)	**1,407,007**	**-**	**-**	**1,407,007**	1,476,434
Fair value changes on available-for-sale financial assets	**-**	**2,118,657**	**-**	**2,118,657**	1,550,449
Release from fair value reserve	**-**	**(334,275)**	**-**	**(334,275)**	(115,345)
Share of reserves of associated company	**-**	**-**	**31,927**	**31,927**	-
At December 31,	**12,220,373**	**5,355,622**	**31,927**	**17,607,922**	14,384,606

(b) THE COMPANY

	2007 Non-Linked Rs'000	2007 Linked Rs'000	2007 Fair value reserve Rs'000	2007 Total Rs'000	2006 Non-Linked Rs'000	2006 Linked Rs'000	2006 Fair value Reserve Rs'000	2006 Total Rs'000
At January 1,	**9,102,169**	**1,702,704**	**3,571,240**	**14,376,113**	8,142,127	1,186,562	2,136,136	11,464,825
Surplus on Life Assurance Fund for the year (page 41)	**1,011,432**	**376,514**	**-**	**1,387,946**	960,042	516,142	-	1,476,184
Release from fair value reserve	**-**	**-**	**(334,275)**	**(334,275)**	-	-	(115,345)	(115,345)
Fair value changes on available-for-sale financial assets	**-**	**-**	**2,118,657**	**2,118,657**	-	-	1,550,449	1,550,449
At December 31,	**10,113,601**	**2,079,218**	**5,355,622**	**17,548,441**	9,102,169	1,702,704	3,571,240	14,376,113

(c) The liability component of the Discretionary Participating Feature (DPF) within the Life Assurance Fund is included in the Non-Linked Account.

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

17. DEFERRED TAX LIABILITIES

Deferred taxes are calculated on all temporary differences under the liability method at 15% (2006: 15% - 22.5%). The movement on the deferred tax account is as follows:

	THE GROUP	
	2007	2006
	Rs'000	Rs'000
At January 1,	**1,472**	1,493
Movement for the year	**(155)**	(21)
At December 31,	**1,317**	1,472

Deferred tax liabilities and deferred tax charge in the Life Assurance Fund are attributable to accelerated tax depreciation and retirement benefit obligations.

18. RETIREMENT BENEFIT OBLIGATIONS

(i) The assets of the fund are held independently and administered by The Anglo-Mauritius Assurance Society Limited.

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
(ii) The amounts recognised in the Balance Sheet are as follows:				
Present value of funded obligations	**85,160**	102,372	**82,824**	100,465
Fair value of plan assets	**(2,504)**	(2,011)	**-**	-
	82,656	100,361	**82,824**	100,465
Unrecognised actuarial gains/(losses)	**(19,478)**	(11,138)	**(19,532)**	(11,214)
Liability in the balance sheet	**63,178**	89,223	63,292	89,251

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
(iii) The movement in the defined benefit obligation over the year is as follows:				
At January 1,	**102,373**	106,092	**100,465**	104,624
Current service cost	**4,189**	4,299	**4,022**	4,159
Interest cost	**8,008**	10,231	**7,800**	10,072
Actuarial (gains)/losses	**8,478**	(2,286)	**8,425**	(2,237)
Benefits paid	**(37,888)**	(15,964)	**(37,888)**	(16,153)
At December 31,	**85,160**	102,372	**82,824**	100,465

18. **RETIREMENT BENEFIT OBLIGATIONS (CONT'D)**

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

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**2,011**	1,558	**-**	-
Expected return on plan assets	**215**	173	**-**	-
Actuarial gains/(losses)	**31**	(10)	**-**	-
Employer contributions	**38,168**	16,278	**37,888**	16,153
Scheme expenses	**(11)**	(5)	**-**	-
Cost of insuring risks benefits	**(22)**	(18)	**-**	-
Benefits paid	**(37,888)**	(15,965)	**(37,888)**	(16,153)
At December 31,	**2,504**	2,011	**-**	-

(v) The amounts recognised in income statement are as follows:

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**4,190**	4,300	**4,023**	4,160
Interest cost	**8,008**	10,231	**7,800**	10,071
Expected return on plan assets	**(215)**	(173)	**-**	-
Net actuarial (gains)/losses recognised during the year	**106**	213	**106**	213
Scheme expenses	**11**	5	**-**	-
Cost of insuring risks benefits	**23**	19	**-**	-
Total included in employee benefit expense (note 23)	**12,123**	14,595	**11,929**	14,444

