Contents

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*

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. 11.7 billion and the Life Assurance Fund reached Rs. 11.5 billion at 31st December 2005.

The Company manages both locally and internationally an investment portfolio which consists of equities at market value of Rs. 4.6 billion and debenture stocks at market value of Rs. 37.7 million at 31st December 2005.

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. 2.1 billion and loans on business properties totalled Rs. 218 million at 31st December 2005.

Benefits paid to policyholders, beneficiaries and annuitants amounted to Rs. 577.4 million for the year ended 31st December 2005.

Market capitalisation of the Company on the Mauritian Stock Exchange at 31st December 2005 was Rs. 590 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 **Wednesday 28th June 2006 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 2005 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 at 31st December 2005.
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company 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. 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 elect as Directors of the Company Messrs. George John Dumbell and Peeroomal Gopallen Mooroogen. Each of the above-named shall be elected by a separate resolution.

By order of the Board of Directors

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

2nd May 2006
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 – Year ended December 31, 2005

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of The Anglo-Mauritius Assurance Society Limited and of the Group for the year ended December 31, 2005, contents of which are listed below:

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This report was approved by the Board of Directors on 28th March 2006.

M.E. Cyril Mayer	***Sulliman Adam Moollan***
Chairperson	***Director***

Principal Activities – Year ended December 31, 2005

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of life assurance, pensions, actuarial and investment business. The principal activities of each subsidiary are shown hereunder and have 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
Société de la Croix	Investment Corporation
Société de la Montagne	Investment Corporation
Société de la Rivière	Investment Corporation

Directorate and Management – for the financial year 2005

DIRECTORS

Non-Executive
M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
M. J. Cyril LAGESSE
P. Arnaud DALAIS, Diplôme Universitaire en Gestion des Entreprises
Me. Pierre DOGER DE SPÉVILLE
M.M. Hector ESPITALIER-NOËL, A.C.A.
Henri HAREL, A.C.I.S. (as from 22.03.2005)
Thierry LAGESSE, M.B.A. (France)
Me. M.F.I. Jean Hugues MAIGROT

Independent Non-Executive
George John DUMBELL, A.C.I.B. (U.K.) (as from 01.01.2006)
Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 22.03.2005)
Peeroomal Gopallen MOOROOGEN, F.C.C.A., M.B.A. (Wales) (as from 01.06.2005)
Victor SEEYAVE, M.B.A. (U.S.A.), B.A. Economics (U.K.) (as from 22.03.2005)

Executive
Jean DE FONDAUMIERE, C.A. (Scotland) (appointed Director as from 22.03.2005) - Group Chief Executive
Louis RIVALLAND, B.Sc. (Hons.), F.I.A. (U.K.), F.A.S. (S.A.) (appointed Director as from 22.03.2005) - Group Chief Operations Officer

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Group Company Secretary
Jean Paul Chasteau de Balyon (up to 30th April 2006)

Swan Group Corporate Services Limited (as from 1st May 2006)
Secretary
(per Jean Paul Chasteau de Balyon)

Consultants to the Group Chief Executive
Josie LAPIERRE, M.S.G., D.E.A., F.C.M.I. (up to 31st october 2005)
Gérald LINCOLN


M.E. Cyril MAYER


M. J. Cyril LAGESSE


P. Arnaud DALAIS


Jean DE FONDAUMIÈRE


Me. Pierre DOGER DE SPÉVILLE


George J DUMBELL


M. M. Hector ESPITALIER-NOËL


Henri HAREL


Thierry LAGESSE


Me. M. F. I. Jean Hugues MAIGROT


Sulliman Adam MOOLLAN


P. Gopallen MOOROOGEN


Louis RIVALLAND


Victor SEEYAVE

M.E. Cyril MAYER, B.Com, C.A. (S.A.)

Managing Director of Harel Frères Limited.

Positions presently held on sugar sector institutions:
Chairperson of the Mauritius Sugar Syndicate
Member of the Executive Committee of the Mauritius Sugar Producers' Association

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

Positions presently held on public sector institutions:
Board Member of the Mauritius Sugar Authority
Member of the National Committee on Corporate Governance
Board Member of the National Economic and Social Council

Directorships of listed Companies:
- Mon Trésor and Mon Désert Ltd. (Non-executive Chairperson)
- Swan Insurance Company Limited (Non-executive Chairperson)
- The Mauritius Development Investment Trust Company Limited (Alternate Director)

Directorate and Management (continued) – for the financial year 2005

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.

Mr. Lagesse also sits on the Board of several of the country's most prestigious companies.

Directorships of listed Companies:
- Mauritius Stationery Manufacturers Limited
- Naiade Resorts Limited
- Sun Resorts Limited
- The Mauritius Commercial Bank Limited
- United Basalt Products Limited
- Swan Insurance Company Limited

P. Arnaud DALAIS, Diplôme Universitaire en Gestion des Entreprises

Group Chief Executive of CIEL Group.

Directorships of listed Companies:
- Ireland Blyth Limited
- Sun Resorts Limited
- Swan Insurance Company Limited
- Promotion and Development Limited
- Caudan Development Limited

Former Chairperson of the following private sector organisations:
- The Mauritius Chamber of Agriculture
- The Mauritius Sugar Syndicate
- Joint Economic Council

Me. Pierre DOGER DE SPÉVILLE

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

Directorships of listed Companies:
- Happy World Foods Limited
- Swan Insurance Company Limited

George John DUMBELL, A.C.I.B. (U.K.)

Chairperson, Constance La Gaieté Company Limited

Joined the HSBC Group in August 1968 which he served at Senior Management positions in nine countries across Asia, America, Middle East and Europe.

Former Director of various Banking and Financial Institutions across Asia and Europe.

Directorships of listed Companies:
- Belle Mare Holding Limited
- Swan Insurance Company Limited

M.M. Hector ESPITALIER-NOËL, A.C.A.

Chief Executive of the Espitalier Noël Group.

Directorships of listed Companies:
- New Mauritius Hotels Limited (Non-executive Chairperson)
- Rogers & Co. Ltd. (Non-executive Chairperson)
- Swan Insurance Company Limited

Former Chairperson of the following sugar sector institutions:
- The Mauritius Chamber of Agriculture
- The Mauritius Sugar Producers' Association
- The Mauritius Sugar Syndicate.

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:
- Ireland Blyth Limited (Non-executive Chairperson)
- Sun Resorts Limited
- Swan Insurance Company Limited
- The United Basalt Products Limited

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

Me. 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

Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)

Managing Director of ASMO Securities and Investments Ltd.

Chairperson of Central Depository & Settlement Co. Ltd.

Former Chairperson of the Stock Exchange of Mauritius Limited.

Directorship of listed Companies:
- Swan Insurance Company Limited

Directorate and Management (continued) – for the financial year 2005

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

Head of Residential Services Division of Mauritius Telecom.

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

Directorship of listed Companies:
- Swan Insurance Company Limited

Victor SEEYAVE, M.B.A. (U.S.A.), B.A. Economics (U.K.)

Managing Director of Altima Limited

Directorships of listed Companies:
- Happy World Foods Limited
- Swan Insurance Company Limited

Management Team

Operations Executive

Mark WHATLEY, B.Sc. (Hons.), F.I.A. – Actuarial and Long Term Operations

Senior Managers

Suzanne CHUNG TAK LUN – Group Information Technology
Robert GALLET – Senior Manager
Alan GODER – Pension Consultants & Administrators Limited (P.C.A.)
Paul LAM KWOH HING, A.C.I.I. – Pensions
Vincent LAMUSSE, M.S.G. – The Anglo-Mauritius Financial Services Ltd (A.M.F.S.)
Vishnoo LUXIMAN, M.Sc. – Group Human Resources (As from January 2006)
Maxime REY – Group Finance
George SUI TIT TONG, A.C.I.I. – Individual Business Operations

Managers

Paulette CHUNG FAT – Personal Assistant to Group Chief Executive
Edward CUNNIAH – Claims
Patrick DE MARCY CHELIN – Loans
Sophie DECOTTER, B.Soc.Sc. – Group Human Resources (Up to 30th April 2005)
Robert GELLE – Maintenance
Eric HOODMAN, M.B.C.S. – Information Technology
Bernard KISHTOO – Pensions
Herbert MADANAMOOTHOO, Maîtrise de Droit – Legal
Jean-Claude NG CHEONG HIN – Accountant
Carlo POLIAH, Dip. (Bus& Fin.)-Individual Business Marketing

Directorate and Management (continued) – for the financial year 2005

Senior Management Team Profile

Jean DE FONDAUMIÈRE, C.A.
Group Chief Executive
Chartered Accountant (C.A.), Scotland

Qualified in 1980, Jean de Fondaumière (52) served in managerial positions at Price Waterhouse, Kleinwort Benson and Security Pacific, Sydney, Australia from 1981 to 1991 in the fields of audit and merchant banking.

He joined The Anglo-Mauritius Assurance Society Ltd. in 1992 as Assistant Managing Director. He was appointed General Manager and Chief Executive Officer of The Anglo-Mauritius Assurance Society Ltd. in 1993 and 1994 respectively and Group Chief Executive of the Swan Group namely Swan Insurance Company Ltd. and The Anglo-Mauritius Assurance Society Ltd. in 1997. He is the Chairperson of the Executive Management Committee of the Swan Group since January 2005.

He has been the Chairperson of the Stock Exchange of Mauritius since 2002 (Chairperson of the Corporate Governance Committee) and of Mozambique Capital Partners Ltd. since 1997, a Director of Lémuria Resorts (tourism) in Seychelles since 1998 and a Director of South Asia Regional Fund (member of its Audit Committee) since 1997.

He is a Director for the following Listed Companies:
- Belle Mare Holding Limited
- Harel Frères Limited (Member of the Corporate Governance Committee)
- Ireland Blyth Limited (Chairperson of the Audit Committee)
- Naiade Resorts Limited (Member of the Audit Committee)
- Sun Resorts Ltd. (Chairperson of the Corporate Governance Committee)
- Swan Insurance Company Limited
- The Mauritius Development Investment Trust Co. Ltd.
- The Mount Sugar Estates Co. Ltd.
- United Docks Limited.

Louis RIVALLAND, B.Sc. (Hons.), F.I.A. (U.K.), F.A.S. (S.A.)
Group Chief Operations Officer
B.Sc. (Hons.) in Actuarial Science and Statistics, South Africa (S.A.)
Fellow of the Institute of Actuaries (F.I.A.), United Kingdom (U.K.)
Fellow of the Actuarial Society of South Africa (F.A.S.) (S.A.)

From 1994 to January 1997, Louis Rivalland (35) worked for the Commercial Union in South Africa as Manager - Product Development and was promoted Senior Manager in February 1997. From February 1998 to July 1999, he worked as Actuary and Consultant at Watson Wyatt in Johannesburg, South Africa whereby he was responsible for developing the investment area and for a number of clients on the pensions side 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. He has been appointed Group Chief Operations Officer since January 2005 and is responsible for the operations of Swan Insurance and The Anglo-Mauritius. He is a member of the Executive Management Committee of the Swan Group since January 2005.

He has been elected President of the Insurers' Association of Mauritius since March 2006.

He is a Director for the following Listed Companies:
- Mon Désert Alma Limited (Chairperson of the Audit Committee)
- New Mauritius Hotels Limited (Member of its Audit Committee)
- The General Investment and Development Co. Ltd. (Chairperson of the Audit Committee)

His key areas of specialisation are investment management as well as product development in insurance and pensions business.

Jean Paul CHASTEAU DE BALYON
Member of The Chartered Insurance Institute (C.I.I.) – U.K.
Member of The Association of Company Secretaries – Mauritius

Jean Paul Chasteau de Balyon (55) 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 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 (W.T.O.).

He is a member of the Working Group on Financial Services set up by the Government on issues connected with the World Trade Organisation (W.T.O.) and was part of the national delegation which took part in the W.T.O. negotiations in Geneva in 2002 and 2003.

He acts as Alternate Director of Companies in the tourism and financial sectors.

Since 1st May 2006, Jean Paul Chasteau de Balyon acts as Company Secretary of Swan Group Corporate Services Ltd, a company incorporated to provide secretarial services to the Swan Group.

Gérald LINCOLN
Consultant to Group Chief Executive

Gérald Lincoln (70) joined The Anglo-Mauritius as Executive in the Accounts Department in December 1971. He was appointed Accountant and Manager of the Accounts Department in July 1985 and significantly contributed to the financial and risk management of The Anglo-Mauritius in the ensuing years.

