Anglo-Mauritius
annual report/2008

Swan Group

Our vision

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

Our values

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

contents

corporate profile

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

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

Assets under the management of The Anglo-Mauritius amounted to Rs. 16.1 billion and the Life Assurance Fund stood at Rs. 15.7 billion at 31st December 2008.

The Company's investment portfolio consists of local and foreign equities, local and foreign deposits, fixed income securities, properties and secured loans.

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. 1.9 billion and loans on business properties totalled Rs. 412 million at 31st December 2008.

Benefits paid to policyholders, beneficiaries and annuitants amounted to Rs. 942.3 million at 31st December 2008.

Market capitalisation of the Company on the Mauritian Stock Exchange at 31st December 2008 was Rs. 500 million.

notice of annual meeting to shareholders

Notice is hereby given that the Annual Meeting of the shareholders of The Anglo-Mauritius Assurance Society Ltd. will be held on Friday 26th June 2009 at 10.00 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 2008 of the Company.
2. To receive the report of BDO De Chazal du Mée, the Auditors of the Company.
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2008.
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company in compliance with Section 40 (3) of the Insurance Act 2005 until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.
5. To re-elect Mr. M.J. Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
6. To re-elect Me. M.F.I. Jean Hugues Maigrot as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
7. To re-elect Mr. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.
8. To re-elect Mr. Pierre Dinan as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138 (6) of the Companies Act 2001.

By order of the Board of Directors

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

04 MAY 2009

Swan Group Centre
Port Louis
Mauritius

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

annual report
DECEMBER 31, 2008

Dear Shareholder,

The Board of Directors is pleased to present the Annual Report of The Anglo-Mauritius Assurance Society Limited for the year ended December 31, 2008, contents of which are listed below:

This Annual Report was approved by the Board of Directors on 31 March 2009.

Chairperson   *Director*

principal activities

YEAR ENDED DECEMBER 31, 2008

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.

Manufacturers' Distributing Station Ltd.	Investment Company
Pension Consultants and Administrators Ltd.	Pension and fund administration
The Anglo-Mauritius Financial Services Ltd.	Fund management and investment consulting
Swan Group Corporate Services Ltd.	Provision of secretarial services to Swan Group
Swan International Ltd.	Reinsurance brokers and consultants
Société de la Croix	Investment entity
Société de la Montagne	Investment entity
Société de la Rivière	Investment entity

directorate & management

DIRECTORS

Non-Executive

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

M.J. Cyril LAGESSE

L.J. Jérôme DE CHASTEAUNEUF / B.Sc Economics (LSE), A.C.A. (UK) [as from 1 April 2008]

Pierre DOGER DE SPÉVILLE

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

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

Henri HAREL / A.C.I.S.

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

M.F.I. Jean Hugues MAIGROT

Independent Non-Executive

Pierre DINAN, GOSK / B.Sc. Economics (LSE), F.C.A. (England)

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

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

Executive

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


M. E. Cyril Mayer


M. J. Cyril Lagesse


L. J. Jérôme de Chasteauneuf


Pierre Doger de Spéville


George J. Dumbell


Eric Espitalier-Noël


Henri Harel


Thierry Lagesse

Group Chief Executive

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

Secretary

Swan Group Corporate Services Limited
(per Jean Paul CHASTEAU DE BALYON, F.MIoD)


M.F.I. Jean Hugues Maigrot


Pierre Dinan


P. Gopallen Mooroogen


Victor Seeyave


Louis Rivalland

directorate & management

DIRECTORS' PROFILE

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

Managing Director of Harel Frères Limited.

Positions presently held on

(a) sugar sector private institutions:

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

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

(b) other institutions:

Board Member of the Mauritius Sugar Authority

Board Member of the Mauritius Institute of Directors

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

Directorships of listed Companies:

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

M. J. Cyril LAGESSE

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

Directorships of listed Companies:

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

Mr. Cyril Lagesse represents Groupe Mon Loisir on the Board of Directors of several most prestigious companies of the country, many of which are listed on the Stock Exchange of Mauritius.

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

L. J. Jérôme de CHASTEAUNEUF, B.Sc. Economics (LSE), A.C.A. (UK)

Head of Finance - Ciel Group of Companies

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

Directorship of listed Company:

- Swan Insurance Company Limited

Pierre DOGER DE SPÉVILLE

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

Directorships of listed Companies:

- Innodis Limited
- Swan Insurance Company Limited

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

Chairperson, Constance Group of Companies.

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

Directorships of listed Companies:

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

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

Executive Director of Espitalier Noël Ltd.

Directorships of listed Companies:

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

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 of Companhia de Sena and Executive Chairperson of Palmar Group of Companies and Parabole Réunion S.A.
Non-executive Chairperson of Compagnie d'Investissement et de Developpement Ltée. (CIDL)

Directorships of listed Companies:

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

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

directorate & management

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 and Chairperson of its Corporate Governance Committee)
- Mon Trésor & Mon-Désert Limited (Chairperson of its Corporate Governance Committee)

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

Economic Consultant

Positions presently held:

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

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

Directorship of listed Company:

- Swan Insurance Company Limited

Peroomal Gopallen MOOROOGEN, F.C.C.A., MBA (Wales)

Team Leader – Mauritius Telecom

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

Directorship of listed Company:

- Swan Insurance Company Limited

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

Managing Director of Altima Limited

Directorships of listed Companies:

- Innodis Limited
- Swan Insurance Company Limited

MANAGEMENT TEAM

Executive Director

Louis RIVALLAND, B.Sc. (Hons.) (S.A), F.I.A. (U.K.), F.A.S (S.A) - Group Chief Executive

Secretary

Swan Group Corporate Services Limited
(per Jean Paul CHASTEAU DE BALYON, F.MIoD)

Senior Managers

Robert GALLET - Individual Business Marketing & Development, Group Communication & Properties
Alan GODER - PCA, Claims, Fund Administration and Group Systems and Processes
Sattar JACKARIA, B.Sc. (Hons.), F.I.A. - Actuarial
Paul LAM KWOH HING, A.C.I.I. - Pensions
Vincent LAMUSSE, M.S.G. - The Anglo-Mauritius Financial Services Ltd.
Vishnoo LUXIMAN, M.Sc. - Group Human Resources
Maxime REY - Group Finance, Loans and Legal
George SUI TIT TONG, A.C.I.I. - Individual Business Operations

Managers

Navindranath BHUGALOO, A.C.I.I - Pension Consultants & Administrators Ltd.
Mario BUTTIE, F.C.C.A. - Fund Administration
Paulette CHUNG FAT - Personal Assistant to Group Chief Executive
Edward CUNNIAH - Claims
Patrick DE MARCY CHELIN - Loans
Robert GELLE - Maintenance (Up to 31st December 2008)
Eric HOODMAN, M.B.C.S. - Systems & Processes
Bernard KISHTOO - Pensions
Herbert MADANAMOOTHOO, Maîtrise de Droit - Legal & Compliance, M.L.R.O
Karine MOREL, B.Com., F.C.C.A, M.I.P.A.(M) - Finance
Carlo POLIAH, Dip. (Bus. & Fin.) - Individual Business Marketing

senior management team profile

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

Group Chief Executive

Bachelor's degree in Actuarial Science and Statistics
Fellow of the Institute of Actuaries of United Kingdom
Fellow of the Actuarial Society of South Africa

Louis Rivalland (38) is currently the Group Chief Executive of Swan Insurance and The Anglo-Mauritius Assurance.

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

In August 1999, he joined the Swan Group as Consultant to Group Chief Executive. He was involved in the review and setting up of processes and systems for the pensions, investments and life insurance operations and was responsible for the actuarial and consultancy work for the pension schemes.
From January 2002 to December 2004, he acted as Executive Manager of Anglo-Mauritius.

In January 2005 he has been appointed Group Chief Operations Officer responsible for the operations of Swan Insurance and Anglo-Mauritius, and member of the Executive Management Committee of the Swan Group. Since January 2007 he is the Group Chief Executive of the Swan Group.

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

He is a Director to several private and public companies and is also a member of a number of Corporate Governance and Audit Committees. He is a Fellow member of the Mauritius Institute of Directors.

Jean Paul CHASTEAU DE BALYON, F.MIoD

Swan Group Corporate Services Limited

Fellow Member of the Mauritius Institute of Directors
Member of The Chartered Insurance Institute (C.I.I.) – U.K.
Member of The Association of Company Secretaries – Mauritius

Jean Paul Chasteau de Balyon (58) 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 has been Secretary General of the Insurers' Association and Secretary of the first consultative committee of the Swan Group. He has attended a number of management development courses given by the Chartered Insurance Institute of the United Kingdom.