(vi) The movement in the liability recognised in Balance Sheet

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**89,223**	90,906	**89,251**	90,960
Total expenses as above	**12,123**	14,595	**11,929**	14,444
Employer contributions	**(38,168)**	(16,278)	**(37,888)**	(16,153)
At December 31,	**63,178**	89,223	**63,292**	89,251
Actual return on plan assets	**246**	161	**-**	-

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vii) The assets in the plan were:

	THE GROUP			
	2007		2006	
	Rs'000	%	Rs'000	%
Local Equities	751	30	603	30
Overseas Equities	1,252	50	1,005	50
Fixed Interest	125	5	101	5
Properties	376	15	302	15
Total Market value of assets	2,504	100	2,011	100

(viii) The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

(ix) Expected contributions to post-employment benefit plans for the year ending December 31, 2008 are Rs. 381,000.

(x) Amounts for the current and previous years for the company are as follows:

	2007	2006
	Rs'000	Rs'000
Present value of defined benefit obligation	82,824	100,465
Fair value of plan assets	-	-
Deficit	82,824	100,465
Experience adjustments on plan liabilities	8,425	(2,237)
Experience adjustments on plan assets	-	-

(xi) The principal actuarial assumptions used for accounting purposes were:

	THE GROUP AND THE COMPANY	
	2007	2006
	%	%
Discount rate	10.5	10.0
Expected return on plan assets	10.5	10.0
Future salary increases	8.0	8.0
Future pension increases	4.0	3.5

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
• Trade payables:				
— Insurance contracts	**12,674**	13,179	**12,674**	13,179
• Other payables and accruals	**50,003**	49,935	**46,850**	47,484
• Amounts due to related parties:				
— Holding company	**2,813**	-	**2,813**	-
— Subsidiary companies	**-**	-	**-**	704
	65,490	63,114	**62,337**	61,367

(a) Currency analysis of trade and other payables is disclosed in note 3.2.1.

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

20. CURRENT TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax on the adjusted profit for the year at 15% (2006: 15%-25%)	**6,638**	6,493	**5,000**	5,000
Under/(overprovision) in previous year	**(3,425)**	12,868	**(3,408)**	12,294
Movement in deferred tax	**(155)**	(21)	**-**	-
Tax charge/(credit) for the year	**3,058**	19,340	**1,592**	17,294

21. INVESTMENT INCOME

	THE GROUP		THE COMPANY			
	2007	2006		**2007**		2006
			Non-Linked	**Linked**	**Total**	Total
	Rs'000	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	Rs'000
Interest income	**781,561**	549,920	**653,236**	**128,324**	**781,560**	549,920
Dividend income	**188,470**	170,791	**163,942**	**28,241**	**192,183**	176,262
	970,031	720,711	**817,178**	**156,565**	**973,743**	726,182

22. OTHER INCOME

	THE GROUP AND THE COMPANY			
		2007		2006
	Non-Linked	**Linked**	**Total**	Total
	Rs'000	**Rs'000**	**Rs'000**	Rs'000
Profit/(loss) on disposal of financial assets	**388,961**	**(6,370)**	**382,591**	194,827
Profit on disposal of property and equipment	**1,510**	**-**	**1,510**	21
Profit on disposal of investment property	**-**	**-**	**-**	279
	390,471	**(6,370)**	**384,101**	195,127

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

23. MARKETING AND ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Marketing and administrative expenses include:				
— Internal auditors' fees	**549**	525	**549**	525
— Staff costs (see note (a) below)	**99,371**	93,407	**92,404**	86,588
(a) Analysis of staff costs:				
Salaries and wages	**60,402**	62,687	**54,795**	57,116
Retirement benefit obligations:				
— defined benefit plan (note 18(v))	**12,123**	14,595	**11,929**	14,444
— defined contribution plan	**174**	162	**4**	-
Other costs	**26,672**	15,963	**25,676**	15,028
	99,371	93,407	**92,404**	86,588

24. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs'000	Rs'000
Dividends paid - Rs.15.40 per ordinary share (2006 - Rs.15.40)	**38,500**	38,500

25. EARNINGS PER SHARE

		THE GROUP AND THE COMPANY	
		2007	2006
		Rs'000	Rs'000
Earnings attributable to shareholders is based on:			
— Amount transferred from Life Assurance Fund		**30,428**	30,428
— Interest allocated		**4,576**	7,546
		35,004	37,974
Number of ordinary shares in issue		**2,500,000**	2,500,000
Earnings per share	Rs	**14.00**	15.19

The above amount of **Rs. 30.4m** (2006: Rs. 30.4m) represents one-third of the total amount transferred from the Life Assurance Fund to the Proprietors' Fund following the actuarial valuation at December 31, 2004.