In January 1994, he was appointed Assistant to the General Manager of The Anglo-Mauritius and was promoted to Executive Manager of The Anglo-Mauritius in January 1997. In the period of eight years to the date of his retirement in December 2001 he was a key figure in the development and modernization process of The Anglo-Mauritius.

He was re-employed in 2002 in the capacity of Consultant to Group Chief Executive and has valuable input regarding the strategy and restructuring of the Swan Group.

He is a Director and Alternate Director of a number of Companies in the sugar, tourism and financial services sectors.

He is an Alternate Director for the following Listed Companies:
- The Mauritius Development Investment Trust Co. Ltd.
- The Mount Sugar Estates Co. Ltd.
- United Docks Limited.

Senior Management Team Profile (continued)

Mark WHATLEY, B.Sc. (Hons.), F.I.A.
Operations Executive - Actuarial and Long Term Operations
B.Sc. (Hons.) Mathematics with Russian, United Kingdom (U.K.)
Fellow of the Institute of Actuaries (F.I.A.), U.K.

From August 1998 to November 2002, Mark Whatley (35) was employed by Mercer Human Resources Consulting Group, London, United Kingdom. He was appointed actuary and pensions consultant in January 2001 and was involved in a wide range of client work in terms of pension scheme rules and actuarial valuations.

From September 1994 to July 1998, he was employed by Norwich Union plc, Norwich as actuarial trainee.

He joined the Actuarial Department of The Anglo-Mauritius as Actuary in December 2002. He was responsible for managing the Actuarial Department of The Company in 2003. He has been appointed Operations Executive of The Anglo-Mauritius since January 2005 and is responsible for the Actuarial and Long Term Operations of the Swan Group.

His key areas of specialisation are life assurance, pensions business and actuarial consulting.

Suzanne CHUNG TAK LUN
Senior Manager - Group Information Technology

Suzanne Chung Tak Lun (57) joined Swan Insurance in 1979 and was appointed Senior Manager of the Information Technology Department of Swan Insurance in 2000.

Since January 2005, she has been appointed Senior Manager – Group Information Technology of the Swan Group. She has thirty-five years experience in information technology with the last five years at senior management level.

She specialises in the design and implementation of systems on different platforms, especially IBM AS400.

She has developed a wide range of experience in the implementation and support of various projects:
Commercial Systems with Mauritius Computing Services
Government Projects with International Computers Limited & Government of Mauritius
Sugar Industry systems with West East Limited
Reinsurance systems with Reinsurance Company of Mauritius
General Insurance systems with Swan Insurance Co Ltd.

Her key areas of specialisation are systems analysis and design, large programmes and project management as well as relational database management systems.

Robert GALLET
Senior Manager
Senior Management Course - Graduate School of Business Administration, South Africa (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 (55) 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 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.

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

Alan Goder (38) 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. He is responsible for managing Pension Consultants & Administrators Ltd.

His key areas of specialisation are pensions administration and consulting.

Directorate and Management (continued) – for the financial year 2005

Senior Management Team Profile (continued)

Paul LAM KWOH HING, A.C.I.I.
Senior Manager - Pensions
Associate of the Chartered Insurance Institute (A.C.I.I.) - United Kingdom (U.K.)
Chartered Insurer - U.K.
Intermediate Stage examinations - the Institute of Bookkeeping
Member of the Insurance Institute of Mauritius (I.I.M.)

Paul Lam Kwoh Hing (59) 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 Anglo-Mauritius.

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 (C.I.I.) examinations.

He regularly attends professional workshops relating to the insurance sector.

Vincent LAMUSSE, M.S.G.
Senior Manager - Investments
Diplôme Universitaire en Sciences Economiques
Maîtrise de Science de Gestion (Bordeaux, France)

Vincent Lamusse (38) manages The Anglo-Mauritius Financial Services Ltd., which provide 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 Anglo-Mauritius Assurance Society Ltd 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 Anglo-Mauritius Assurance Society Ltd. 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.

Vishnoo LUXIMAN, M.Sc.
Senior Manager - Group Human Resources (As from January 2006)
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 (A.H.R.P.)-Mauritius

Vishnoo Luximan(44) 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 (D.R.B.C.) 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, in Tanzania. He cumulated the responsibility of Acting Secretary of the Mauritius Sugar Producers' Association with that of Human Resources Manager of D.R.B.C. from September to December 2005.

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 - Group Finance

Maxime Rey (53) 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 Anglo-Mauritius Assurance Society Ltd. 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 both Swan Insurance Company Ltd. and The Anglo-Mauritius Assurance Society Ltd.

George SUI TIT TONG, A.C.I.I.
Senior Manager - Individual Business Operations
Associate of the Chartered Insurance Institute – U.K.
Chartered Insurer – U.K.
Diploma in Agency Management – Life Insurance Marketing and Research Association – Hartford, Connecticut.
A founder member of the Insurance Institute of Mauritius.
Past part-time lecturer at The University of Mauritius.

George Sui Tit Tong (58) joined The Anglo-Mauritius in January 1968. He was appointed Superintendent in the Individual and Group Non-Pension Department in July 1973 and Manager of the Individual Business Operations Department in 1994.

He was promoted to Senior Manager in July 2004 and has been responsible for the overall activities of the Individual Business Operations Department of the Company for several years now.

He is also the responsible person for the reinsurance aspect of the Company's portfolio and liaises regularly with its main reinsurers, namely Swiss Re and Munich Re.

His key area of specialisation is the underwriting of life insurance business. He has acquired international exposure through his participations in workshops relating to life reinsurance and underwriting in London, Oxford, Singapore, Cape Town and Geneva.

Chairperson's Statement and Directors' Report

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 its Subsidiaries, for the year ended 31st December 2005.

The mauritian economy is in a difficult transitional phase. Structural changes globally and especially the fact that bilateral and multilateral agreements, which have been fundamental to its past performance, are expiring, are significant factors that are impacting on our economy. The sugar sector is unquestionably where pressure of events from the international front is likely to be the more harmful. Huge investments will be required to complete the consolidation process of this sector where power production is also involving considerable capital outlay. Moreover, shooting fuel price and fierce competition on our traditional export markets have overshadowed to a certain extent efforts made on the local front.
Mauritius is focusing on sectors like tourism, the seafood hub, information technology and financial services where growth potential is encouraging.

I am pleased to report however that the Group has performed well during the year under review. As more amply described in the Group Chief Executive's Review, its achievements have resulted in improved profitability and a further consolidation of its reserve base. The new organisation structure which became effective on 1st January 2005 worked satisfactorily. The synergies which were expected to be derived of it were comforting.

The Group, which has a regional ambition, has prevailed itself of an investment opportunity in the Seychelles in partnership with the Seychelles Pension Fund. Clear signals of further opening and restructuring of the Seychelles economy give us confidence that we are investing at the right time in a country currently arousing meaningful interest from foreign investors especially in the tourism sector. This partnership is also an opportunity of contributing to the development of the insurance sector in the Seychelles.
In summary, the performance of the Group continued to improve and has contributed to further anchor its goodwill and reputation in the landscape of our financial sector. Dividends totalling Rs.38.5M were declared by the Board.

On the governance side, compliance with the Code of Corporate Governance was completed in 2005. The directors are pleased to welcome Messrs. George John Dumbell and Peeroomal Gopallen Mooroogen as non-executive independent directors on the Board where their contribution will undoubtedly be an added value.

I would like on behalf of my colleagues of the Board to pay tribute to the executive team and the personnel at large for the quality of their performance. The value of an organisation like ours is largely attributable to its people and how their interest coincide with those of their group. I believe that they have put emphasis on operational excellence and everyone is reaping the benefits.

M.E. Cyril Mayer
Chairperson

Group Chief Executive's Review

LONG TERM OPERATIONS

Individual Business

Premium income has continued to grow in line with our expectations in 2005. Net of reinsurance, total premiums grew by 17.5% between 2004 and 2005.

We have seen particular growth in our unit-linked range of products. Between 2004 and 2005, unit-linked premiums grew by 65.9% net of reinsurance. We believe that this reflects a combination of the flexibility of our products and the strong investment returns we have delivered to our policyholders in recent years.

Our unit-linked personal pension plan has continued to be a top performer. Many of our policyholders have contributed additional optional premiums to their plans, to provide for a more comfortable retirement and to make the most of the income tax deductions available to them.

The pensions portability market remains very active. The combination of our conventional and unit-linked personal pension plans provides our customers with an unrivalled range of options for individual retirement planning.

Launched in 2004, our unit-linked Capital Life Plan has proved particularly popular. It gave individual policyholders their first opportunity to invest in our Equity (Life) Fund and obtain a return of 23.3% over 2005.

We remain very competitive in the loan market, giving the added flexibility to our customers to switch between variable and fixed rate terms. If interest rates continue to increase we may witness a market shift back to the certainty of fixed interest rate terms.

Our credit insurance arrangements with a number of lenders have also been affected by the general demand for loans. However, growth in this line of business over the last few years has been very strong, reflecting the competitiveness of our rates and our commitment to service.

The continual improvement of our levels of service to our clients remains a key goal. The implementation of service standards and the introduction of a number of new systems are currently being explored.

In September 2005 we held a seminar for our agents, covering a range of different topics and encouraging them to share their views on the future of the insurance industry. As our agents are often the first point of contact for our customers, we are committed to their training and development.One important topic covered at the seminar was the new Insurance Act and the Code of Business Conduct

Corporate Business

At the end of 2005, Anglo-Mauritius provided administration services to over 440 pension schemes. Total active membership of these schemes exceeds 17,000 lives.

Over 80 of the schemes are defined contribution, reflecting the recent trend towards this form of provision. The combination of investment choice at member level, clear member communication and efficient administration makes our insured defined contribution scheme a market leader.

Together with Pension Consultants and Administrators Limited ("PCA"), which specialise in providing administration and consulting services to larger self-invested schemes, we offer the full spectrum of pension possibilities to our clients. We pride ourselves on finding the best-fit solutions for our clients.
PCA have benefited from both the growth of their existing clients and new contracts. Innovative thinking resulted in some interesting new arrangements. PCA provides administration services to pension schemes with a total membership of around 8,000 lives.

Our pensions operations are supported by one of the largest actuarial teams in Mauritius. We have two UK-qualified and eight part-qualified actuaries on our staff. The team provides actuarial advice on pensions funding and accounting issues and assists with consulting assignments.

REGIONAL DEVELOPMENT

An international tender was conducted at the end of the year under review in the context of the privatisation of State Assurance Corporation of Seychelles (SACOS) and whereby the Government of Seychelles were offering for sale shares of a newly incorporated company in Seychelles, namely State Assurance Co. Ltd (SACL) to take over the activities of SACOS. The said offer was targeting a prospective and reputable strategic investor with satisfactory experience in insurance activities outside Seychelles. SACL is the market leader in Seychelles both in long term and short term insurances.
The Group decided to prevail itself of this regional expansion opportunity and made an offer jointly with the Seychelles Pension Fund (SPF) for the acquisition of 30% of the issued share capital of SACL.
SPF is a body corporate established in Seychelles to provide financial security and social benefits to the Seychelles labour force and has under its management a significant investment fund. SPF found in this partnership an opportunity of further diversifying its investment portfolio.
This investment is also viewed from the angle of a strategic partnership supplemented by a technical support which the Group will be providing to SACL.

ECONOMIC HIGHLIGHTS

The World Economy

In 2005, the global Gross Domestic Product grew at a decelerating rate to level out at 4.3%, registering a downfall from the 5.1% mark of the previous period. The major players in the global economy registered diverse fortunes in the face of inflationary spirals and rising interest rates. Over the year, the US economy recorded a reduced growth of 3.5% (2004: 4.4%) whilst the growth rate for Euro zone rested in the vicinity of 1.2% (2004: 2.0%). On the eastern side, Asia registered an annual growth rate of 7.2% compared to 8.2% in 2004.