He is the Chairperson of the sub-committee of the Insurers' Association on issues linked to the World Trade Organisation (WTO).

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

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

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

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

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

Robert GALLET

Senior Manager

Senior Management Course - Graduate School of Business Administration, 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 (58) 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 where he spent eighteen years in Pensions and Individual Life Business. He holds the position of Senior Manager responsible for the marketing of the Individual Business including the overall responsibility of its sales force. He manages the communication and marketing support function of the Swan Group and is responsible for the administration of the immovable property portfolio of the Company and its subsidiaries.

His key areas of expertise are administration and marketing.

senior management team profile

Alan GODER

Senior Manager

Alan Goder (41) 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 Albatross Insurance Company Ltd. From August 1996 to June 2001, he was the Executive Director of Actuarial & Capital Management Services Ltd.

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

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

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

His key areas of specialisation are pensions administration and consulting.

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

Senior Manager

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

From September 1999 to September 2006, Sattar Jackaria (31) was working in the HR Services department of Towers Perrin in London, United Kingdom. Towers Perrin is a leading provider of HR consulting services worldwide.

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

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

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

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

Senior Manager

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

Paul Lam Kwoh Hing (62) 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 (CII) examinations.

He regularly attends professional workshops relating to the insurance sector.

Vincent LAMUSSE, MSG

Senior Manager

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

Vincent Lamusse (41) manages The Anglo-Mauritius Financial Services Ltd., a leading provider of Investment Management services to Pension Funds, Insurance Funds, Investments Companies, and individuals in Mauritius.

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 was trained in England at Eagle Star Assurance, London Life, Teacher's Assurance, Mercantile & General Reinsurance, and contributed substantially to the development of the range of Unit Linked Funds of The Anglo-Mauritius Assurance Society Ltd. He was promoted Senior Manager in 2005, after having set up The Anglo-Mauritius Financial Services Ltd.

He is also a non-executive director in a number of companies in the financial and tourism sectors.

senior management team profile

Vishnoo LUXIMAN, M.Sc.

Senior Manager

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

Vishnoo Luximan (47) worked as Assistant Personnel & Public Relations Officer at the Constance & La Gaieté SE Company Ltd. from 1983 to 1988. He joined Deep River-Beau Champ Ltd (DRBC) as Assistant Personnel Manager/Public Relations Officer in 1988. He was promoted to the position of Personnel Manager/Public Relations Officer with the same company in 1990.

He was appointed 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 responsibilities of Acting Secretary of the Mauritius Sugar Producers' Association with that of Human Resources Manager of DRBC from September to December 2005.

He joined the Group in 2006.

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

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

Maxime REY

Senior Manager

Maxime Rey (56) 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 the Group.

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

Senior Manager

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

George Sui Tit Tong (61) joined The Anglo-Mauritius in January 1968.

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

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

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

chairperson's statement

M.E. Cyril Mayer
/ Chairperson

On behalf of the Board of Directors, I am pleased to submit the Annual Report and the Audited Financial Statements of The Anglo-Mauritius Assurance Society Limited and of the Group, for the year ended 31st December 2008.

In the course of the year under review it was undoubtedly the outbreak of the global financial crisis which dominated the economic scene. A major sub-prime mortgage crisis arising from a distended banking system in the United States of America resulted in a significant financial turmoil worldwide. The failure of huge financial corporations caused credit contraction whilst loss of investors' confidence brought about serious downturns in stock markets indices. The consequences were such that most of the economies were driven into recession. Two factors have however contributed to weather what otherwise could have unfolded into an even more severe global financial storm: no monetary shock followed, the main currencies having resisted; secondly the price of fuel, raw materials and foodstuff fell. A number of countries have taken up the challenge of reversing the decelerating trend of their economies with bold and impressively costly stimulus packages.

Mauritius can be set apart from many economies by its exceptionally sound financial system, profitable and well regulated, with no connection whatsoever to sub-prime lending or with any investing activity of the kind. Moreover, the comprehensive set of bold economic reforms undertaken in the recent years have been instrumental into achieving a better level of economic resilience. However, following the example of many countries and acknowledging that no economy is immune, the government adopted a stimulus package to give our economy a new impetus. The package consists of a comprehensive Rs.10.4 billion two-year plan to accelerate investment in infrastructure and other projects that will be crucial to growth and employment. Preservation of purchasing power is also stated to be a major consideration of this stimulus package where government renews its pledge to national solidarity.

Economic times remain however uncertain and although such a stimulus is designed to mitigate the impact of one of the worst global economic recessions , it is anticipated that at least the following sectors of our economy will be faced with exceptional challenges. Tourism, where occupancy rates have started to fall and where visibility is considerably reduced; manufacturing where competitiveness in the face of shrinking markets raises a formidable challenge, and, albeit to a lesser extent, the sugar industry which has to face a further 19% cut in the sugar price (36% cumulative) and where acceleration of the reform is all the more crucial.

As for the Group's operations, I am pleased to report that their performance has been very satisfactory. Whilst turnover increased above expectations, the investment portfolios, although adversely impacted by its local equity performance, showed satisfactory resilience on account of the prudential guidelines underlying its investment policy.

I am also glad to report that the Group has set foot in the sector of insurance outsourcing and back-office services by creating a joint venture company in partnership with TESSI SA, a French company, leaders in the sector of bank outsourcing and back-office.

Prospects for the current year will be determined by the duration of this unprecedented external shock and by the extent of its implications on our economy at large and on our business in particular. I am however confident that with the renewed and imaginative efforts of the Group Chief Executive and his team leaders, the Group will overcome the difficulties inherent to this critical juncture.

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

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

M. E. Cyril Mayer
Chairperson

group chief executive's review

Louis Rivalland /
Group Chief Executive

2008 will be remembered as the start of a severe global financial meltdown. For the Swan Group however, it has been a year of increased profitability as well as a year where we continued to work on the priorities we had identified in 2007 whilst factoring in the new economic realities. Some of our most demanding projects which have required quite a lot of commitment and hard work from the staff are now well under way and are going to strengthen the Group for the future.

This year's results demonstrate the execution capacity of our work force and the quality of our business model. Our focus in 2009 is to continue to work on ourselves and on our processes, to maintain our disciplined approach to risk, grow our brand presence and optimise the use of our talented team to target profitable lines of business.

LONG-TERM OPERATIONS

Over the year the total premium net of reinsurance and annuity consideration has increased by 11%. In particular, we would like to note the very good result of the life insurance business whose total net premiums has increased by around 18%. We are particularly satisfied with these results as 2008 has been a year of global financial uncertainty and crisis.

We are continuing to invest heavily in improving our systems and procedures to offer an even better and faster service to our clients. We are pleased to report that the first phase of a project to automise the calculation of claims has been completed. Clients concerned by this first phase requesting estimates of claim payments are already benefiting from this major improvement as calculations are now being processed much faster. Our website has also been completely redesigned and modernised. The new-look website has many interesting features including detailed information about our unit-linked funds.

Similarly, in a view to speed up the time for accepting our prospective clients and improve the level of service, we have appointed another in-house doctor to carry out the medical examinations. Our unique in-house medical set up has now four doctors and is fully equipped to carry out routine medical checks including blood tests and ECGs. We believe that the appointment of the additional doctor would improve significantly the ease of making an appointment and hence keep any processing delays to the strict minimum.

It is well documented that most if not all of the developed countries are now in recession and the outlook for 2009 is fairly gloomy. So far, Mauritius seems to have been partly protected from the effects of the global financial crisis. Our economy is still expected to grow in 2009 albeit at a lower rate than was initially forecasted. In view of this uncertain financial climate, we believe that 2009 will be a challenging year for the long-term operations and in particular the life insurance business. However, with our wide range of policies, we are well equipped to provide an appropriate solution to our clients. Our conventional policies with guaranteed sum assured can provide some certainty in times of volatile capital markets for the risk-adverse clients whilst our unit-linked policies offer direct market exposure for those clients in search of higher expected returns.

Individual Business

The Oxygen range of policies which was launched in 2007 has been very popular with our clients and has contributed to a large extent to the growth of the life business. We are encouraged to see that all of our efforts in developing and marketing this product are starting to bear its fruit as its innovative design and flexibility have been very much welcome and appreciated by our clients. During the year, we added a new policy, "The Loan Repayment Plan" to the existing range. This policy has been designed for clients who take out a loan and want to have a cheaper insurance contract as collateral for the loan.