26. NOTES TO THE CASH FLOW STATEMENTS

	Notes	THE GROUP 2007 Rs'000	THE GROUP 2006 Rs'000	THE COMPANY 2007 Rs'000	THE COMPANY 2006 Rs'000
(a) Cash generated from operations					
Surplus on Life Assurance Fund		**1,431,758**	1,495,769	**1,389,535**	1,493,478
Adjustments for:					
Depreciation on property and equipment	5	**10,922**	11,778	**10,055**	11,038
Depreciation on investment property	6	**6,589**	6,331	**6,412**	6,192
Amortisation of intangible assets	7	**1,006**	1,216	**838**	509
Profit on sale of property and equipment	22	**(1,510)**	(21)	**(1,510)**	(21)
Profit on sale of investment property	22	**-**	(279)	**-**	(279)
Interest allocated to Proprietors' Fund		**4,576**	7,546	**4,576**	7,546
Investment income	21	**(970,031)**	(720,711)	**(973,743)**	(726,182)
Net gain on exchange		**226,322**	(222,218)	**226,322**	(222,218)
Profit on sale of financial assets	22	**(384,101)**	(194,827)	**(384,101)**	(194,827)
Change in accrued interest		**(51,145)**	30,997	**(51,145)**	30,997
Changes in working capital (excluding the effects of acquisition and disposal):					
— Trade and other receivables		**(12,810)**	(10,173)	**(3,621)**	(7,805)
— Trade and other payables		**10,321**	(14,876)	**10,448**	(15,602)
— Retirement benefit obligations		**(26,018)**	(1,701)	**(25,959)**	(1,710)
Share of results of associated company		**(24,667)**	-	**-**	-
Cash generated from operations		**221,212**	388,831	**208,107**	381,116

(b) Cash and cash equivalents

	THE GROUP 2007 Rs'000	THE GROUP 2006 Rs'000	THE COMPANY 2007 Rs'000	THE COMPANY 2006 Rs'000
Short term deposits (note 13)	**2,403,888**	1,854,180	**2,399,388**	1,854,180
Cash at bank and in hand	**34,304**	88,540	**18,906**	74,724
	2,438,192	1,942,720	**2,418,294**	1,928,904

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2007

27. FINANCIAL COMMITMENTS

	THE GROUP AND THE COMPANY	
	2007	2006
	Rs'000	Rs'000
Outstanding commitments approved by the Board of Directors for the following:-		
Loans to be granted	**76,300**	110,500
Investments in freehold properties	**72,600**	18,300
Investments in financial assets	**26,000**	85,000
	174,900	213,800

28. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The Directors regard Swan Insurance Company Limited which owns 70.98% of the Company's share capital, as the Holding Company. The remaining shares are widely held. The Ultimate Holding Company is Intendance Holding Limited which owns 69.44% of the Holding Company with the remaining shares also widely held.

The Companies are incorporated in Mauritius and their registered offices are situated at Swan Group Centre, Intendance Street, Port Louis.

29. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Sales of services Rs'000	Investment income Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
2007						
Holding company	-	-	-	-	12,763	2,813
Shareholders with significant influence	18,868	8,635	11,058	59,445	-	-
Enterprises on which the Company and Subsidiaries exert significant influence	36,494	400	589,298	35,324	-	-
Key management personnel	-	-	-	37,598	-	-
	55,362	9,035	600,356	132,367	12,763	2,813

	Sales of services Rs'000	Investment income Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
2006						
Holding company	-	-	-	-	9,302	-
Shareholders with significant influence	22,027	10,184	10,966	70,261	-	542
Enterprises that have a number of Directors in common	45	-	-	-	-	-
Enterprises on which the Company and Subsidiaries exert significant influence	35,782	524	388,745	23,292	-	-
Key management personnel	-	-	-	36,415	-	-
	57,854	10,708	399,711	129,968	9,302	542

29. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Sales of services Rs'000	Investment income Rs'000	Management fees paid Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
2007							
Holding company	-	-	-	-	-	12,763	2,813
Subsidiary companies	-	-	6,116	126,338	-	5,876	412
Shareholders with significant influence	18,688	8,635	-	11,058	59,445	-	-
Enterprises on which the Company exerts significant influence	36,494	400	-	589,298	35,324	-	-
Key management personnel	-	-	-	-	37,598	125	-
	55,182	**9,035**	**6,116**	**726,694**	**132,367**	**18,764**	**3,225**

	Sales of services Rs'000	Investment income Rs'000	Management fees paid Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
2006							
Holding company	-	-	-	-	-	9,302	-
Subsidiary companies	-	-	4,905	126,338	-	5,555	704
Shareholders with significant influence	22,027	10,184	-	10,966	70,261	-	542
Enterprises that have a number of Directors in common	45	-	-	-	-	-	-
Enterprises on which the Company exerts significant influence	35,782	524	-	388,745	23,292	-	-
Key management personnel	-	-	-	-	36,415	-	-
	57,854	10,708	4,905	526,049	129,968	14,857	1,246

29. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short-term employee benefits	**22,227**	28,883	**20,506**	27,529
Post-employment benefits - current service cost	**818**	1,632	**710**	1,535
- others	**50**	49	**44**	43
Termination benefits	**7,096**	-	**7,096**	-
	30,191	30,564	**28,356**	29,107

30. THREE YEAR FINANCIAL REVIEW

	THE GROUP			THE COMPANY		
	2007	2006	2005	**2007**	2006	2005
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Issued and paid up Share Capital	**25,000**	25,000	25,000	**25,000**	25,000	25,000
Proprietors' Fund	**295**	34,219	65,173	**295**	34,219	65,173
Life Assurance Fund	**17,607,922**	14,384,606	11,473,068	**17,548,441**	14,376,113	11,464,825
Dividends	**38,500**	38,500	38,500	**38,500**	38,500	38,500
Earnings attributable to shareholders	**35,004**	37,974	37,615	**35,004**	37,794	37,615

other statutory disclosures

FOR THE YEAR ENDED DECEMBER 31, 2007 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson
Mr. M. J. Cyril LAGESSE
Mr. P. Arnaud DALAIS / Diplôme Universitaire en Gestion des Entreprises [up to 31.12.2007]
Me. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL / A.C.I.B. (UK)
Mr. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), MBA (UK) [as from 21.11.2007]
Mr. M.M. Hector ESPITALIER-NOËL / A.C.A. [up to 21.11.2007]
Mr. Henri HAREL / A.C.I.S.
Mr. Thierry LAGESSE / M.B.A. (France)
Me. M.F.I. Jean Hugues MAIGROT
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr. Peroomal Gopallen MOOROOGEN / F.C.C.A., M.B.A. (Wales)
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Victor SEEYAVE / M.B.A. (USA), B.A. Economics (UK)

DIRECTORS OF SUBSIDIARY COMPANIES

Ilot Fortier Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

Investment & Administrative Co. (Mtius) Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr. Jean Paul CHASTEAU DE BALYON [as from 30.10.2007]

Manufacturers' Distributing Station Limited

Mr. M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Jean Paul CHASTEAU DE BALYON [as from 30.10.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

Pension Consultants and Administrators Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson
Mr. Louis RIVALLAND / BSc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

Standard Property Co. Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

Swan Properties Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]

DIRECTORS OF SUBSIDIARY COMPANIES (CONT'D)

Swan Group Corporate Services Limited

Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Jean Paul CHASTEAU DE BALYON

The Anglo-Mauritius Financial Services Ltd

Mr. M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr. Paul ROUSSET / A.C.I.I. [up to 01.07.2007]

Themis Ltd

Mr. M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr. Jean Paul CHASTEAU DE BALYON [as from 30.10.2007]

Verdun Industrial Building Co. Ltd

Mr. M.E. Cyril MAYER / B. Com., CA (SA) — Chairperson
Mr. Louis RIVALLAND / B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [up to 31.12.2007]
Mr. Sulliman Adam MOOLLAN / C.P.A. (Australia), Graduate in Economics (Australia) [up to 19.09.2007]
Mr. Jean Paul CHASTEAU DE BALYON [as from 30.10.2007]

other statutory disclosures

FOR THE YEAR ENDED DECEMBER 31, 2007 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company and of the Subsidiary Companies have service contracts that need to be disclosed under Section 221 of the Companies Act 2001.