Group Chief Executive's Review (continued)

The Domestic Economy

The mauritian economy expanded at a reduced pace of 3.0% during the year 2005 (2004: 4.2%). Growth exclusive of sugar stands at 3.6% as contrasted with 4.2% in 2004. GDP at basic prices in 2005 increased by 8.0% to reach Rs.164.1 billion compared to Rs.151.9 billion in 2004. GDP per capita at basic prices is estimated at Rs. 133,133 compared to Rs.123,040- in 2004, an increase of 8.2%. Gross National Income (GNI) at basic prices reached Rs.165.4 billion in 2005 (2004: Rs.151.4 billion). GNI per capita at basic prices increased by 8.2% in 2005 to attain Rs.132,815 (2004: Rs.122,735-)

The sugar sector contracted by 9.1%, after increasing by 6.5% in 2004, whilst the financial intermediation sector increased by 7.6% (2004: 4.0%) as the result of a growth of 5.0% in insurance and 8.6% in other financial intermediation activities. Within the latter, commercial banks grew at a lower rate of 3.0% (2004: 8.6%) and offshore banks recovered at the rate of 28.4% after a contraction of 6.1% in 2004. The EPZ sector further declined by 13% in 2005 compared to a contraction of 5% in 2004. The construction segment regressed by 4.3% after registering a low growth rate of 0.5% in 2004. Finally, the Tourism's contribution to GDP increased by 5.6% in 2005, as contrasted with a 2.4% growth in 2004. Tourist arrivals peaked at 761,063 in 2005 compared to 718,861 in 2004.

Investment rate decreased to 21.3% in 2005 from 21.7% in 2004. The unemployment rate for 2005 was 9.5% compared to 8.5% in 2004. The inflation rate rose to 4.9% relatively to 4.7% in 2004.

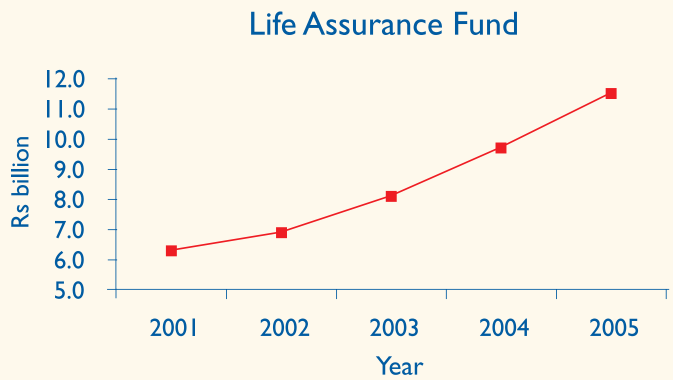
FINANCIAL HIGHLIGHTS

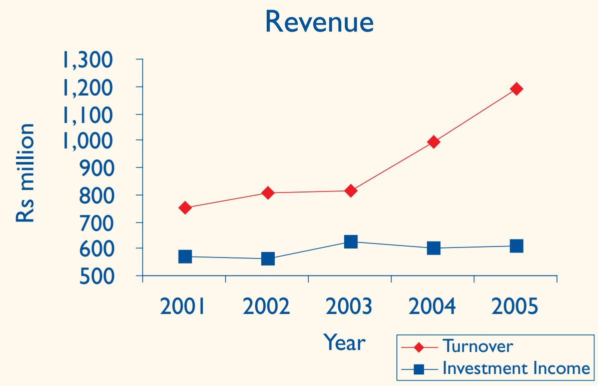
The Life Assurance Fund at 31st December 2005 amounted to Rs.11.5 billion (Rs.9.8 billion in 2004) increasing by Rs.1.7 billion during the year (Rs.1.7 billion in 2004).

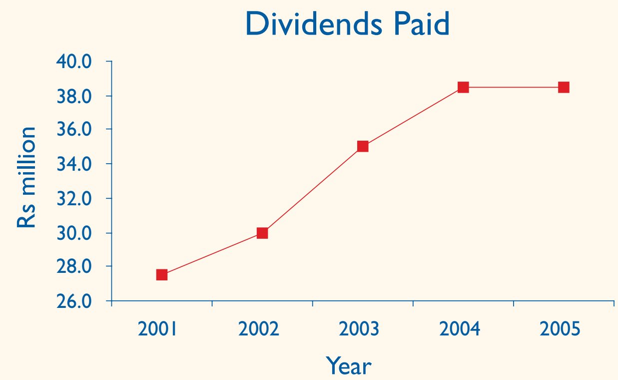
The Life Assurance Fund includes a fair value reserve of Rs.2.1 billion in 2005 (Rs.1.3 billion in 2004). The increase in fair value reserve of Rs.842.4 million made during the year (Rs.717 million in 2004) is due to the unrealised gains on our available-for-sale financial assets.
The premiums receivable net of re-assurances and annuity considerations amounted to Rs.1.2 billion in 2005 (Rs.992.3 million in 2004), including Rs.302.1 million for the linked business (Rs.182.2 million in 2004).

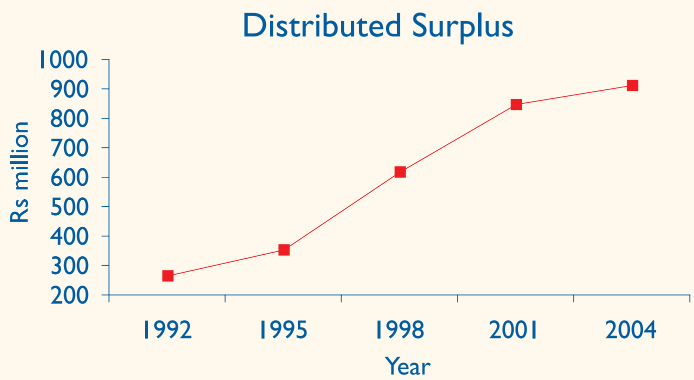
The Company sustained during the year death and disablement claims of Rs.43.5 million as compared to Rs.26.8 million in 2004. Maturities paid amounted to Rs.417.7 million as compared to Rs.371.5 million last year.

During the year, surrenders increased from Rs.95.4 million to Rs.208.2 million principally as a result of a large pension fund conversion in 2005.





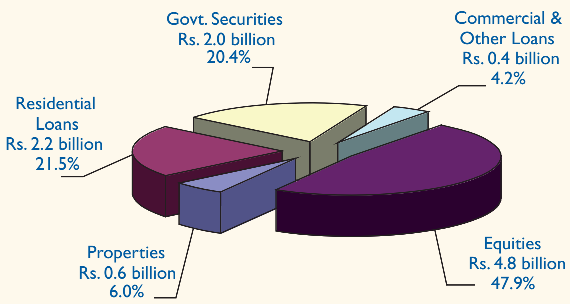




Other income of Rs.60.4 million was made on the non-linked account during the year as compared to Rs.12.5 million in 2004, and other income of Rs.27.9 million was made on the linked account in 2005 as compared to Rs.2.9 million last year.

Gain on exchange of Rs.15.1 million was made on the non-linked account in 2005 as compared to Rs.66.3 million last year, and gain on exchange of Rs.1.1 million was made on the linked account during the year as compared to Rs.4.8 million in 2004.

Investment Structure (at market value)



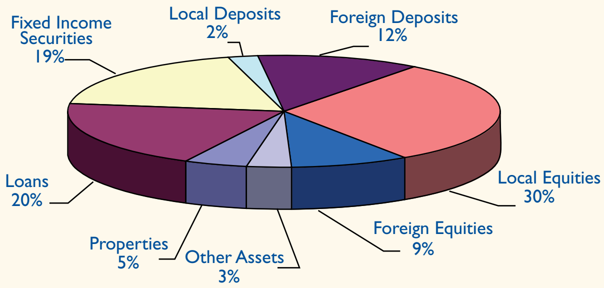
INVESTMENTS

Background

During the year, the Stock Exchange of Mauritius (SEM) was admitted as a member of the World Federation of Exchanges (WFE). The WFE, an international body comprising of the world's major stock exchanges, acts as a central reference point and standards setter in the securities industry. The membership recognises the SEM as fully compliant with the strict standards and principles established by the WFE. Consequently, the SEM would be able to attract foreign institutional investors who are restricted to dealing only on WFE member exchanges.

The Semtri increased by 20.5% over the year 2005, which constitutes four years of positive double-digit return. Over the same period, the Dow Jones, the main index of the New York Stock Exchange, increased by 6.9% whilst the FTSE 100 in London increased by 7.7%.
In relation to interest rates, the trend of the preceding year has grown in intensity. The interest rates have increased by 175 bps in Mauritius in 2005 and by 200 bps in the United States. This trend of rising local interest rates is expected to persist over the year 2006.

The Anglo-Mauritius Non-Linked Fund



The performance of the Company's Funds

The Non-Linked Fund is our largest fund as at 31st December 2005 with assets of Rs.10.5 billion at market value as compared to Rs.9.1 billion the previous year. The assets are invested at approximately 55% in fixed income instruments and 45% in shares & properties. This fund has once again recorded a very satisfactory performance in 2005, mainly due to returns of above 30% on its equity portfolio. The portion of the fund invested overseas rose to 21%.

The Equity Fund (Life) was our overall best performing fund over 2005 with a return of 23.3%, outperforming its benchmark by more than 3%. This fund invests mainly in shares quoted on the local stock exchange, with a small exposure to foreign stock markets. Moreover, our most popular unitised funds, the General Fund (Life) and the Secure Fund (Pension), predominantly invested in fixed income instruments, have achieved annualized returns to the tune of 9% in line with our expectations.

Legal and Regulatory Framework

The Insurance Act 2005 which was voted by the National Assembly in March 2005 has yet to be proclaimed. The industry is still pursuing discussions with the regulatory body on outstanding issues, mainly regarding solvency rules.
Whilst we applaud the objectives of this legislation, in terms of adherence to international norms and best practices, it is important that they are tailored to the reality of the Mauritian market. The cost of compliance with this legislation will be considerable. We hope that the insurance industry will be able to continue to contribute to the economy by offering an attractive avenue for personal savings.
The Securities Act was also voted in 2005 by the National Assembly but has not been proclaimed yet.
The Financial Reporting Act was voted by the National Assembly in November 2004 and has been proclaimed in February 2005. The objectives of this Act is to regulate the reporting of financial matters in Mauritius and to set up the appropriate legislative framework for the establishment of:
- The Financial Reporting Council which shall be responsible for the monitoring of financial reporting and auditing practices,
- The Mauritius Institute of Professional Accountants to regulate the accountancy profession,
- The National Committee on Corporate Governance, to promote the highest standards of corporate governance, and publish, monitor and maintain the Code of Corporate Governance, and
- The Mauritius Institute of Directors, which shall promote the highest standards of professional and ethical conduct of directors.

Group Chief Executive's Review (continued)

The Financial Services Commission has issued in March 2005 a Code of Business Conduct for Insurers and Intermediaries. The Code of Business Conduct sets standards of market practices for insurers and insurance intermediaries in relation to the sale of insurance contracts. The Code aims to ensure that high standards of financial soundness and business conduct are adhered to by all insurers and intermediaries under the supervision of the FSC. In essence, it reflects what the FSC considers are minimum standards of good business practice and ethical behaviour on behalf of its licensees.

In line with best international practices, the Financial Intelligence and Anti-Money Laundering Regulations 2003 have been amended by the Financial Intelligence and Anti-Money Laundering (Amendment) Regulations 2005 which have come into operation in July 2005.
Pursuant to these new regulations, non-bank financial institutions subject to the supervision of the FSC must comply with such additional requirements pertaining to new business and omnibus accounts as the FSC may issue.

In this context, the Code on the Prevention of Money Laundering and Terrorist Financing intended for Insurance Entities that was initially issued in April 2003 has been revised by the Financial Services Commission. The new Code which came in operation on the 1st August 2005 has, inter-alia, clarified situations where enhance due diligence should be carried out by a licensee and eliminated unnecessary duplication of obligations.

The Company remains fully committed to ensuring that effective AML/ CFT procedures, controls and systems are in place to avoid that its services or products be used by money launderers.

HUMAN RESOURCES AND COMMUNICATION

We have been aggrieved by the demise of Mr Guy Chevreau on 17th November 2005. When Mr. Chevreau retired after 30 years of service, he held the position of Assistant to the Managing Director. I wish to place on record his significant contribution to the development of the Company which he served as a gentleman, with dedication and loyalty. May I here express my deepest sympathy to his wife and children.

Mrs Josie Lapierre, Consultant to the Group Chief Executive and head of the Group Communications, Marketing Support and Human Resources department resigned from her post at the end of October 2005. I wish to put on record her important contribution in the areas of human resource management and corporate communication during her career with the Swan Group.