During the year, the triennial actuarial valuation for the year ending 31 December 2007 was completed. Bonuses for most of our with-profit policies (both pension and life products) were increased. In addition, discretionary pension increases on with-profit annuities have been doubled. These increases should enhance the return on investment for the conventional policyholders whilst helping pensioners better mitigate the impact of inflation.

In accordance with one of our core values and in view of our commitment to improve the quality of service offered to our clients, we have extended the web-access service to all of our life insurance unit-linked policyholders. As well as our brand new website, all of these policyholders can now, at the click of a button, have up-to-date information about their policies round the clock.

We are confident that our clients will continue to benefit from the features of our existing policies together with our customer-oriented approach. We will also endeavour to develop new policies to cater for the ever-changing needs of our clients.

Corporate Business

At the end of 2008, Anglo-Mauritius provided administrative services to over 510 pension schemes. Total active membership of these schemes exceeds 20,000 lives.

During the year 2008, the trend for employers to switch from a Defined Benefit (DB) to a Defined Contribution (DC) arrangement for both their existing and new employees has continued. Moreover, 33 new schemes have been established during the year mostly on a DC basis, thus increasing the number of DC schemes administered by Anglo-Mauritius to around 170 with a membership of more than 6,000. We have also been very active with live presentations. We have made around 50 presentations to the staff of existing as well as prospective clients.

There have been two important changes to the pension legislation during 2008:

1. The number of years of service before which members of group pension schemes have a right to a Portability Value has been reduced from 5 to 2 years company service.

2. The Finance Act 2008 has brought a number of changes to the retirement age. One of the key changes is the gradual extension of the retirement age for the contributory pension from the National Pension Fund from 60 to 65. Due to the complexity of the subject matter, it has taken us some time to get a legal opinion and to understand exactly the implications of this change. We are pleased to report that we now have a clear opinion of this matter and we will inform all our corporate clients during the course of the year of the implications of this change on their operations and in particular on their pension schemes.

In order to keep our clients informed about changes in legislation and/or any new products and/or services, we have launched a new consulting brief "Horizon". In the first edition of Horizon issued in December, we discuss in detail the implications of the change to the Portability rules.

Our pensions business is supported by a strong actuarial team consisting of 2 qualified actuaries and 9 actuarial analysts. Further to a recent reorganisation of this department, clients can now expect a more proactive, personalised and professional level of actuarial service. This new environment coupled with the independent legal structures of Pension Consultants and Administrators Limited (PCA) and Anglo-Mauritius Financial Services Ltd. should improve further our credentials to provide actuarial, administration and fund management services for the unbundled market.

Pension Consultants and Administrators Limited (PCA)

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

group chief executive's review

In 2008, PCA has reinforced its position as the market leader in the field of administration of self-administered pension schemes and process outsourcing for insurance companies. As a result, income has increased by 50%.

At the end of 2008, the company provided administrative services to some 160 companies under 20 pension schemes with more than 12,500 active members.

PCA's objective for the coming year will be to further strengthen its internal resources to maintain its position on the market. We also look forward to more synergies between the Company and the pensions department of the Anglo-Mauritius Assurance for the benefit of the Group.

The Anglo-Mauritius Financial Services Ltd (AMFS)

AMFS provides portfolio management services to financial institutions, superannuation funds and private investors. During the year 2008, AMFS has successfully concluded an agreement with Schroders, one of the most reputable fund management houses in UK, to market its extensive range of Schroders International Selection Funds in Mauritius. With this new partnership, AMFS offers along with Blackrock Global Funds and Gam Funds access to first class foreign funds for investments on international markets. The client base and the portfolios under management grew steadily during the year and positively contributed to the increased profitability.

ECONOMIC HIGHLIGHTS

The World Economy

Global economic growth is estimated at around 3.4 % for 2008 subsequent to the credit crunch. The US economy relapsed and posted a lower growth of 1.3% while the Euro area's projection stands at 1% for 2008. Overall developed markets growth tumbled to 1.1% for 2008 while Emerging Markets growth pattern has slowed down to 6.4%.

Domestic economy

In 2008, the Mauritian economy registered a lower growth rate estimated at 5.2% (2007: 5.4%) in an environment of global economic slowdown. GDP at basic prices amounted to Rs. 231 billion (2007: Rs. 206 billion). 69.1% of GDP was generated by the tertiary sector compared to 26.8% by the secondary sector and the remaining 4.1% was attributable to the primary sector. GDP per capita at market prices is estimated at Rs. 207,951 as compared to Rs. 186,813 in 2007, representing an annual increase of 11.3%, in nominal terms.

The rate of inflation for 2008 stood at 9.7% (2007:8.8%) after peaking at 9.9% in October due to high commodity, food and fuel prices on the international scene. The investment rate decreased to 24.6% over the year compared to 25.1% in 2007 with the share of private sector investments increasing to 83.0% and public sector decreasing to 17.0 % (2007: 78.2% and 21.8%). The projected unemployment rate stands at 7.8% as compared to 8.5% in 2007.

The sugar industry yielded a growth of 5.5% with a sugar production of 460,000 tonnes (2007: 435,972). Following the significant cut in guaranteed prices to ACP producers, the sugar cane industry is being re-engineered to adapt to new market conditions by improving its competitiveness and developing alternative economic activities.

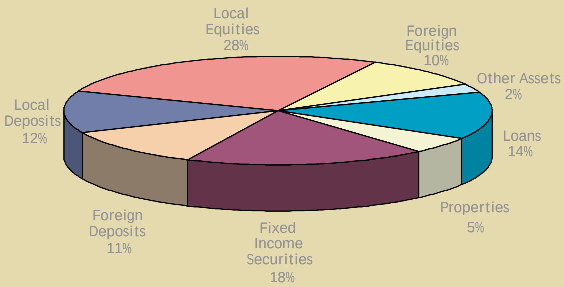
After witnessing an outstanding growth of 14.0% in 2007, the tourism sector grew marginally by 3.1% in 2008. Tourist arrivals was revised downwards to 935,000 (2007: 906,271) from an initial forecast of 1 million arrivals due to the economic downturn in our major markets. Tourism earnings for the year 2008 are estimated at Rs 41.7 billion compared to Rs 40.6 billion in 2007.

The manufacturing sector grew at a reduced rate of 1.8% in 2008 (2007: 2.2%). Exports fell as a result of a reduced demand in our main export markets, appreciation of the domestic currency in the first semester against major trading partners and increasing competition from leading apparel exporters.

After the exceptional boom of 15% in 2007, the construction sector grew by 11% in 2008 attributable to ongoing Integrated Resort Schemes, hotel and commercial projects.

Financial intermediation sector grew by a consolidated 10.1% in 2008 essentially supported by growths of 12.9% and 5% in banks and insurance clusters respectively.

Asset Mix



FINANCIAL HIGHLIGHTS

The Life Assurance Fund at 31st December 2008 amounted to Rs. 15.7 billion (Rs. 17.6 billion in 2007) decreasing by Rs. 1.9 billion during the year (Rs. 3.2 billion increase in 2007).

The Life Assurance Fund includes a fair value reserve of Rs. 2.1 billion in 2008 (Rs. 5.4 billion in 2007). The decrease in fair value reserve of Rs. 3.3 billion made during the year (Rs. 1.8 billion increase in 2007) is due to the unrealised losses of our equities portfolio on the stock exchange.

The premiums net of re-assurances added to annuity considerations amounted to Rs. 1.8 billion in 2008 (Rs. 1.6 billion in 2007), including Rs. 690.4 million for the linked business (Rs. 529.4 million in 2007).

The Company sustained during the year death and disablement claims of Rs. 61.7 million as compared to Rs. 57.5 million in 2007. Maturities paid amounted to Rs. 693.1 million as compared to Rs. 617.3 million last year.

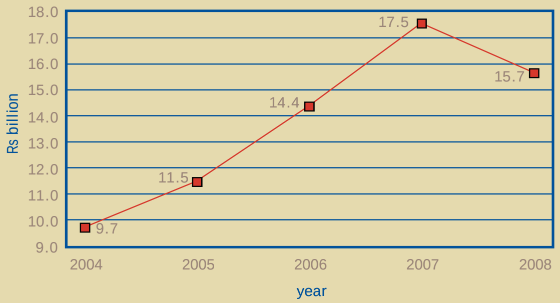
During the year, surrenders increased from Rs. 377.9 million to Rs. 585.9 million.