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received or due and receivable:

— Directors of The Anglo-Mauritius Assurance Society Limited

	From the Company		From Subsidiaries	
	2007	2006	**2007**	2006
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive Directors				
— Full-time	**4,229**	9,296	**30**	40
Non-executive Directors	**1,054**	1,083	**65**	77
	5,283	10,379	**95**	117

	From the Subsidiaries	
	2007	2006
	Rs'000	Rs'000
— Directors of subsidiary companies who are not directors of the Company		
Non-executive Director	**32**	30

	THE GROUP AND THE COMPANY	
	2007	2006
DONATIONS	**Rs'000**	Rs'000
Charitable donations - 18 recipients (2006: 17 recipients)	**587**	60
Others	**-**	-

CONTRACT OF SIGNIFICANCE

During the year under review, there was no contract of significance to which the Company or one of its subsidiaries was a party and in which a Director of the Company was materially interested either directly or indirectly.

AUDITORS' FEES

The fees paid to Auditors for audit and other services were:

	2007	2006
	Rs'000	Rs'000
Audit fees paid to:		
— BDO De Chazal du Mée	**1,209**	813
— Other firms	**75**	129
	1,284	942
Fees paid for other services provided by:		
— BDO De Chazal du Mée	**347**	286
— Other firms	**161**	13
	508	299

secretary's certificate

FOR THE YEAR ENDED DECEMBER 31, 2007

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

Jean Paul CHASTEAU DE BALYON
For Swan Group Corporate Services Limited
Secretary

1st April 2008

Auditors:	BDO De Chazal Du Mée
Bankers:	AfrAsia Bank Ltd. Bank of Baroda Banque des Mascareignes Barclays Bank PLC First City Bank Habib Bank Ltd. Indian Ocean International Bank Mauritius Post and Cooperative Bank South East Asian Bank State Bank of Mauritius Ltd. The Hongkong and Shanghai Banking Corporation Ltd. The Mauritius Commercial Bank Ltd. Union de Banques Suisses (Luxembourg) S.A.
Consulting Actuaries:	Actuarial and Insurance Solutions Department of Deloitte & Touche
Legal Advisers:	De Comarmond-Koenig Benoit Chambers
Main Reinsurers:	Swiss Re Life & Health Limited Munich Mauritius Reinsurance Co. Ltd.

THE ANGLO-MAURITIUS ASSURANCE SOCIETY LIMITED

proxy form

I/We...

of ....

being a member/s of THE ANGLO-MAURITIUS ASSURANCE SOCIETY LTD.

hereby appoint ....

of ....

or failing him ....

of .... as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held on Thursday 26th June 2008 at 10.15 hours and at any adjournment thereof.

I/We desire my/our vote to be cast on the ordinary resolutions as follows:

	FOR	AGAINST	ABSTAIN
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2007.			
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005 until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.			
5. To re-elect Mr. M.J.Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
6. To re-elect Me. M.F.I. Jean Hugues Maigrot as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
7. To re-elect Mr. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.			
8. To elect as Director of the Company Mr. Eric Espitalier-Noël in compliance with Article 21.5 (a) of the Company's Constitution.			
9. To elect as Director of the Company Mr. Pierre Dinan in compliance with Article 21.5 (a) of the Company's Constitution and Section 138 (6) of the Companies Act 2001.			
10. To elect as Director of the Company Mr. Jérôme de Chasteauneuf in compliance with Article 21.5 (a) of the Company's Constitution.			

Dated this .... day of .... 2008.

(S) ....

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 space how you wish to vote. If no specific instruction as to voting is given, the proxy will exercise his/her discretion as how he/she votes.
3. The instrument appointing a proxy or any general power of attorney shall be deposited at the Registered Office of the Company not less than twenty-four hours before the day fixed for the meeting or else the instrument of proxy shall not be treated as valid.