Following the resignation of Mrs. Josie Lapierre, we have integrated the Group Communications and Marketing Support functions with the Individual Business Marketing function. We have moreover set up a stand-alone Group Human Resources department to provide specialized advice and services in the field of people management and to implement the strategic human resource management plans of the Group. We have, in this context, recruited Mr. Vishnoo Luximan, a high profile Human Resource Professional, reckoning more than 20 years experience in this functional area, to lead the Group Human Resources department.

The need to have a highly skilled and committed team working consistently towards the realization of corporate objectives has once again inspired initiatives in the field of human resource management. Our focus in 2005 has been to develop a high performance culture through a more systematic approach to performance management. Much emphasis has thus been put on the training of our staff in view of the implementation of a performance management system (PMS) that has been designed by external consultants.

Our aim is to use the PMS to clarify work objectives and performance standards while sensitizing employees on the core values and corporate objectives of the Swan Group. We trust that the PMS will create the right conditions for continuous improvement and learning in an atmosphere of mutual trust.

Our Group has also maintained an enabling environment for the enhancement of technical skills in the field of insurance by sponsoring employees and rewarding successful students. Moreover we have encouraged employees to upgrade their skills in view of a better leveraging of the IT infrastructure for more effective information sharing, decision-making and customer service.

The new organization structure set up in 2005 has largely contributed in the improvement of communication and in the facilitation of the decision-making process. Moreover the sharing of the different support functions has paved the way for the reengineering and standardisation of processes in the areas of Finance, IT, Human Resource Management and Communication across the companies of the Swan Group.

Jean de Fondaumière
Group Chief Executive

Corporate Governance Report 2005

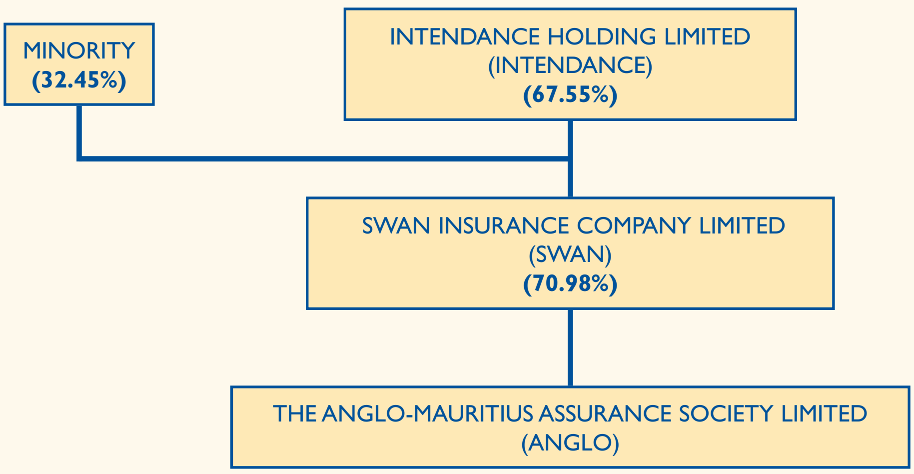
1. COMPLIANCE STATEMENT

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 STRUCTURE



3. COMMON DIRECTORS

	ANGLO	***SWAN***	***INTENDANCE***
M.E. Cyril Mayer	✔	✔	✔
M. J. Cyril Lagesse	✔	✔	✔
P. Arnaud Dalais	✔	✔	✔
M. M. Hector Espitalier-Noël	✔	✔	✔
Me. Pierre Doger de Spéville	✔	✔	✔

4. MAJOR SHAREHOLDERS

At April 30, 2006, 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	-	-	1,198,695	47.89
	1,774,530	70.98	1,198,695	47.89

5. DIVIDEND POLICY

Every three years, an actuarial valuation report is made by our Consulting Actuaries in accordance with the Insurance Act 1987. 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, scrutinize 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. Conformance 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.

6. THE BOARD OF DIRECTORS (continued)

(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.

(c) Evaluation

No evaluation of the Directors, Board and Board Committees was carried out during the year under review as the Code of Corporate Governance had only recently been implemented.

(d) Directors' interests in shares

Directors	Direct interest 2005 & 2004	
	No. of shares	%
M.J. Cyril Lagesse	1,250	0.050
Pierre Doger de Spéville	70	0.003
Jean de Fondaumière	653	0.026
	1,973	0.079

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 helps 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 directors' 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. There were no retiring executive directors during the year under review.

8. BOARD COMMITTEES

In compliance with the principles of good governance, the Board has set up two committees in order to assist the directors in discharging their duties through a more comprehensive evaluation of specific issues.

Corporate Governance Report 2005 (continued)

8. BOARD COMMITTEES (continued)

The Committees set up are the Audit and Risk Committee and the Corporate Governance Committee. The Corporate Governance Committee includes in its Terms of Reference the key areas of responsibility normally covered by a nomination and remuneration committee.

The Committees started their activities at the beginning of the second semester of the year under review. Activities of these Committees cover all the companies of the Group.

(a) The Audit and Risk Committee

The current members are Mr. Sulliman Adam Moollan (Chairperson), Mr. Henri Harel, Mr. Peeroomal 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.

Attendance at meetings for the current year is detailed in paragraph 9.
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 Risk Committee.

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

The Audit and Risk Committee has adopted formal terms of reference and the Committee is satisfied that it has discharged its responsibilities for the year in compliance with its terms of reference.
The Audit and Risk 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
- the financial information to be published by the Board.

(b) The Corporate Governance Committee

The current members are Mr. Cyril Mayer (Chairperson), Mr. Sulliman Adam Moollan, Mr. Peeroomal Gopallen Mooroogen and Mr. Victor Seeyave. The Group Chief Executive is in attendance.

Attendance at meetings for the current year is detailed in paragraph 9.

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. BOARD, COMMITTEES ATTENDANCE AND REMUNERATION IN 2005

Directors	Classification	Board	Audit and Risk Committee	Corporate Governance Committee	Remuneration for the year: From the Company	Remuneration for the year: From Subsidiary Companies	Remuneration for the year: From Companies on which Director serves as representative of the Company
Number of meetings held during the year		7	2	2			
		Attendance			Rs.	Rs.	Rs.
M.E. Cyril Mayer (Chairperson of the Board and theCorporate Governance Committee)	Non-executive	6	N/A	2	96,000	28,000	-
M.J. Cyril Lagesse	Non-executive	7	N/A	N/A	60,000	20,000	-
P. Arnaud Dalais	Non-executive	6	N/A	N/A	60,000	-	-
Pierre Doger de Spéville	Non-executive	6	N/A	N/A	60,000	-	-
M.M. Hector Espitalier-Noël	Non-executive	2	N/A	N/A	60,000	-	-
Henri Harel (as from 22.3.2005)	Non-executive	3	1	N/A	45,000	-	-
Thierry Lagesse	Non-executive	5	N/A	N/A	60,000	-	-
M.F.I. Jean Hugues Maigrot	Non-executive	4	N/A	N/A	60,000	-	-
Sulliman Adam Moollan (as from 22.3.2005) (Chairperson of Audit and Risk Committee)	Independent non-executive	4	2	2	45,000	-	-
Peeroomal Gopallen Mooroogen (as from 01.06.2005)	Independent non-executive	3	2	2	35,000	-	-
Victor Seeyave (as from 22.3.2005)	Independent non-executive	3	2	2	45,000	-	-
Jean de Fondaumière (as from 22.3.2005)	Executive	4	N/A	N/A	5,599,253*	34,000	1,602,000
Louis Rivalland (as from 22.3.2005)	Executive	4	N/A	N/A	3,022,983**	10,000	-

* *Represents 60% of total remuneration from the Company, the balance of 40% is borne by Swan.*

** *Represents 50% of total remuneration from the Company, the balance of 50% is borne by Swan.*

Corporate Governance Report 2005

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 31 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.

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 Risk Committee and the Board of directors. It derives its authority from the Board through the Audit and Risk Committee.

Messrs. Ernst & Young, Public Accountants were appointed Internal Auditors in July 2005.

- **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 Risk 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 Risk Committee and maintain an open and constructive communication with executive management. They also have direct access 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 Risk Committee.

- **Coverage and Risk management**

  The annual internal audit plan, which is approved by the Audit and Risk 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 Risk 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.

Risk 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.

- **Environment and Strategy risks (continued)**

  – Industry Risks:

  Risks which make 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 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 hardwares and softwares used in the business 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**

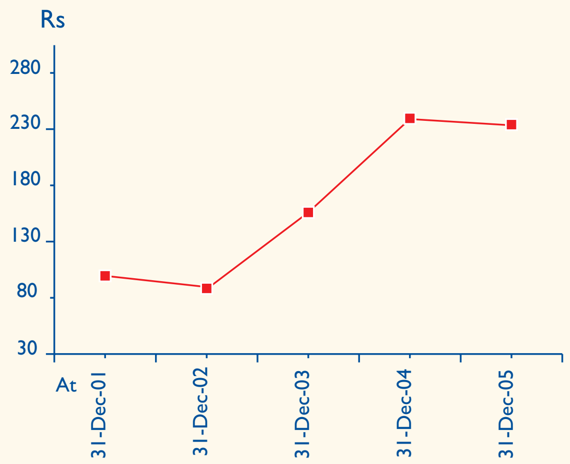
  The primary sources of financial risks within the Group are reinsurance counterparties, credit risk inherent to insurance contracts, treasury and investment activities and premium debtors. Market risk arises from the Group's investment portfolios. Liquidity risk is considered to be low for the Group.

  The management of these financial risks is further discussed in Note 3.2 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 136% over the last five years, from Rs.100 per share at December 31, 2001 to Rs236 per share in 2005.

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	192	20,073	0.803
501 - 1,000	35	26,020	1.042
1,001 - 5,000	43	93,582	3.743
5,001 - 10,000	8	56,334	2.253
10,001 - 50,000	7	145,725	5.829
50,001 - 100,000	6	383,736	15.349
100,001 - 250,000	-	-	-
250,001 - 500,000	-	-	-
Over 500,000	1	1,774,530	70.981
Total	292	2,500,000	100.000

(b)

Category	No. of shareholders	No. of shares	% holding
Individuals	242	280,142	11.206
Insurance and assurance Companies	3	760	0.031
Pension and Provident Funds	2	2,431	0.097
Investment and Trust Companies	8	102,227	4.089
Other Corporate Bodies	36	339,910	13.596
The Parent Company	1	1,774,530	70.981
Total	292	2,500,000	100.000

19. CHARITABLE DONATIONS

For charitable donations, please refer to page 75 of the Annual Report under 'Other Statutory Disclosures'.

20. POLITICAL DONATIONS

General elections took place in the year under review to elect members of the National Assembly. It was in this context that the Joint Economic Council (JEC), the body regrouping the private sector's institutions, issued guidelines to its members wishing to contribute financially to political parties. In line with such guidelines, the Company made political donations to a number of political parties amounting to Rs. 0.75 M.

21. 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.

22. 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.

23. 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.

24. TIME-TABLE OF IMPORTANT FORTHCOMING EVENTS

June 2006	Annual Meeting of Shareholders.
November 2006	Board of directors meets to examine provisional results for year ending December 2006 and decide as to 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:

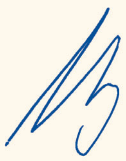
(i) adequate accounting records and an effective system of internal controls and risk management have been maintained;

(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.

(iv) the Code of Corporate Governance has been adhered to in all material respects and reasons provided for non-compliance.

Signed on behalf of the Board of Directors



M.E. Cyril Mayer
Chairperson

M. J. Cyril Lagesse
Director

Report of the Auditors to the Members

We have audited the financial statements of The Anglo-Mauritius Assurance Society Limited set out on pages 36 to 72 which have been prepared on the basis of the accounting policies set out on pages 41 to 47.

This report is made solely to the Group's and the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001 and the Insurance Act 1987. Our audit work has been undertaken so that we might state to the Group's and the Company's members those matters we are required to state to them in an auditors' report and or for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group's and the Company's and the Company's members as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of the Board of Directors and Auditors

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and for ensuring that the financial statements comply with the Companies Act 2001 and the Insurance Act 1987. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Our audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statements. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

Opinion

We have obtained all such information and explanations which we considered necessary.

In our opinion:

a) proper accounting records have been kept by the Group and the Company as far as it appears from our examination of those records;

b) the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2005 and of its results and cash flows for the year then ended, comply with the Companies Act 2001 and the Insurance Act 1987 and have been prepared in accordance with International Financial Reporting Standards.