Realised capital appreciation of Rs. 122.8 million was made on the non-linked account during the year as compared to Rs. 390.5 million in 2007, and realised capital depreciation of Rs. 49.3 million was made on the linked account in 2008 as compared to a depreciation of Rs. 6.4 million last year.

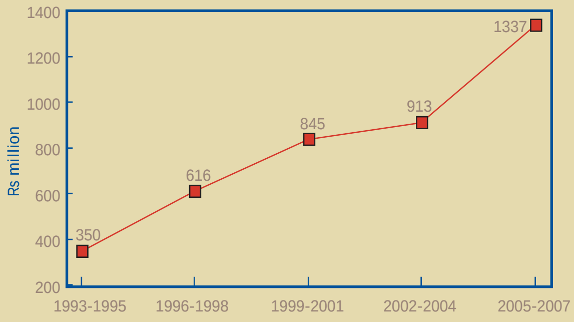
Gains on exchange of Rs. 173.8 million was made on the non-linked account in 2008 as compared to a loss of Rs. 197.8 million last year, and profit on exchange of Rs. 11.5 million was made on the linked account during the year as compared to a loss of Rs. 28.5 million in 2007.

Dividends paid in 2008 amounted to Rs. 45.0 million (Rs. 38.5 million in 2007).

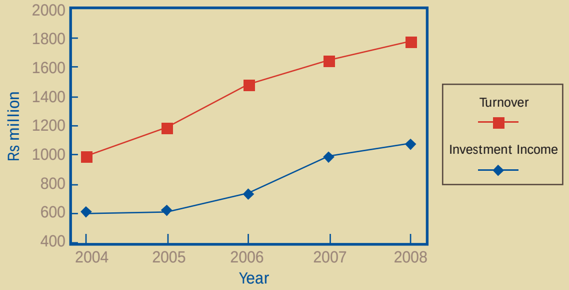
Life Assurance Fund



Distributed Surplus



Revenue



INVESTMENTS

Equity Market

Stock markets worldwide experienced significant downfalls in 2008 when one of the worst global financial crises developed into a severe recession in developed countries. In Mauritius, the Semtri registered an exceptional loss of 33.6%, ending abruptly a 6-year bull run.

All blue chips were double-digit losers with hotel and banking sectors retreating by 64% and 30% respectively. In addition, foreigners were net sellers over the last quarter of 2008 to the tune of Rs. 426 million.

On the international scene, global equities regressed by 40% as measured by the MSCI World Index (US Dollars). Developed markets also experienced the same sliding spiral with the US claiming a shortfall of 37.8%, Europe plunging by 46.1% and Asia witnessing an average loss of 36.2% during the same period. Emerging markets likewise, lost ground in 2008 and ended in negative territory with the BSE SENSEX losing about 52% and China SSE collapsing by nearly 66%.

group chief executive's review

Fixed Income Market

On the fixed income side, interest rates in Mauritius fell by 250 basis points over the year to stimulate economic growth. Over the same period the Rupee depreciated vis-à-vis its trading currencies, the US Dollar and the Euro, by 11.0% and 7.1% respectively whilst it appreciated vis-à-vis the GBP by around 19%. In the US, the central bank reduced its key interest rate 7 times over the year 2008 to alleviate the undesirable effects of the subprime mortgage crisis and to fuel the economy. Other central banks followed suit and several rate cuts were registered worldwide.

Performance of Company's Funds

The Secure Fund (Pension) was our overall best performing fund with a gross return of 10.6% during the year. This conservative Fund invests wholly in prime fixed income instruments such as secured mortgage loans, government securities, Rupee and forex deposits. The General Fund (Life) also posted a positive return in 2008 given its low exposure to equity markets. The other Funds, geared towards equity, have generally outperformed their benchmark although registering a negative return over the year.

The Non-Linked Fund regressed over the year essentially weighed down by the poor performance of its equity portfolios. However, overall losses were contained due to a strategic underweight exposure towards equity and a satisfactory performance of the fixed income portfolio. This fund was allocated at only 35% in shares and more than 65% in fixed income instruments and properties.

LEGAL & REGULATORY FRAMEWORK

The Financial Services Commission has issued the Financial Services (Consolidated Licensing and Fees) Rules 2008 which came into operation on 22 March 2008.

The new licensing framework aim at streamlining the licensing process by providing clear sets of licensing criteria and requirements within a well-defined and consolidated framework. These rules also provide for a new fee structure in respect of new business written since 1st July 2008.

The Securities (Collective Investment Schemes & Closed-end Funds) Regulations 2008 were published in the Government Gazette on 10 May 2008 but deemed to have come in force as from 28 September 2007.

These regulations provide for the sound conduct and operation of Collective Investment Schemes, closed-end funds and their functionaries.

The Insurance (Insurance Brokers) Rules were published in the Government Gazette on 14 June 2008 to regulate the Insurance Brokers profession which was operating in a legal vacuum.

These rules which provide for certain restrictions on ownership and significant interest in brokerage firms, also provide that Insurance Brokers are now required to keep separate accounts for each client. In order to answer the need for more transparency and to protect policyholders, Insurance Brokers shall have to explicitly disclose to their clients the remuneration that they are entitled to. Moreover, no Insurance Broker shall provide its services in relation to an insurance policy where it would also provide re-insurance broking services in respect of the same policy.

The Financial Services Commission has issued Guidelines on Stress Test Requirements for Long-Term Insurers which require these insurers to maintain additional capital to protect their solvency against unexpected adverse shock, in such a way that the excess of assets over liabilities are sufficient to meet their ongoing liabilities.

The Financial Services Commission has also issued Guidelines on Contingency Plan for Insurers which aim to provide a broad framework and the basic information to be provided in a contingency plan should the solvency or the capital requirement ratio of the company fall below the stipulated/target level.

There has not been any legislative amendments in 2008 to the existing Anti-Money Laundering Laws and Regulations in force. However, it is worth mentioning that the Money Laundering Reporting Officer has conducted a refresher course on anti-money laundering for all employees of the Group.

HUMAN RESOURCES & ORGANISATION STRUCTURE

In line with our strategy to upgrade constantly our human capital, we have in 2008 set up a leadership training programme for our whole Management Team and our talented pool. This programme was identified as a key learning requirement after a Leadership Maturity and Cultural Audit carried out at the end of 2007. Our whole Management Team went through an intensive leadership course led by a Consultant of international repute. This learning event has enabled our current and future leaders to take stock of the leadership challenges facing them in this highly volatile environment. They have also identified their knowledge, skills and behaviour gaps on which they are now individually taking corrective actions. As a follow-up action, we have provided one-to-one coaching to a few members of our Management Team. We believe that this leadership training and the coaching sessions will greatly help us in the change programmes we wish to implement in order to bring the Swan Group to a new threshold of development.

Another HR initiative we took in 2008 was a complete review of our reward structure, systems and processes. It had indeed become important to adjust our reward practices to the new realities of the business environment. With the help of a Reward Management Specialist, we have designed a new grading system after a job evaluation exercise. We now have a proper framework for comparing the size of jobs both internally and externally. This will enable to better benchmark our reward practices with other companies through remuneration surveys. The next step will be to review all our reward practices to ensure that they are appropriately designed to motivate, engage and retain our key employees, and attract new talents within the Swan Group.

We are striving to achieve visible improvements for our customers by leveraging our technical expertise to develop innovative solutions and designing products to meet evolving clients' needs. We have embedded a performance culture within the organisation with a commitment to achieving sustainable performance with consistent delivery of results.

I take this opportunity to express my gratitude to all members of the staff whose dedication and hard work have significantly contributed to the Group's results. My thanks also go to our intermediaries and other stakeholders for their valuable support.