BDO DE CHAZAL DU MEE
Chartered Accountants

Port Louis,
Mauritius.
28th March 2006

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

Balance Sheets – as at December 31, 2005

	Notes	THE GROUP 2005 Rs'000	THE GROUP 2004 Rs'000	THE COMPANY 2005 Rs'000	THE COMPANY 2004 Rs'000
ASSETS					
Non-current assets					
Property and equipment	5	164,657	167,351	131,792	133,441
Investment property	6	370,845	312,639	304,350	246,030
Intangible assets	7	25,323	25,211	810	-
Investments in Subsidiary Companies	8	-	-	125,724	125,724
Financial assets	9	5,066,231	4,276,744	5,066,231	4,276,744
Loans and receivables	10	2,367,812	2,318,432	2,367,812	2,318,432
Statutory Deposit		8,000	8,000	8,000	8,000
		8,002,868	7,108,377	8,004,719	7,108,371
Current assets					
Trade and other receivables	11	99,843	84,333	100,304	81,812
Financial assets	9	1,812,214	1,471,776	1,812,214	1,471,776
Loans and receivables	10	204,799	227,500	204,799	227,500
Short term deposits	12/28(b)	1,574,242	1,011,781	1,574,242	1,013,386
Cash in hand and at bank	28(b)	54,888	59,912	40,601	47,061
		3,745,986	2,855,302	3,732,160	2,841,535
Total assets		**11,748,854**	9,963,679	**11,736,879**	9,949,906
EQUITY AND LIABILITIES					
Capital and Reserves (attributable to equity holders of the parent company)					
Share Capital	13	25,000	25,000	25,000	25,000
Proprietors' Fund		65,173	5,201	65,173	5,201
Equity holders' interest		90,173	30,201	90,173	30,201
Minority Interest	14	108	104	-	-
Total equity		90,281	30,305	90,173	30,201
Non-current liabilities					
Life Assurance Fund	2(i)/15	11,473,068	9,762,358	11,464,825	9,748,836
Borrowings	16	90	793	-	-
Deferred tax liabilities	17	1,493	1,577	-	-
Retirement Benefit Obligations	18	90,897	83,113	90,961	83,113
		11,565,548	9,847,841	11,555,786	9,831,949
Current liabilities					
Trade and other payables	19	88,118	72,317	87,070	75,756
Current tax liabilities	20	4,907	12,732	3,850	12,000
Borrowings	16	-	484	-	-
		93,025	85,533	90,920	87,756
Total equity and liabilities		**11,748,854**	9,963,679	**11,736,879**	9,949,906

These financial statements have been approved for issue by the Board of Directors on 28th March 2006.

M.E. Cyril Mayer
Chairperson

Sulliman Adam Moollan
Director

The notes on pages 41 to 72 form an integral part of these financial statements.
Auditors' report on pages 34 and 35.

Life Assurance Fund - Non Linked Account – Year ended December 31, 2005

	Notes	THE GROUP 2005 Rs'000	THE GROUP 2004 Rs'000	THE COMPANY 2005 Rs'000	THE COMPANY 2004 Rs'000
Gross Premiums		795,672	762,038	795,672	762,038
Ceded to Reinsurers		(41,642)	(45,788)	(41,642)	(45,788)
Net insurance premiums	21	754,030	716,250	754,030	716,250
Consideration for annuities	21	133,244	93,844	133,244	93,844
Fee income on insurance and investment contracts		32,405	34,213	25,820	33,654
Investment income	22	522,491	532,187	531,118	538,780
Other income	23	60,364	12,532	60,364	12,532
Gain on exchange		15,120	66,256	15,120	66,256
Other operating income - rent		15,499	13,589	10,410	8,883
		1,533,153	1,468,871	1,530,106	1,470,199
Net death and disablement insurance claims	24	43,372	26,585	43,372	26,585
Maturity claims		416,584	371,038	416,584	371,038
Surrenders		162,746	83,648	162,746	83,648
Annuities		102,642	89,664	102,642	89,664
Commissions payable to agents and brokers		44,007	39,047	44,007	39,047
Fees payable		14,391	10,586	14,391	10,586
Depreciation of property and equipment	5	12,650	9,543	11,862	9,236
Depreciation of investment property	6	5,743	4,470	5,603	4,331
Amortisation of intangible assets	7	922	-	405	-
Computer development expenses		2,155	2,287	2,155	2,287
Bad debts		1,325	4,217	1,325	4,217
Marketing and administrative expenses	25	105,170	101,426	99,524	99,534
		911,707	742,511	904,616	740,173
Surplus for the year before taxation		621,446	726,360	625,490	730,026
Taxation	20	7,085	(8,624)	8,130	(8,075)
Surplus for the year		**628,531**	717,736	**633,620**	721,951
Surplus transferred as follows:					
- Life Assurance Fund	15	537,237	717,732	542,335	721,951
- Proprietors' Fund		91,285	-	91,285	-
- Minority interest	14	9	4	-	-
		628,531	717,736	**633,620**	721,951

The notes on pages 41 to 72 form an integral part of these financial statements.
Auditors' report on pages 34 and 35.

Life Assurance Fund - Linked Account – Year ended December 31, 2005

	Notes	THE COMPANY 2005 Rs'000	2004 Rs'000
Gross premiums		306,347	185,831
Ceded to Reinsurers		(4,209)	(3,594)
Net insurance premium	21	302,138	182,237
Investment income	22	74,797	55,863
Other income	23	27,863	2,868
Gain on exchange		1,075	4,755
		405,873	245,723
Net death and disablement claims	24	97	202
Maturity claims		1,076	476
Surrenders		45,504	11,717
Annuities		13,656	12,026
Fees payable		14,311	10,674
		74,644	35,095
Surplus for the year	15	**331,229**	210,628

The Life Assurance Fund - Linked Account is represented by assets included in the Company's Balance Sheet.

The notes on pages 41 to 72 form an integral part of these financial statements.
Auditors' report on pages 34 and 35.

Statements of Changes in Equity – Year ended December 31, 2005

THE GROUP AND THE COMPANY	Notes	Attributable to equity holders of the parent company: Share Capital Rs'000	Proprietors' Fund Rs'000	Total Rs'000	Minority Interest Rs'000	Total Rs'000
Balance at January 1, 2005		25,000	5,201	30,201	104	30,305
Interest allocated		-	7,187	7,187	-	7,187
Surplus transferred from Life Assurance Fund (page 37)		-	91,285	91,285	-	91,285
Net movement for the year	14	-	-	-	4	4
Dividends	26	-	(38,500)	(38,500)	-	(38,500)
Balance at December 31, 2005		25,000	65,173	90,173	108	90,281
Balance at January 1, 2004		25,000	39,558	64,558	110	64,668
Interest allocated		-	4,143	4,143	-	4,143
Net movement for the year	14	-	-	-	(6)	(6)
Dividends	26	-	(38,500)	(38,500)	-	(38,500)
Balance at December 31, 2004		25,000	5,201	30,201	104	30,305

The notes on pages 41 to 72 form an integral part of these financial statements.
Auditors' report on pages 34 and 35.

Cash Flow Statements – Year ended December 31, 2005

	Notes	THE GROUP 2005 Rs'000	THE GROUP 2004 Rs'000	THE COMPANY 2005 Rs'000	THE COMPANY 2004 Rs'000
Operating activities					
Cash generated from operations	28(a)	281,135	282,112	267,715	279,307
Investment income received		647,733	582,488	656,360	589,381
Tax paid		(740)	(9,075)	(20)	(8,075)
Net cash generated from operating activities		928,128	855,525	924,055	860,613
Investing activities					
Acquisition of subsidiary, net of cash and cash equivalents acquired		-	(26,063)	-	(26,000)
Purchase of property and equipment	5	(12,047)	(6,957)	(10,744)	(6,055)
Purchase of investment property	6	(64,756)	(24,019)	(64,730)	(23,969)
Purchase of intangible assets	7	(1,215)	-	(1,215)	-
Purchase of financial assets	9	(1,978,836)	(1,724,508)	(1,978,836)	(1,724,508)
Loans granted		(302,179)	(249,501)	(302,179)	(249,501)
Redemption/disposal of financial assets		1,731,595	1,022,916	1,731,595	1,022,916
Disposal of property and equipment		3,111	1,285	1,627	1,285
Loans granted to shareholders		-	(780)	-	(780)
Disposal of investment property		1,628	-	1,628	-
Loan recovered from shareholders		-	776	-	776
Finance lease capital repayments		(1,079)	-	-	-
Loans received		275,500	315,749	275,500	315,749
Net cash used in investing activities		(348,278)	(691,102)	(347,354)	(690,087)
Financing activity					
Dividends paid	26	(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		**541,350**	125,923	**538,201**	132,026
Movement in cash and cash equivalents					
At January 1,		1,071,585	874,651	1,060,447	857,410
Increase		541,350	125,923	538,201	132,026
Effects of exchange rate changes		16,195	71,011	16,195	71,011
At December 31,	28(b)	**1,629,130**	1,071,585	**1,614,843**	1,060,447

The notes on pages 41 to 72 form an integral part of these financial statements.
Auditors' report on pages 34 and 35.

Notes to the Financial Statements – Year ended December 31, 2005

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. ACCOUNTING POLICIES

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

(a) Basis of Accounting

The financial statements comply 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.

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 company'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.

2. ACCOUNTING POLICIES (continued)

(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 1-5 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.

(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 assets' fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(f) Investment in subsidiaries

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.

(f) Investment in subsidiaries (continued)

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 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) Financial assets

Categories of financial assets

The Group and the Company classify their financial assets in the following categories: loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its 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 and the Company provide 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 and the Company have positive intention and ability to hold to maturity.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative 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 them within twelve months of the balance sheet date.

Initial measurement

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.

Subsequent recognition

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.

Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in the Life Assurance Fund until the financial assets are disposed of or found to be impaired, at which time, the cumulative gains or losses previously recognised in the Life Assurance Fund are recognised as gains and losses on financial assets. On disposal, the profit or loss recognised in the Life Assurance Fund is the difference between the proceeds and the carrying amount of the financial assets.

(g) Financial assets (continued)

Subsequent recognition

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 and the Company establish 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.

Derecognition

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

Impairment of financial assets

The Group and the Company assess 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 is recognised in 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 cash flows, discounted at the asset's original effective interest rate. The amount of loss is recognised in the Life Assurance Fund.

(h) Trade and other receivables and payables

(i) Trade and other receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Other receivables are stated at their nominal value.

(ii) Trade and other payables

Trade and other payables are stated at their nominal value.

The nominal value of trade receivables and payables and other receivables and payables are assumed to approximate their fair values.

(i) Life Assurance Fund

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.

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) Accounting for leases - where the subsidiary is the lessee

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement of the subsidiary, on a straight-line basis over the period of the lease.

Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to income statement of the subsidiary.

(l) Retirement Benefit Obligations

The Company has a retirement pension fund for its employees which is internally managed. Full liability of the Retirement Benefit Obligations has been recognised in the Balance Sheet as the assets are not legally separate and cannot therefore be considered as Plan Assets.

(m) 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 losses and retirement benefit obligations.

(n) Insurance contracts

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 expire. 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 upon revaluation of backing assets. Revaluation of long-term business assets is carried out by independent Actuaries on a triennial basis.

The Company has an 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 in the surplus, equal to 10%, is transferred from the Life Assurance Fund to the Proprietors' funds on a triennial basis.

(n) Insurance contracts (continued)

(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 is an insurance contract with 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.

(o) Revenue recognition - Premiums Earned

Revenue comprises the fair value for services rendered and after eliminating revenue within the group.

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 is reversed in the Life Assurance Fund. For contracts that lapse after longer periods, a surrender or paid up value is settled to contract holders based on the terms of the contracts.

(p) 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.

(q) 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.

(r) 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) Other revenues earned by the Group and the Company are recognised on the following bases:-
- Interest income - as it accrues unless collectibility is in doubt.
- Dividend income - when the shareholder's right to receive payment is established.

(s) Foreign Currencies

(i) Functional and presentation currency

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

(s) Foreign Currencies (continued)

(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 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.

(t) Provisions

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

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS

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.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK (continued)

(i) **Concentration, frequency and severity of claims (continued)**

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 risks

The Group's and the Company's activities are exposed to financial risks through their financial assets, financial liabilities, reinsurance assets and insurance liabilities. In particular, the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from insurance and investment contracts.
The most important components of these financial risks are:
• Interest rate risk;
• Foreign exchange risk;
• Credit risk;
• Liquidity risk;
• Market risk;
• Reinsurers' default.