Louis Rivalland
Group Chief Executive

corporate governance report 2008

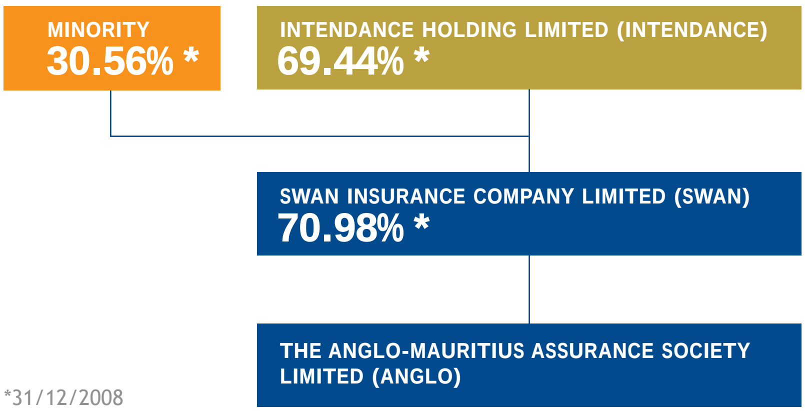
1. COMPLIANCE STATEMENT

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

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

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

2. ULTIMATE HOLDING COMPANY



*31/12/2008

3. COMMON DIRECTORS at 31/12/2008

	ANGLO	SWAN	INTENDANCE
M.E. Cyril Mayer	■	■	■
M.J. Cyril Lagesse	■	■	■
L.J. Jérôme de Chasteauneuf	■	■	■
M. Eric Espitalier-Noël	■	■	■
Pierre Doger de Spéville	■	■	■

4. MAJOR SHAREHOLDERS

At April 30, 2009, the following shareholders held more than 5% of the ordinary share capital of the Company:

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

5. DIVIDEND POLICY

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

The surplus is distributed as follows:

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

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

6. THE BOARD OF DIRECTORS

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

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

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

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

(a) Role of the Board

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

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

(b) Election of Directors

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

(c) Evaluation

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

(d) Interests in shares at 31 December 2008

(i) *Directors*

Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
M.E. Cyril Mayer	-	-	200	0.008
M.J.Cyril Lagesse	1,250	0.050	-	-
Pierre Doger de Spéville	70	0.003	-	-
Louis Rivalland	2,500	0.100	-	-
	3,820	0.153	200	0.008

(ii) *Senior Officers other than Directors* : NIL

(e) Directors' dealing in shares of the Company

With regard to directors' dealings in the shares of the Company, the directors confirm that they have followed the principles of the model code on securities transactions by directors as detailed in Appendix 6 of the Mauritius Stock Exchange Listing Rules.

7. REMUNERATION POLICY

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

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

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

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

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

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

8. BOARD COMMITTEES

(a) The Audit and Risks Committee

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

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

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

The Committee is satisfied that it has discharged its responsibilities for the year in compliance with its terms of reference.

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

(b) The Corporate Governance Committee

The Committee consists of four non-executive directors, three of whom are independent.

The current members are Mr. Cyril Mayer (Chairperson), Mr. Pierre Dinan, Mr. Peroomal Gopallen Mooroogen and Mr. Victor Seeyave. The Group Chief Executive is in attendance.

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

corporate governance report 2008

9. (a) BOARD AND COMMITTEES' ATTENDANCE AND REMUNERATION IN 2008

		Board	Audit & Risks Committee	Corporate Governance Committee
Number of meetings held during the year		4	4	3
Directors	Classification	Attendance		
M.E. Cyril Mayer	Non-executive	4	N/A	3
M.J. Cyril Lagesse	Non-executive	3	N/A	N/A
L. J. Jérôme de Chasteauneuf (As from 01/04/2008)	Non-executive	3	N/A	N/A
Pierre Dinan	Independent non-executive	3	4	3
Pierre Doger de Spéville	Non-executive	4	N/A	N/A
George John Dumbell	Non-executive	4	N/A	N/A
M. Eric Espitalier Noël	Non-executive	2	N/A	N/A
Henri Harel	Non-executive	3	4	N/A
Thierry Lagesse	Non-executive	2	N/A	N/A
M.F.I. Jean Hugues Maigrot	Non-executive	3	N/A	N/A
Peroomal Gopallen Mooroogen	Independent non-executive	4	3	3
Victor Seeyave	Independent non-executive	4	2	2
Louis Rivalland	Executive	4	3	3

(b) DIRECTORS' REMUNERATION IN 2008

	From the Company	From Subsidiary Companies
	Rs. '000	Rs. '000
Non-Executives	1,082	27
Executive	4,562	15

10. COMPANY SECRETARY

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

11. RELATED PARTY TRANSACTIONS

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

12. CONSTITUTION

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

13. SHAREHOLDERS' AGREEMENTS/THIRD PARTY MANAGEMENT AGREEMENTS

There were no such agreements during the year under review.

14. INTERNAL AUDIT

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

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

- **Role and Responsibilities**
  The Internal Auditors are responsible for providing assurance to the Board regarding the implementation, operation and effectiveness of internal control and risk management.

- **Reporting and disclosure**

  - *Structure and Organisation*
    The internal audit charter, which is reviewed and approved every three years by the Audit and Risks Committee, establishes the composition, role, scope, authority, independence, reporting procedures, auditing standards and responsibilities of the Internal Auditors.

  - *Reporting lines*
    The Internal Auditors have a direct reporting line to the Audit and Risks Committee and maintain an open and constructive communication with executive management. They also have direct assess to the Chairperson of the Committees and of the Board.

  This reporting structure allows the Internal Auditors to remain independent and report all items of significance to the Board and the Audit and Risks Committee.

- **Coverage and Risk Management**
  The annual internal audit plan, which is approved by the Audit and Risks Committee, is based on the principles of risk management to align coverage and effort with the degree of risk attributable to the areas audited.

- **Accessibility**
  The Internal Auditors have unrestricted access to the records, management or employees of the Group.
  The Internal Auditors act as a source of constructive advice and best practice, assisting the Audit and Risks Committee in its responsibility to improve the processes by which risks are identified and managed and to report and advise on the proper and effective use of resources.

15. RISK MANAGEMENT

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

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

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

corporate governance report 2008

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

Risk assessment activities were carried out by the Internal Auditors following which, management of the Group and the Internal Auditors have been working in collaboration to finalise the risk-monitoring framework. The risk management framework will be continuously reviewed and updated to reflect the ongoing risks 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 needs;
  — 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 laws and regulations and actions by the local Regulator can result in increased pressures and significantly affect the Group's ability to efficiently and competitively conduct business.

  — *Industry Risks:*
  Risks which makes the industry less attractive as a result of changes in:
  • Key factors for competitive success within the industry, including significant opportunities and threats;
  • Capabilities of existing and potential competitors; and
  • Group's strengths and weaknesses relative to present and future competitors.

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

  Operational risks are further broken down into:

  — *Human resource risks:*
  Losses arising from acts inconsistent with employment, health and safety laws, personal injury claims, etc.

  — *Fraud risks:*
  Intentional or fraudulent acts intended to defraud or misappropriate property or circumvent regulations, law and policies and involving one internal party and/or a third party.

— *Physical risks:*
Losses due to fire, cyclone, explosion, riots, etc.

— *Business Continuity risks:*
Losses from failed transaction processing, and process management, inadequate back-ups and loss of data.

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

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

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

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

16. INTERNAL CONTROLS

The Board has the overall responsibility for maintaining a sound and effective system of internal controls to safeguard the Group's assets and shareholders' interests.

The system of internal controls has been designed to safeguard assets of the Group from unauthorised use. The Group maintains proper accounting records to ensure effective operation of its business and compliance with laws and regulations. Management is directly responsible for implementing the strategies and policies adopted by the Board, and for managing all of the Group activities, including the operation of the internal control system. The system of internal controls is, however, designed to provide, assurance against material misstatement or loss, and manage risks of failure in operational systems.

The key areas that the Board has put in place to provide effective internal controls are as follows:

1) The Board has established a clear organisation structure, including the delegation of appropriate responsibilities to the Board committees, the Group Chief Executive, members of the Senior Management, and to the heads of operating units;

2) The Board assesses the effectiveness of internal controls by considering the recommendations of the Audit & Risks Committee, reports of the internal auditors, feedback from management and the external auditors;

3) A comprehensive management accounting system is in place to provide financial and operational performance data for management accounting purposes. Review of the accounting information takes place on a regular basis at Audit & Risks Committee and Board levels and remedial action is promptly taken, where necessary;

4) There is an ongoing effort to document the system and procedures for each operating unit. These documents are also being updated regularly;

5) A compliance function has been put in place under the leadership of the Money Laundering Reporting Officer and clear compliance procedures have been established. Regular training is being conducted to ensure that:
- New staff are trained in compliance with requirements that the Group is subject to; and
- Existing staff are regularly updated on compliance issues;

6) Management has put in place appropriate financial controls by way of segregation of duties of accounting staff; and

7) Management has put in place appropriate operational and compliance controls at all operating units.

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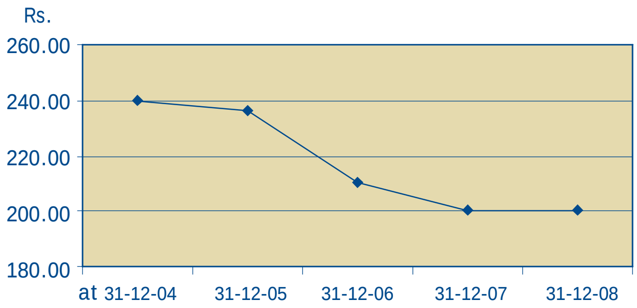
17. SHARE OPTION

The Group has no share option plan.

18. SHARE PRICE INFORMATION

Share Price of the Company decreased by 17% over the last five years, from Rs.240.- per share at December 31, 2004 to Rs.200.- per share in 2008.



19. 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	216	22,525	0.90
501 - 1,000	32	22,799	0.91
1,001 - 5,000	48	106,674	4.26
5,001 - 10,000	8	55,587	2.22
10,001 - 50,000	7	144,566	5.80
50,001 - 100,000	6	373,319	14.93
100,001 - 250,000	0	00.00	00.00
250,001 - 500,000	0	00.00	00.00
Over 500,000	1	1,774,530	70.98
TOTAL	318	2,500,000	100.00

(b)

Category	No. of Shareholders	No. of shares	% holding
Individuals	262	196,845	7.87
Insurance and Assurance Companies	3	5,356	0.22
Pension and Provident Funds	1	12,576	0.50
Investment and Trust Companies	7	162,171	6.49
Other Corporate Bodies	44	348,522	13.94
The Holding Company	1	1,774,530	70.98
TOTAL	318	2,500,000	100.00

20. CHARITABLE DONATIONS

For charitable donations, please refer to page 83 of the Annual Report under 'Other Statutory Disclosures'.

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 and, as from 2009, quarterly financial statements are published in the press. 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 2009	Annual Meeting of Shareholders
August 2009	Publication of Unaudited Condensed Financial Statements for second quarter and half-year ending June 30, 2009
November 2009	Publication of Unaudited Condensed Financial Statements for third quarter ending September 30, 2009
November 2009	Board of Directors meets to decide on the advisability of declaring a dividend.

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

statement of directors' responsibilities

Directors acknowledge their responsibilities for:

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

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

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

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

The Directors report that:

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

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

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

Signed on behalf of the Board of Directors.

M.E. Cyril Mayer
Chairperson

M. J. Cyril Lagesse
Director

independent auditors' report

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

Report on the Financial Statements

We have audited the financial statements of The Anglo-Mauritius Assurance Society Limited and its subsidiaries (the "Group") and the Company's separate financial statements on pages 40 to 81 which comprise the balance sheets at December 31, 2008 and the income statements, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements on pages 40 to 81 give a true and fair view of the financial position of the Group and of the Company at December 31, 2008, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

We have obtained all information and explanations we have required.

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

Insurance Act 2005

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

BDO DE CHAZAL DU MEE
Chartered Accountants

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

Port Louis,
Mauritius.
31 March 2009

balance sheets

DECEMBER 31, 2008

	Notes	THE GROUP		THE COMPANY	
		2008	2007	**2008**	2007
ASSETS		**Rs'000**	Rs'000	**Rs'000**	Rs'000
Non-current assets					
Property and equipment	5	**150,460**	155,753	**125,475**	123,142
Investment property	6	**402,726**	400,117	**361,924**	332,045
Intangible assets	7	**24,738**	25,085	**1,795**	763
Investments in Subsidiary Companies	8	**-**	-	**74,300**	126,338
Investments in Associated Company	9	**35,323**	54,171	**-**	-
Financial assets	10	**8,746,049**	10,513,461	**8,746,049**	10,513,461
Loans and receivables	11	**2,252,940**	2,264,670	**2,252,940**	2,264,670
		11,612,236	13,413,257	**11,562,483**	13,360,419
Current assets					
Trade and other receivables	12	**149,751**	140,814	**142,322**	137,061
Financial assets	10	**2,020,756**	1,565,981	**2,020,756**	1,565,981
Loans and receivables	11	**277,872**	240,708	**277,872**	240,708
Short term deposits	13/26(b)	**1,848,701**	2,403,888	**1,848,701**	2,399,388
Cash in hand and at bank	26(b)	**140,802**	34,304	**117,625**	18,906
		4,437,882	4,385,695	**4,407,276**	4,362,044
Total assets		**16,050,118**	17,798,952	**15,969,759**	17,722,463
EQUITY AND LIABILITIES					
Capital and Reserves (attributable to equity holders of the parent company)					
Share Capital	14	**25,000**	25,000	**25,000**	25,000
Proprietors' Fund		**103,206**	295	**103,206**	295
Equity holders' interest		**128,206**	25,295	**128,206**	25,295
Minority Interest	15	**16,466**	11,014	**-**	-
Total equity		**144,672**	36,309	**128,206**	25,295
Technical Provisions					
Life Assurance Fund	2(i)/16	**15,701,377**	17,607,922	**15,642,587**	17,548,441
Outstanding claims		**21,286**	18,098	**21,286**	18,098
		15,722,663	17,626,020	**15,663,873**	17,566,539
Non-current liabilities					
Deferred tax liabilities	17	**240**	1,317	**-**	-
Retirement Benefit Obligations	18	**68,981**	63,178	**69,005**	63,292
		69,221	64,495	**69,005**	63,292
Current liabilities					
Trade and other payables	19	**105,413**	65,490	**102,473**	62,337
Current tax liabilities	20	**8,149**	6,638	**6,202**	5,000
		113,562	72,128	**108,675**	67,337
Total equity and liabilities		**16,050,118**	17,798,952	**15,969,759**	17,722,463

These financial statements have been approved for issue by the Board of Directors on 31 March 2009

M.E. Cyril Mayer
Chairperson

M. J. Cyril Lagesse
Director

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

life assurance fund

FOR THE YEAR ENDED DECEMBER 31, 2008

		THE GROUP		THE COMPANY					
				NON-LINKED	LINKED	TOTAL	NON-LINKED	LINKED	TOTAL
	Notes	2008	2007	2008			2007		
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Gross Premiums		1,621,609	1,470,620	931,212	690,397	1,621,609	941,245	529,375	1,470,620
Ceded to Reinsurers		(74,862)	(77,893)	(74,862)	-	(74,862)	(77,893)	-	(77,893)
Net insurance premiums		1,546,747	1,392,727	856,350	690,397	1,546,747	863,352	529,375	1,392,727
Consideration for annuities		225,942	255,557	225,942	-	225,942	255,557	-	255,557
Fee income on insurance and investment contracts		98,044	63,398	73,162	-	73,162	49,620	-	49,620
Investment income	21	1,050,895	970,031	870,316	188,928	1,059,244	817,178	156,565	973,743
Other income	22	172,088	384,101	122,834	49,254	172,088	390,471	(6,370)	384,101
Gain on exchange		185,374	-	173,834	11,540	185,374	-	-	-
Other operating income - rent		26,815	21,390	22,343	-	22,343	14,738	-	14,738
Share of results of associated company	9	4,982	24,667	-	-	-	-	-	-
		3,310,887	3,111,871	2,344,781	940,119	3,284,900	2,390,916	679,570	3,070,486
Gross death and disablement insurance claims		72,821	71,752	72,447	374	72,821	70,299	1,453	71,752
Recoverable from reinsurers		(11,073)	(14,255)	(11,073)	-	(11,073)	(14,255)	-	(14,255)
Net death and disablement insurance claims		61,748	57,497	61,374	374	61,748	56,044	1,453	57,497
Maturity claims		693,105	617,302	664,826	28,279	693,105	565,729	51,573	617,302
Surrenders		585,868	377,915	378,879	206,989	585,868	207,784	170,131	377,915
Annuities		187,410	165,880	158,977	28,433	187,410	144,257	21,623	165,880
Commissions payable to agents and brokers		50,310	44,993	50,310	-	50,310	44,993	-	44,993
Fees payable		62,401	50,327	25,602	36,799	62,401	20,548	29,776	50,324
Depreciation of property and equipment	5	8,511	10,922	7,693	-	7,693	10,055	-	10,055
Depreciation of investment property	6	6,949	6,589	6,949	-	6,949	6,413	-	6,413
Amortisation of intangible assets	7	647	1,006	647	-	647	838	-	838
Computer development expenses		3,862	3,930	3,862	-	3,862	3,930	-	3,930
Bad debts		2,276	2,457	2,276	-	2,276	2,458	-	2,458
Marketing and administrative expenses	23	130,508	125,828	121,282	-	121,282	117,021	-	117,021
Loss on exchange		-	226,322	-	-	-	197,822	28,500	226,322
		1,793,595	1,690,968	1,482,677	300,874	1,783,551	1,377,892	303,056	1,680,948
Surplus for the year before taxation		1,517,292	1,420,903	862,104	639,245	1,501,349	1,013,024	376,514	1,389,538
Taxation	20	(4,737)	(3,058)	(2,308)	-	(2,308)	(1,592)	-	(1,592)
Surplus for the year		1,512,555	1,417,844	859,796	639,245	1,499,041	1,011,432	376,514	1,387,946
Surplus transferred as follows:									
- Life Assurance Fund	16	1,375,645	1 407,007	726,114	639,245	1,365,359	1,011,432	376,514	1,387,946
- Proprietors' Fund		133,682	-	133,682	-	133,682	-	-	-
- Minority interest	15	3,228	10 ,837	-	-	-	-	-	-
		1,512,555	1,417,844	859,796	639,245	1,499,041	1,011,432	376,514	1,387,946