(a) Interest rate risk

The Company's investments are exposed to interest rate risk. The Company has however, proper asset-liability management framework in place, to ensure that investment returns are in excess of Company's obligations.

Insurance contracts with guaranteed and fixed terms have benefit payments that are fixed and guaranteed at inception. The financial risk inherent to these contracts is interest rate risk since fluctuations in interest rate may negatively impact the return on investments. The interest rate risk is however, mitigated by the fact that the Company's investment portfolio is closely monitored by management to ensure that insurance liabilities are adequately covered. The Company's investment policy is also under the oversight of the Company's external Actuaries, who make recommendations as to investments.

For insurance contracts without fixed terms, the Company ensures a proper matching of its portfolio of assets with insurance liabilities and the interest rate risk for these contracts is thus minimised.

(b) Foreign exchange risk

Reinsurance policies of the Company are purchased from the international markets, thereby exposing it to foreign currency fluctuations. The Company's primary exposures are associated with the Euro, US dollar and UK pound sterling.

The Company also has a number of investments in foreign entities, deposits and bank balances denominated in foreign currencies. It is exposed to foreign exchange risk arising from various currencies primarily with respect to Euro, US Dollar and UK pound sterling. Exposure to foreign currently risk is not hedged but is closely monitored by management.

(c) Credit risk

The Company's credit risk is primarily attributable to insurance receivables i.e. insurance contract holders and insurance intermediaries and loans receivable. The amounts presented in the balance sheet are net of allowances for estimated irrecoverable amounts, based on management's prior experience and the current economic environment.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISKS (continued)

(c) Credit risk (continued)

Except for amount receivable from reinsurers, the Company has no significant concentration of credit risk, with exposure spread over a large number of clients, agents and brokers. The Company has policies in place to ensure that sales of services are made to clients, agents, brokers and reinsurers with sound credit history.

(d) Liquidity risk

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

(e) Market risk

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

The carrying amount of investments whose shares are traded on the market may be subject to variations. This risk is mitigated as the Group and the Company hold a diversified portfolio of investments in Mauritius and abroad.

(f) Reinsurers' default

The Company is exposed to the possibility of default by its Reinsurers for its share of insurance liabilities and refunds in respect of claims already paid. Management monitors the financial strength of its Reinsurers and have policies in place to ensure that risks are ceded to top-rated and credit-worthy Reinsurers only and therefore risk of default is remote.

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

(a) 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (continued)

4.1 Insurance contracts (continued)

(a) Estimates of future benefit payments (continued)

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.

(b) 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 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 and the Company apply 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 and the Company evaluate their intention and ability to hold such investments to maturity.

If the Group and the Company fail 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 and the Company follow 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 and the Company evaluate, 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.

5. PROPERTY AND EQUIPMENT

	THE GROUP					
	Freehold Land & Buildings Rs'000	Furniture, Fixtures & Fittings Rs'000	Computer Equipment Rs'000	Electrical Equipment Rs'000	Motor Vehicles Rs'000	Total Rs'000
COST AND VALUATION						
At January 1, 2005						
Cost	121,861	71,813	25,495	2,235	30,883	252,287
Valuation	27,664	-	-	-	-	27,664
	149,525	71,813	25,495	2,235	30,883	279,951
Additions	-	655	1,056	-	10,336	12,047
Disposals	-	-	(353)	-	(6,895)	(7,248)
At December 31, 2005						
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**
DEPRECIATION						
At January 1, 2005	7,219	62,915	19,980	1,935	20,551	112,600
Charge for the year	2,437	2,081	1,869	50	6,213	12,650
Disposal adjustment	-	-	(294)	-	(4,863)	(5,157)
At December 31, 2005	**9,656**	**64,996**	**21,555**	**1,985**	**21,901**	**120,093**
NET BOOK VALUE						
At December 31, 2005	**139,869**	**7,472**	**4,643**	**250**	**12,423**	**164,657**

5. PROPERTY AND EQUIPMENT (continued)

	THE GROUP					
	Freehold Land & Buildings Rs'000	Furniture, Fixtures & Fittings Rs'000	Computer Equipment Rs'000	Electrical Equipment Rs'000	Motor Vehicles Rs'000	Total Rs'000
COST AND VALUATION						
At January 1, 2004						
Cost	103,237	69,890	23,220	2,235	28,986	227,568
Valuation	27,664	-	-	-	-	27,664
	130,901	69,890	23,220	2,235	28,986	255,232
Acquired through business combination	-	333	506	-	1,839	2,678
Transfer from investment property (note 6)	18,624	-	-	-	-	18,624
Additions	-	1,590	1,935	-	3,432	6,957
Disposals	-	-	(166)	-	(3,374)	(3,540)
At December 31, 2004						
Cost	**121,861**	**71,813**	**25,495**	**2,235**	**30,883**	**252,287**
Valuation	**27,664**	**-**	**-**	**-**	**-**	**27,664**
	149,525	**71,813**	**25,495**	**2,235**	**30,883**	**279,951**
DEPRECIATION						
At January 1, 2004	4,038	62,312	17,607	1,885	17,976	103,818
Acquired through business combination	-	100	382	-	627	1,109
Transfer from investment property (note 6)	745	-	-	-	-	745
Charge for the year	2,436	503	2,061	50	4,493	9,543
Disposal adjustment	-	-	(70)	-	(2,545)	(2,615)
At December 31, 2004	**7,219**	**62,915**	**19,980**	**1,935**	**20,551**	**112,600**
NET BOOK VALUE						
At December 31, 2004	**142,306**	**8,898**	**5,515**	**300**	**10,332**	**167,351**

5. PROPERTY AND EQUIPMENT (continued)

	THE COMPANY				
	Freehold Land & Buildings Rs'000	Furniture, Fixtures & Fittings Rs'000	Computer Equipment Rs'000	Motor Vehicles Rs'000	Total Rs'000
COST					
At January 1, 2005	118,083	71,256	24,826	28,305	242,470
Additions	-	632	790	9,322	10,744
Disposals	-	-	(354)	(4,736)	(5,090)
At December 31, 2005	118,083	71,888	25,262	32,891	248,124
DEPRECIATION					
At January 1, 2005	7,070	62,610	19,573	19,776	109,029
Charge for the year	2,362	2,035	1,693	5,772	11,862
Disposal adjustment	-	-	(294)	(4,265)	(4,559)
At December 31, 2005	**9,432**	**64,645**	**20,972**	**21,283**	**116,332**
NET BOOK VALUE					
At December 31, 2005	**108,651**	**7,243**	**4,290**	**11,608**	**131,792**

5. PROPERTY AND EQUIPMENT (continued)

	THE COMPANY				
	Freehold Land & Buildings Rs'000	Furniture, Fixtures & Fittings Rs'000	Computer Equipment Rs'000	Motor Vehicles Rs'000	Total Rs'000
COST					
At January 1, 2004	99,459	69,666	23,220	28,986	221,331
Additions	-	1,590	1,772	2,693	6,055
Transfer from investment property (note 6)	18,624	-	-	-	18,624
Disposals	-	-	(166)	(3,374)	(3,540)
At December 31, 2004	**118,083**	**71,256**	**24,826**	**28,305**	**242,470**
DEPRECIATION					
At January 1, 2004	3,963	62,118	17,606	17,976	101,663
Transfer from investment property (note 6)	745	-	-	-	745
Charge for the year	2,362	492	2,037	4,345	9,236
Disposal adjustment	-	-	(70)	(2,545)	(2,615)
At December 31, 2004	**7,070**	**62,610**	**19,573**	**19,776**	**109,029**
NET BOOK VALUE					
At December 31, 2004	**111,013**	**8,646**	**5,253**	**8,529**	**133,441**

Note: Revaluation is in respect of land of certain Subsidiary Companies and land is not depreciated. Bank overdraft in 2004 was secured over the assets of the relevant subsidiary including property and equipment.

There were no leased assets at December 31, 2005. Leased assets in 2004 in the relevant subsidiary comprising of Motor Vehicles were as follows:

	2004 Rs'000
Cost	1,820
Accumulated depreciation	(619)
Net book amount	1,201

6. INVESTMENT PROPERTY - LAND AND BUILDINGS

	THE GROUP	THE COMPANY
	Total Rs'000	Total Rs'000
COST		
At January 1, 2005	326,091	257,781
Additions	64,756	64,730
Disposals	(807)	(807)
At December 31, 2005	**390,040**	**321,704**
DEPRECIATION		
At January 1, 2005	13,452	11,751
Charge for the year	5,743	5,603
At December 31, 2005	**19,195**	**17,354**
NET BOOK VALUE		
At December 31, 2005	**370,845**	**304,350**
COST		
At January 1, 2004	320,696	252,436
Additions	24,019	23,969
Transfer to property and equipment (note 5)	(18,624)	(18,624)
At December 31, 2004	326,091	257,781
DEPRECIATION		
At January 1, 2004	9,727	8,165
Charge for the year	4,470	4,331
Transfer to property and equipment (note 5)	(745)	(745)
At December 31, 2004	13,452	11,751
NET BOOK VALUE		
At December 31, 2004	312,639	246,030

Notes to the Financial Statements – Year ended December 31, 2005

6. INVESTMENT PROPERTY - LAND AND BUILDINGS (continued)

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

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
At December 31,2005	619,354	592,068

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

The following have been recognised in the Life Assurance Fund.

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Rental income	25,778	26,494	23,353	21,794
Direct operating expenses	13,916	13,011	12,943	12,911

7. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY
	2005			2005
	Goodwill Rs'000	Computer Softwares Rs'000	Total Rs'000	Computer Softwares Rs'000
COST				
At January 1,				
- as previously reported	23,800	3,586	27,386	-
- adjustments - (note 15)	(181)	-	(181)	-
- (note 16)	(2,175)	-	(2,175)	-
- as restated	21,444	3,586	25,030	-
Additions	-	1,215	1,215	1,215
At December 31,	**21,444**	**4,801**	**26,245**	**1,215**
AMORTISATION				
Charge for the year	-	922	922	405
NET BOOK VALUE	**21,444**	**3,879**	**25,323**	**810**

	THE GROUP		
	2004		
	Goodwill Rs'000	Computer Softwares Rs'000	Total Rs'000
COST AND NET BOOK VALUE			
At January 1,			
- as previously reported	23,800	3,586	27,386
- adjustment (note 16)	(2,175)	-	(2,175)
At December 31,	21,625	3,586	25,211

8. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST

		THE COMPANY 2005 & 2004 Rs'000
(a)	UNQUOTED	
	At January 1, and December 31,	125,724
	Made up as follows:	
	Investments	123,549
	Loan to subsidiary company	2,175
		125,724

(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 subsidiaries	Class of shares held	Nominal value of investment 2005 &2004 Rs'000	Proportion of ownership interest and voting power held 2005&2004 %	Principal Activities
Swan Properties Ltd	Ordinary	2,114	100%	Purchase, development and sale of land
Verdun Industrial Building Co. Ltd	"	19,999	100%	Rental of industrial buildings
Standard Property Co. Ltd	"	31	100%	Rental of property
Manufacturers' Distributing Station Limited	"	47,686	99.80%	Invesment Company
Ilot Fortier Ltd	"	-	100%	Purchase, development and sale of Land (Dormant)
Investment and Administrative Co. (Mtius) Ltd	"	21,514	100%	Investment Company (Dormant)
Themis Ltd	"	8,380	100%	Purchase, development and sale of Land (Dormant)
Pension Consultants and Administrators Limited	"	25,000	100%	Pension and fund administration
The Anglo-Mauritius Financial Services Limited	"	1,000	100%	Fund management and investment consulting
Société de la Croix	Parts	-	100%	Invesment entity
Société de la Montagne	Parts	-	100%	Invesment entity
Société de la Rivière	Parts	-	100%	Invesment 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.

Notes to the Financial Statements – Year ended December 31, 2005

9. FINANCIAL ASSETS

	THE GROUP AND THE COMPANY			
	2005			2004
	Held to maturity Rs'000	Available for sale Rs'000	Total Rs'000	Total Rs'000
(a) Local Securities				
At January 1,	2,322,066	2,636,611	4,958,677	3,941,641
Additions	1,324,093	33,648	1,357,741	1,414,552
Increase in fair value	-	691,587	691,587	600,403
Disposals	(1,333,356)	(40,255)	(1,373,611)	(960,977)
Accrued interest	(46,052)	-	(46,052)	(36,942)
At December 31,	2,266,751	3,321,591	5,588,342	4,958,677

	THE GROUP AND THE COMPANY			
	2005			2004
	Held to maturity Rs'000	Available for sale Rs'000	Total Rs'000	Total Rs'000
(b) Foreign Securities				
At January 1,	-	789,843	789,843	410,237
Additions	-	621,095	621,095	309,956
Increase in fair value	-	150,838	150,838	116,549
Disposals	-	(271,673)	(271,673)	(46,899)
At December 31,	**-**	**1,290,103**	**1,290,103**	**789,843**
Total	**2,266,751**	**4,611,694**	**6,878,445**	**5,748,520**

Analysed as follows:

	2005 Rs'000	2004 Rs'000
Non-current	5,066,231	4,276,744
Current	1,812,214	1,471,776
	6,878,445	5,748,520

(c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and Unquoted Debenture Stocks and Treasury Bills with interest rates varying from 5.64% to 7.38%.

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

9. FINANCIAL ASSETS (continued)

(e) Details of those corporations in which The Anglo-Mauritius Assurance Society Limited holds more than 10% interest are set out below:

	Class of shares held	Proportion Held 2005 %	Proportion Held 2004 %
Companies			
Cathedral Development Ltd	Ordinary	20.0	20.0
Ireland Blyth Limited	Ordinary	13.3	13.3
Le Refuge du Pêcheur Limited	Ordinary	10.0	10.0
Maurilait Production Limitée	Preference	14.9	14.9
Mauritius Freeport Development Co. Limited	Ordinary	10.0	10.0
Mauritius Venture Capital Fund Limited	Ordinary	10.0	10.0
	Preference	10.0	10.0
Mauvilac & Co. Limited	Ordinary	16.9	16.9
Mauvilac Industries Limited	Ordinary	19.3	19.3
Sugarworld Limited	Ordinary	13.7	13.7
Standard Continuous Stationery Limited	Ordinary	20.5	20.5
Sukari Investment Co. Limited	Ordinary	-	20.1
Tropical Paradise Co. Limited	Ordinary	11.7	11.7
Pristine Resorts Limited	Ordinary	13.8	13.8
Belle Mare Holdings Limited	Ordinary	11.8	12.3
Northfield International	Ordinary	12.5	12.5
Société Le Plessis	Parts	20.6	20.6

(f) 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 them.

10. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2005 Rs'000	2004 Rs'000
Loans on policies	89,315	82,367
Loans on residential properties	2,147,652	2,093,642
Loans on business properties	217,527	221,574
Cummulative accrued interest	99,075	99,305
	2,553,569	2,496,888
Loans to related corporations	19,042	49,044
	2,572,611	2,545,932
Analysed as follows:-		
Non-current	2,367,812	2,318,432
Current	204,799	227,500
	2,572,611	2,545,932

(a) The rate of interest on loans vary from 8.75% to 11.75%.

11. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Receivables arising from insurance and reinsurance contracts:				
- Due from contract holders - Individuals	14,424	13,958	14,424	13,958
- Schemes	23,770	21,804	23,770	21,804
Interest and other receivables	50,784	37,524	45,430	33,595
Other receivables acquired through business combination	-	966	-	-
Receivables from related parties:				
- Holding Company	10,865	10,081	10,865	10,081
- Subsidiary Companies	-	-	5,815	2,374
	99,843	84,333	**100,304**	81,812

12. SHORT TERM DEPOSITS

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Short term deposits (see note (a) & 28(b))	1,574,242	1,011,781	1,574,242	1,013,386

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

13. SHARE CAPITAL

	Authorised 2005 & 2004 Rs'000	Issued and fully paid 2005 & 2004 Rs'000
2,500,000 ordinary shares of Rs 10.- each	25,000	25,000

14. MINORITY INTEREST

	THE GROUP	
	2005 Rs'000	2004 Rs'000
At January 1,	104	110
Share of net surplus for the year	9	4
Share of dividends of subsidiary companies	(5)	(10)
At December 31,	108	104

15. LIFE ASSURANCE FUND

	THE GROUP					
	2005					2004
	Non Linked Rs'000	Linked Rs'000	Reserves of subsidiaries Rs'000	Fair value reserve Rs'000	Total Rs'000	Total Rs'000
(a)						
At January 1,	7,599,792	855,333	13,522	1,293,711	9,762,358	8,117,046
Adjustment - (note 7)	(181)	-	-	-	(181)	-
Surplus on Life Assurance Fund for the year (Pages 37 & 38)	542,335	331,229	-	-	873,564	932,579
Loss from subsidiaries	-	-	(5,098)	-	(5,098)	(4,219)
Release from fair value reserve	-	-	-	(66,965)	(66,965)	(3,390)
Fair value changes on available for sale financial assets	-	-	-	909,390	909,390	720,342
At December 31,	**8,141,946**	**1,186,562**	**8,424**	**2,136,136**	**11,473,068**	9,762,358

	THE COMPANY				
	2005				2004
	Non Linked Rs'000	Linked Rs'000	Fair value reserve Rs'000	Total Rs'000	Total Rs'000
(b)					
At January 1,	7,599,792	855,333	1,293,711	9,748,836	8,099,305
Surplus on Life Assurance Fund for the year (pages 37 & 38)	542,335	331,229	-	873,564	932,579
Release from fair value reserve	-	-	(66,965)	(66,965)	(3,390)
Fair value changes on available for sale financial assets	-	-	909,390	909,390	720,342
At December 31,	**8,142,127**	**1,186,562**	**2,136,136**	**11,464,825**	9,748,836

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

16. BORROWINGS

	THE GROUP	
	2005	2004
	Rs'000	Rs'000
Non-current		
Obligations under finance leases (see note (a) below)	-	793
Other loans (see note (b) below)	90	2,175
- as previously stated	90	2,968
- adjustment - (note 7)	-	(2,175)
- as restated	90	793
Current		
Bank overdraft acquired through business combination	-	108
Obligations under finance leases (see note (a) below)	-	376
	-	484
Total	**90**	1,277

(a) Finance lease liabilities - minimum lease payments:

	2005	2004
	Rs'000	Rs'000
Within one year	-	516
Later than 1 year and not later than 5 years	-	961
	-	1,477
Future finance charges on finance leases	-	(308)
Present value of finance lease liabilities	**-**	1,169
The present value of finance lease liabilities may be analysed as follows:		
Within one year	-	376
Later than 1 year and not later than 5 years	-	793
	-	1,169

(b) Other loans are unsecured, interest free with no fixed repayment terms.

Notes to the Financial Statements – Year ended December 31, 2005

17. DEFERRED TAX LIABILITIES

Deferred income taxes are calculated on all temporary differences under the liability method at 15% - 25% (2004: 15% - 25%). The movement on the deferred income tax account is as follows:

	THE GROUP	
	2005 Rs'000	2004 Rs'000
At January 1,	1,577	1,486
Acquired through business combination	-	302
Movement for the year	(84)	(211)
At December 31,	**1,493**	1,577

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

(a) The amounts recognised in the Balance Sheet are as follows:

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Present value of funded obligations	105,896	94,133	104,625	94,133
Fair value of plan assets	(1,373)	-	-	-
	104,523	94,133	104,625	94,133
Unrecognised actuarial losses	(13,626)	(11,020)	(13,664)	(11,020)
At December 31,	**90,897**	83,113	**90,961**	83,113

(b) The amounts recognised in the Life Assurance Fund are as follows:

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Current service cost	4,524	4,153	4,443	4,153
Interest cost	9,254	8,231	9,194	8,231
Expected return on plan assets	(62)	-	-	-
Actuarial losses	107	66	107	66
Total included in staff costs (note 25(a))	13,823	12,450	13,744	12,450
Payment/expenses relating to obligations	(5,896)	(4,429)	(5,896)	(4,429)
Total included in Life Assurance Fund	**7,927**	8,021	**7,848**	8,021

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
At January 1,	83,113	75,092	83,113	75,092
Total expenses as above	7,927	8,021	7,848	8,021
Contributions paid	(143)	-	-	-
At December 31,	**90,897**	83,113	**90,961**	83,113

Retirement Benefit Obligations have been provided for, based on the reports of the Actuaries of the Company.

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

	2005	2004
Discount rate	10%	10%
Future long-term salary increase	8%	8%
Future expected pension increase	3%	3%

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Trade payables:				
- Insurance contracts	10,837	4,882	9,988	8,994
- Outstanding claims provisions	6,972	8,994	6,972	4,882
Other payables and accruals	67,736	58,098	62,824	56,750
Acquired through business combination	-	213	-	-
Amounts due to related parties:				
- Holding company	2,573	130	490	130
- Subsidiary companies	-	-	6,796	5,000
	88,118	72,317	87,070	75,756

20. CURRENT TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Current tax on the adjusted profit for the year at 15%-25% (2004: 15%-25%)	4,907	12,732	3,850	12,000
Overprovision in previous year	(11,908)	(4,199)	(11,980)	(3,925)
Movement in deferred tax	(84)	91	-	-
Tax (Credit)/Charge for the year	(7,085)	8,624	(8,130)	8,075

Notes to the Financial Statements – Year ended December 31, 2005

21. TURNOVER

Turnover represents premiums receivable (net of reinsurance) and consideration for annuities made up as follows:

	THE GROUP AND THE COMPANY			
	2005			2004
	Non-Linked Rs'000	Linked Rs'000	Total Rs'000	Total Rs'000
Net insurance premium	754,030	302,138	1,056,168	898,487
Consideration for annuities	133,244	-	133,244	93,844
	887,274	302,138	1,189,412	992,331

22. INVESTMENT INCOME

	THE GROUP				THE COMPANY			
	2005			2004	2005			2004
	Non-Linked Rs'000	Linked Rs'000	Total Rs'000	Total Rs'000	Non-Linked Rs'000	Linked Rs'000	Total Rs'000	Total Rs'000
Interest income	390,822	52,109	442,931	470,023	399,449	52,109	451,558	469,301
Dividend income	131,669	22,688	154,357	118,027	131,669	22,688	154,357	125,342
	522,491	74,797	597,288	588,050	531,118	74,797	605,915	594,643

23. OTHER INCOME

	THE GROUP AND THE COMPANY			
	2005			2004
	Non-Linked Rs'000	Linked Rs'000	Total Rs'000	Total Rs'000
Profit on disposal of financial assets	58,448	27,863	86,311	15,040
Profit on disposal of property and equipment	1,095	-	1,095	360
Profit on disposal of investment property	821	-	821	-
	60,364	27,863	88,227	15,400

24. DEATH AND DISABLEMENT INSURANCE CLAIMS

	THE GROUP AND THE COMPANY			
	2005			2004
	Non-Linked Rs'000	Linked Rs'000	Total Rs'000	Total Rs'000
Gross death and disablement insurance claims	57,693	97	57,790	46,422
Recoverable from reinsurers	(14,321)	-	(14,321)	(19,635)
Net death and disablement insurance claims	43,372	97	43,469	26,787

Notes to the Financial Statements – Year ended December 31, 2005

25 MARKETING AND ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
Marketing and administrative expenses include:				
- Staff costs (see note (a) below)	86,108	81,809	81,282	81,809
(a) Analysis of staff costs:				
Salaries and wages	60,633	57,713	56,432	57,713
Retirement benefit obligations:				
- defined benefit plan (note 18(b))	13,823	12,450	13,744	12,450
- defined contribution plan	115	-	-	-
Other costs	11,537	11,646	11,106	11,646
	86,108	81,809	81,282	81,809

26. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2005 Rs'000	2004 Rs'000
Dividends paid - Rs.15.40 per ordinary share (2004 - Rs.15.40)	**38,500**	38,500

27. EARNINGS PER SHARE

		THE GROUP AND THE COMPANY	
		2005 Rs'000	2004 Rs'000
Earnings attributable to shareholders is based on:			
- Amount transferred from Life Assurance Fund		30,428	28,177
- Interest allocated		7,187	4,143
		37,615	32,320
Number of ordinary shares in issue		2,500,000	2,500,000
Earnings per share	Rs.	**15.05**	12.93

The above amount of **Rs.30.4m** (2004: Rs.28.2m) 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.