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

statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2008

THE GROUP

	Notes	Share Capital	Proprietors' Fund	Total	Minority Interest	Total
		Attributable to equity holders of the parent company				
		Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Balance at January 1, 2008		**25,000**	**295**	**25,295**	**11,014**	**36,309**
Interest allocated		**-**	**14,229**	**14,229**	**-**	**14,229**
Surplus transferred from Life Assurance Fund (page 41)		**-**	**133,682**	**133,682**	**-**	**133,682**
Net movement for the year	**15**	**-**	**-**	**-**	**5,452**	**5,452**
Dividends	**24**	**-**	**(45,000)**	**(45,000)**	**-**	**(45,000)**
Balance at December 31, 2008		**25,000**	**103,206**	**128,206**	**16,466**	**144,672**
Balance at January 1, 2007		25,000	34,219	59,219	177	59,396
Interest allocated		-	4,576	4,576	-	4,576
Net movement for the year	15	-	-	-	10,837	10,837
Dividends	24	-	(38,500)	(38,500)	-	(38,500)
Balance at December 31, 2007		25,000	295	25,295	11,014	36,309

THE COMPANY

	Notes	Share Capital	Proprietors' Fund	Total
		Rs'000	Rs'000	Rs'000
Balance at January 1, 2008		**25,000**	**295**	**25,295**
Interest allocated		**-**	**14,229**	**14,229**
Surplus transferred from Life Assurance Fund (page 41)		**-**	**133,682**	**133,682**
Dividends	**24**	**-**	**(45,000)**	**(45,000)**
Balance at December 31, 2008		**25,000**	**103,206**	**128,206**
Balance at January 1, 2007		25,000	34,219	59,219
Interest allocated		-	4,576	4,576
Dividends	24	-	(38,500)	(38,500)
Balance at December 31, 2007		25,000	295	25,295

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

cash flow statements

FOR THE YEAR ENDED DECEMBER 31, 2008

		THE GROUP		THE COMPANY	
	Notes	**2008**	2007	**2008**	2007
		Rs'000	Rs'000	**Rs'000**	Rs'000
Operating activities					
Cash generated from operations	26(a)	**117,765**	221,212	**106,976**	208,107
Investment income received		**1,070,923**	970,031	**1,077,201**	973,747
Tax paid		**(1,945)**	(2,914)	**(1,106)**	(1,592)
Net cash generated from operating activities		**1,186,743**	1,188,329	**1,183,071**	1,180,262
Investing activities					
Purchase of property and equipment	5	**(3,112)**	(6,146)	**(2,781)**	(6,027)
Purchase of investment property	6	**(9,558)**	(12,874)	**(9,507)**	(11,008)
Purchase of intangible assets	7	**(651)**	(990)	**(642)**	(990)
Purchase of financial assets	10	**(5,267,955)**	(3,410,738)	**(5,267,955)**	(3,410,738)
Loans granted		**(372,201)**	(280,715)	**(372,201)**	(280,715)
Redemption/disposal of financial assets		**3,539,130**	2,984,215	**3,539,130**	2,984,215
Disposal of property and equipment		**1,130**	4,123	**1,130**	4,123
Loans received		**337,413**	295,090	**337,413**	295,090
Net cash used in investing activities		**(1,775,804)**	(428,035)	**(1,775,413)**	(426,050)
Financing activity					
Dividends paid	24	**(45,000)**	(38,500)	**(45,000)**	(38,500)
Net cash used in financing activity		**(45,000)**	(38,500)	**(45,000)**	(38,500)
Increase in cash and cash equivalents		**(634,061)**	721,794	**(637,342)**	715,712
Movement in cash and cash equivalents					
At January 1,		**2,438,192**	1,942,720	**2,418,294**	1,928,904
Increase		**(634,061)**	721,794	**(637,342)**	715,712
Effects of exchange rate changes		**185,372**	(226,322)	**185,374**	(226,322)
At December 31,	26(b)	**1,989,503**	2,438,192	**1,966,326**	2,418,294

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

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

1. GENERAL INFORMATION

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of preparation

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

(i) available-for-sale financial assets are stated at their fair values; and

(ii) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

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

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2009 or later periods. At the date of authorisation of these financial statements, the following new standards and interpretations were in issue but not yet effective but which the Group has not early adopted.

IFRS 8 Operating Segments
IFRS 3 Business Combinations (Revised May 2008)
IAS 1 Presentation of Financial Statements (Revised May 2008)
IAS 16 Property, Plant and Equipment (Revised May 2008)
IAS 19 Employee Benefits (Revised May 2008)
IAS 27 Consolidated and Separate Financial Statements (Revised May 2008)
IAS 28 Investments in Associates (Revised May 2008)
IAS 32 Financial Instruments: Presentation (Revised May 2008)
IAS 36 Impairment of Assets (Revised May 2008)
IAS 38 Intangible Assets (Revised May 2008)
IAS 39 Financial Instruments: Recognition and Measurement (Revised May 2008)
IAS 40 Investment Property (Revised May 2008)

The Group is still evaluating the effect that these new or revised standards and interpretations on the presentation of its financial statements.

The following standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods, beginning on or after 1 January 2009 or later periods, but which are not relevant for the Group's operations :

IFRIC 13 Customer Loyalty Programmes
IFRIC 15 Agreements for the construction of real estate
IFRIC 16 Hedges of a net investment in a foreign operation
IFRIC 17 Distributions of Non-cash Assets to Owners
IAS 20 Government Grants and Disclosure of Government Assistance (Revised May 2008)
IAS 23 Borrowing Costs (Revised May 2008)
IAS 29 Financial Reporting in Hyperinflationary Economies (Revised May 2008)
IAS 31 Interests in Joint Ventures (Revised May 2008)
IAS 41 Agriculture (Revised May 2008)
IFRS 1 First-time Adoption of International Financial Reporting Standards (Revised May 2008)
IFRS 2 Share-Based Payment (Revised May 2008)
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Revised May 2008)

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

(b) Property and Equipment

All property and equipment is stated at historical cost/deemed cost less depreciation. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the item will flow in and the cost of the item can be measured reliably.

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.

(c) Intangible assets

Intangible assets consist of the following :

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

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

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

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

(d) Investment Property

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

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

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

Buildings	2%

Land is not depreciated.

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

(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

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

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

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

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

(g) Investment in associates

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

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

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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

(h) Financial assets

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

(i) Loans and receivables

Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable.

They are included in current assets when maturity is within twelve months of balance sheet date or non-current assets for maturities greater than twelve months.

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

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

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

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

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques.

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

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

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

(iv) Trade and other receivables and payables

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

(i) Trade and other receivables

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

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

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

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

(i) Life Assurance Fund

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

(ii) Linked Account
Earmarked assets in respect of segregated funds are assigned in the name of the Life Assurance Fund.