28. NOTES TO THE CASH FLOW STATEMENT

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
(a) Cash generated from operations				
Surplus on Life Assurance Fund	952,666	936,984	956,719	940,654
Adjustments for:				
Depreciation on property and equipment (note 5)	12,650	9,543	11,862	9,236
Depreciation on investment property (note 6)	5,743	4,470	5,603	4,331
Amortisation of intangible assets (note 7)	922	-	405	-
Profit on sale of property and equipment (note 23)	(1,095)	(360)	(1,095)	(360)
Profit on sale of investment property (note 23)	(821)	-	(821)	-
Interest allocated to Proprietors' Fund	7,187	4,143	7,187	4,143
Investment income (note 22)	(597,288)	(588,050)	(605,915)	(594,643)
Net gain on exchange	(16,195)	(71,011)	(16,195)	(71,011)
Profit on sale of financial assets (note 23)	(86,311)	(15,040)	(86,311)	(15,040)
Change in accrued interest	46,052	36,942	46,052	36,942
Changes in working capital:				
Trade and other receivables	(65,960)	40,215	(68,938)	41,485
Trade and other payables	15,801	(83,745)	11,314	(84,451)
Retirement benefit obligations	7,784	8,021	7,848	8,021
Cash generated from operations	**281,135**	282,112	**267,715**	279,307

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
(b) Cash and cash equivalents				
Short term deposits (note 12)	1,574,242	1,011,781	1,574,242	1,013,386
Cash at bank and in hand	54,888	59,911	40,601	47,061
Bank overdraft acquired through business combination	-	(108)	-	-
Cash at bank and in hand acquired through business combination	-	1	-	-
	1,629,130	1,071,585	**1,614,843**	1,060,447

29. FINANCIAL COMMITMENTS

	THE GROUP AND THE COMPANY	
	2005	2004
	Rs'000	Rs'000
Outstanding commitments approved by the Board of Directors for the following:-		
Loans to be granted	121,300	131,000
Investments in freehold properties	17,600	30,100
Investments in financial assets	21,200	10,900
	160,100	172,000

30. 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 67.55% 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.

31. RELATED PARTY TRANSACTIONS -

	THE GROUP						
	Sales of services Rs'000	Investment income Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Debtors Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
(a)							
2005							
Holding Company	-	-	-	-	-	10,865	490
Shareholders with significant influence	13,328	10,453	10,855	80,707	5,693	-	-
Enterprises that have a number of Directors in common	45	148	-	-	128	-	-
Enterprises on which the Company and Subsidiaries exert significant influence	25,554	726	445,682	24,542	646	-	-
Key management personnel	-	-	-	13,728	-	-	-
	38,927	**11,327**	**456,537**	**118,977**	**6,467**	**10,865**	**490**
2004							
Holding Company	-	-	-	-	-	10,081	130
Shareholders with significant influence	35,551	2,084	11,829	114,366	10,756	-	-
Enterprises that have a number of Directors in common	5,966	10,372	5,247	538	301	-	-
Enterprises on which the Company and Subsidiaries exert significant influence	-	-	165,980	49,044	770	-	-
Key management personnel	-	-	-	14,019	-	-	-
	41,517	12,456	183,056	177,967	11,827	10,081	130

31. RELATED PARTY TRANSACTIONS (continued)

	THE COMPANY							
	Sales of services Rs'000	Investment Income Rs'000	Management fees paid Rs'000	Financial assets Rs'000	Loans/ Debentures Rs'000	Debtors Rs'000	Amount receivable from related parties Rs'000	Amount payable to related parties Rs'000
(b)								
2005								
Holding Company	-	-	-	-	-	-	10,865	490
Subsidiary companies	-	-	4,032	125,724	-	-	8,481	7,515
Shareholders with significant influence	13,328	10,453	-	10,855	80,707	5,693	-	-
Enterprises that have a number of Directors in common	45	148	-	-	-	128	-	-
Enterprises on which the Company exerts significant influence	25,554	726	-	445,682	24,542	646	-	-
Key management personnel	-	-	-	-	13,728	-	-	-
	38,927	**11,327**	**4,032**	**582,261**	**118,977**	**6,467**	**19,346**	**8,005**
2004								
Holding Company	-	-	-	-	-	-	10,081	130
Subsidiary companies	-	-	-	125,724	-	-	2,574	5,000
Shareholders with significant influence	35,551	2,084	-	11,829	114,366	10,756	-	-
Enterprises that have a number of Directors in common	5,966	10,372	-	5,247	538	301	-	-
Enterprises on which the Company exerts significant influence	-	-	-	165,980	49,044	770	-	-
Key management personnel	-	-	-	-	14,019	-	-	-
	41,517	12,456	-	308,780	177,967	11,827	12,655	5,130

	THE GROUP		THE COMPANY	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
(c) **Key management personnel compensation**				
Salaries and short-term employee benefits	28,751	24,706	27,609	24,706
Post-employment benefits - current service costs	1,832	1,657	1,754	1,657
- others	48	31	43	31
	30,631	26,394	29,406	26,394

Notes to the Financial Statements – Year ended December 31, 2005

32. THREE YEAR FINANCIAL REVIEW

	THE GROUP			THE COMPANY		
	2005 Rs'000	2004 Rs'000	2003 Rs'000	2005 Rs'000	2004 Rs'000	2003 Rs'000
Issued and paid up Share Capital	**25,000**	25,000	25,000	**25,000**	25,000	25,000
Proprietors' Fund	**65,173**	5,201	39,558	**65,173**	5,201	39,558
Life Assurance Fund	**11,473,068**	9,762,358	8,117,046	**11,464,825**	9,748,836	8,009,305
Dividends	**38,500**	38,500	35,000	**38,500**	38,500	35,000
Earnings attributable to Shareholders	**37,615**	32,320	34,401	**37,615**	32,320	34,401

Other Statutory Disclosures – Year ended December 31, 2005

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) – Chairperson
Mr. M. J. Cyril LAGESSE
Mr. P. Arnaud DALAIS, Diplôme Universitaire en Gestion des Entreprises
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (as from 22/03/2005)
Me. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL, A.C.I.B. (U.K.) (as from 01/01/2006)
Mr. M.M. Hector ESPITALIER-NOËL, A.C.A.
Mr. Henri HAREL, A.C.I.S. (as from 22/03/2005)
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) (as from 22/03/2005)
Mr. Peeroomal Gopallen MOOROOGEN, F.C.C.A., M.B.A. (Wales) (as from 01/06/2005)
Mr. Louis RIVALLAND, B.Sc. (Hons.) (SA), F.I.A. (UK), F.A.S. (S.A.) (as from 22/03/2005)
Mr. Victor SEEYAVE, M.B.A. (USA), B.A. Economics (U.K.) (as from 22/03/2005)

DIRECTORS OF SUBSIDIARY COMPANIES

Ilot Fortier Ltd.
Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. M. J. Cyril LAGESSE (resigned 31/12/2005)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)
Mr. Louis RIVALLAND, B.Sc. (Hons.) (S.A.), F.I.A. (UK), F.A.S. (S.A.) (as from 01/01/2006)

Investment & Administrative Co. (Mtius) Ltd.
Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. M. J. Cyril LAGESSE (resigned 31/12/2005)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)
Mr. Louis RIVALLAND, B.Sc. (Hons.) (S.A.), F.I.A. (U.K.), F.A.S. (S.A.) (as from 01/01/2006)

Manufacturers' Distributing Station Limited
Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. M. J. Cyril LAGESSE (resigned 31/12/2005)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland)
Mr. Gérald LINCOLN
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)

Pension Consultants and Administrators Ltd
Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 01/01/2006)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (Chairperson up to 31/12/2005)
Mr. Gérald LINCOLN
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)
Mr. Louis RIVALLAND, B.Sc. (Hons.) (S.A.), F.I.A. (UK), F.A.S. (S.A.)

Standard Property Co. Ltd
Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. M. J. Cyril LAGESSE (resigned 31/12/2005)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland)
Mr. Gérald LINCOLN
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)

Other Statutory Disclosures – Year ended December 31, 2005

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF SUBSIDIARY COMPANIES (continued)

Swan Properties Ltd.
Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. M. J. Cyril LAGESSE (resigned 31/12/2005)
Mr. Jean DE FONDAUMIERE, C.A. (Scotland)
Mr. Gérald LINCOLN
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)

The Anglo-Mauritius Financial Services Limited
Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) (Chairperson as from 01/01/2006)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia)(as from 01/01/2006)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland) (Chairperson up to 31/12/2005)
Mr. Gérald LINCOLN
Mr. Paul ROUSSET, A.C.I.I.
Mr. Louis RIVALLAND, B.Sc. (Hons.) (S.A.), F.I.A (U.K.), F.A.S. (S.A.)

Themis Ltd.
Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. M. J. Cyril LAGESSE (resigned 31/12/2005)
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland)
Mr. Louis RIVALLAND, B.Sc. (Hons.) (SA), F.I.A. (U.K.), F.A.S. (S.A.) (as from 01/01/2006)

Verdun Industrial Building Co. Ltd.
Mr. M.E. Cyril MAYER, B. Com., C.A. (S.A.) - Chairperson
Mr. M. J. Cyril LAGESSE (resigned 31/12/2005)
Mr. Jean DE FONDAUMIÈRE, C.A. (Scotland)
Mr. Gérald LINCOLN
Mr. Sulliman Adam MOOLLAN, C.P.A. (Australia), Graduate in Economics (Australia) (as from 01/01/2006)

Other Statutory Disclosures – Year ended December 31, 2005

(pursuant to Section 221 of the Companies Act 2001)

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company and of the Subsidiaries have service contracts.

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received or due and receivable:

	FROM THE COMPANY		FROM SUBSIDIARIES	
	2005 Rs'000	2004 Rs'000	2005 Rs'000	2004 Rs'000
-Directors of The Anglo-Mauritius Assurance Society Limited				
-Executive Directors				
- Full-time	8,622	-	44	-
Non-executive Directors	626	516	48	32
	9,248	516	**92**	32

	FROM SUBSIDIARIES	
	2005 Rs'000	2004 Rs'000
- Directors of subsidiary companies who are not directors of the Company		
- Non-executive Director	**30**	5

DONATIONS

	THE GROUP AND THE COMPANY	
	2005 Rs'000	2004 Rs'000
Donations made during the year to 5 recipients (2004: 7 recipients)	**39**	281

CONTRACT OF SIGNIFICANCE

The Group and the Company have no contract of significance.

Other Statutory Disclosures – Year ended December 31, 2005

(pursuant to Section 221 of the Companies Act 2001)

AUDITORS' FEES

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

	2005		2004	
	Audit Rs'000	Other Rs'000	Audit Rs'000	Other Rs'000
BDO De Chazal Du Mée				
The Anglo-Mauritius Assurance Society Limited	705	384	670	424
Swan Properties Limited	18	8	17	7
Verdun Industrial Building Company Limited	13	8	12	7
The Anglo-Mauritius Financial Services Limited	25	8	15	7
Pension Consultants and Administrators Limited	45	8	33	7
	806	**416**	747	452
Other Auditors				
Société de la Montagne	23	3	16	-
Société de la Croix	23	3	15	-
Société de la Rivière	23	3	8	-
Manufacturers' Distributing Station Limited	37	4	7	7
Standard Property Company Limited	23	-	22	-
	129	**13**	68	7

Secretary's Certificate – Year ended December 31, 2005

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

Jean Paul CHASTEAU DE BALYON
Group Company Secretary

28th March 2006

Auditors:	BDO De Chazal Du Mée
Bankers:	Bank of Baroda Barclays Bank PLC First City Bank Habib Bank Ltd. South East Asian Bank Ltd. 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:	Deloitte & Touche LLP
Legal Advisers:	De Comarmond-Koenig
Main Reinsurers:	Swiss Re Life & Health Limited Munich Mauritius Reinsurance Co. Ltd.

Proxy Form

THE ANGLO-MAURITIUS ASSURANCE SOCIETY LTD.

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 Shareholders of the Company to be held on Wednesday 28th June 2006 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 at 31st December 2005.						
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company until the conclusion of the next Annual Meeting and 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. 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 elect as Directors of the Company Messrs. George John Dumbell and Peeroomal Gopallen Mooroogen. Each of the above-named shall be elected by a separate resolution.	GJD	PGM	GJD	PGM	GJD	PGM

Dated this .... day of .... 2006.

(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.

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