(j) Borrowings

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

(k) Retirement Benefit Obligations

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

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

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

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

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

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

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

(l) Deferred Income Tax

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

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

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

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

(m) Insurance contracts - The Company

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

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

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

(n) Revenue recognition - Premiums Earned

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

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

(o) Liability adequacy test

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

(p) Reinsurance contracts

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

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

(q) Other revenue recognition

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

(r) Foreign Currencies

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

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

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

(iii) Group companies
The results and financial position of the subsidiary, Swan International Co. Limited holding a Global Business 1 Licence (GBL 1), which has a functional currency different from that of the presentation currency of the Company, are translated as follows:
(a) assets and liabilities are translated at the closing balance sheet date rate;
(b) income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(c) the resulting exchange differences are recognised in the 'Translation Reserve', as a separate component of equity.

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

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation.

3. MANAGEMENT OF INSURANCE AND FINANCIAL RISK

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

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

3.1 Insurance risk

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

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

(a) Insurance contracts

(i) Concentration, frequency and severity of claims
For contracts where death is the insured risk, the most significant factors that could increase the overall frequency of claims are epidemics or wide spread changes in lifestyle, such as eating, smoking and exercise habits, resulting in earlier or more claims than expected. For contracts where survival is the insured risk, the most significant factor is continued improvement in medical science and social conditions that would increase longevity. Insurance risk is therefore subject to contract holders' behaviours and the impact of contract holders' behaviours have been factored into the assumptions used to measure insurance liabilities.

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

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

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

(ii) Sources of uncertainty in the estimation of future payments and premium receipts
Uncertainty in the estimation of future benefit payments and premium receipts for long-term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and the variability in contract holders' behaviour.
The Company uses appropriate base tables of standard mortality according to the type of contract being written and statistical data are used to adjust the crude mortality rates to produce a best estimate of expected mortality for the future. When data is not sufficient to be statistically credible, the best estimate of future mortality is based on standard industry tables adjusted for the Company's experience.

3.2 Financial risk

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

The most important components of this financial risk are :

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

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

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

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

3.2.1 Market risk

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

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

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

(i) Currency risk

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

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

The Group's financial assets and financial liabilities by currency is detailed below :

At December 31, 2008	Rs.	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
- Financial assets	**8,994,575**	**16,801**	**1,413,388**	**300,811**	**41,230**	**10,766,805**
- Loans and receivable	**2,530,812**	-	-	-	-	**2,530,812**
- Other non-current assets	**613,247**	-	-	-	-	**613,247**
- Current assets						
• Trade and other receivables	**149,751**	-	-	-	-	**149,751**
• Bank balances, deposits and cash	**374,400**	**8,119**	**795,907**	**809,710**	**1,367**	**1,989,503**
TOTAL ASSETS	**12,662,785**	**24,920**	**2,209,295**	**1,110,521**	**42,597**	**16,050,118**
Liabilities						
- Technical Provisions :						
• Life assurance fund	**15,701,377**	-	-	-	-	**15,701,377**
• Outstanding claims and IBNR	**21,286**	-	-	-	-	**21,286**
- Non-current liabilities	**69,221**	-	-	-	-	**69,221**
- Current liabilities	**113,562**	-	-	-	-	**113,562**
TOTAL LIABILITIES	**15,905,446**	-	-	-	-	**15,905,446**

At December 31, 2007	Rs.	GBP	USD	Euro	Others	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Assets						
- Financial assets	10,297,574	45,179	884,063	600,023	252,603	12,079,442
- Loans and receivable	2,505,378	-	-	-	-	2,505,378
- Other non-current assets	635,126	-	-	-	-	635,126
- Current assets						
• Trade and other receivables	140,814	-	-	-	-	140,814
• Bank balances, deposits and cash	838,086	53,918	675,247	870,941	-	2,438,192
TOTAL ASSETS	14,416,978	99,097	1,559,310	1,470,964	252,603	17,798,952
Liabilities						
- Technical Provisions :						
• Life assurance fund	17,607,922	-	-	-	-	17,607,922
• Outstanding claims and IBNR	18,098	-	-	-	-	18,098
- Non-current liabilities	64,495	-	-	-	-	64,495
- Current liabilities	72,128	-	-	-	-	72,128
TOTAL LIABILITIES	17,762,643	-	-	-	-	17,762,643

3.2.1 Market risk (cont'd)

(i) Currency risk

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

	GBP		USD		EURO		OTHERS	
	+5%	-5%	+5%	-5%	+5%	-5%	+5%	-5%
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
Impact on Life Assurance Fund :								
- At December 31, 2008								
- Financial assets	**840**	**(840)**	**70,669**	**(70,669)**	**15,040**	**(15,040)**	**2,062**	**(2,062)**
- Bank balances, deposits and cash	**406**	**(406)**	**39,795**	**(39,795)**	**40,485**	**(40,485)**	**68**	**(68)**
- At December 31, 2007								
- Financial assets	2,259	(2,259)	44,203	(44,203)	30,001	(30,001)	12,629	(12,629)
- Bank balances, deposits and cash	2,696	(2,696)	33,762	(33,762)	43,547	(43,547)	-	-

(ii) Interest rate risk

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

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

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

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

Management regularly monitors the sensitivity of reported interest rate movements.

Sensitivity
A change of 5% in interest rates has no material impact on the DPF eligible surplus of the Life Assurance Fund.

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

3.2.1 Market risk (cont'd)

(iii) Equity price risk (cont'd)

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

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

	Impact on Shareholders' equity	
	+1%	-1%
	Rs'm	Rs'm
At December 31, 2008		
- Available for sale financial assets	**55**	**(55)**
At December 31, 2007		
- Available for sale financial assets	68	(68)

3.2.2 Credit risk

Credit risk is the risk of loss in the value of financial assets due to counterparties failing to meet all or part of their obligations. The Group's credit risk is primarily attributable to :
- reinsurer's share of insurance liabilities;
- amounts due from reinsurers in respect of claims already paid;
- amounts due from insurance contract holders, and
- amounts due from insurance intermediaries.

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

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

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

The Company manages its reinsurance counterparty exposures and the reinsurance department has a monitoring role over this risk. The Company's largest reinsurance counterparty is Swiss Re. At December 31, 2008 the reinsurance assets recoverable was Rs 6.1m (2007 : Rs.3.5m).

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

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

3.2.2 Credit risk (cont'd)

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

	Neither past due nor impaired	Financial assets that have been impaired	Carrying amount at year end
	Rs'000	Rs'000	Rs'000
2008			
- Loans and receivables	**2,516,811**	**14,000**	**2,530,811**
2007			
- Loans and receivables	2,493,378	12,000	2,505,378

3.2.3 Liquidity risk

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

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

3.2.4 Capital Management

The main objectives of the Company when managing capital are :

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

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

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

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

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

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

3.2.5 Fair value estimation

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Critical accounting estimates and assumptions

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

4.1 Insurance contracts - The Company

(i) Estimates of future benefit payments

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

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

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

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

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

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

(ii) Sensitivity

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

4.2 Reinsurance - The Company

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

4.3 Held-to-maturity investments

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

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

4.4 Impairment of available-for-sale financial assets

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

4.5 Impairment of other assets

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

4.6 Limitation of sensitivity analysis

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

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

5. PROPERTY AND EQUIPMENT

THE GROUP - 2008	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Electrical Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(a) COST/DEEMED COST						
At January 1, 2008	151,954	73,477	32,408	2,248	28,653	288,740
Additions	-	516	1,751	-	845	3,112
Disposals	-	-	(145)	-	(6,472)	(6,617)
At December 31, 2008	**151,954**	**73,993**	**34,014**	**2,248**	**23,026**	**285,235**
DEPRECIATION						
At January 1, 2008	14,615	67,812	29,320	2,112	19,128	132,987
Charge for the year	2,410	1,585	1,878	54	2,273	8,210
Disposal adjustment	-	-	(145)	-	(6,277)	(6,422)
At December 31, 2008	**17,025**	**69,407**	**31,053**	**2,166**	**15,124**	**134,775**
NET BOOK VALUE						
At December 31, 2008	**134,929**	**4,586**	**2,961**	**82**	**7,902**	**150,460**

5. PROPERTY AND EQUIPMENT (CONT'D)

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

5. PROPERTY AND EQUIPMENT (CONT'D)

THE COMPANY - 2008	Freehold land and buildings	Furniture fixtures & fittings	Computer Equipment	Motor vehicles	Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
(c) COST					
At January 1, 2008	120,512	72,605	31,205	26,852	251,173
Additions	-	365	1,571	845	2,781
Amalgamation adjustment	-	7,440	-	-	7,440
Disposals	-	-	(145)	(6,472)	(6,617)
At December 31, 2008	**120,512**	**80,410**	**32,631**	**21,225**	**254,777**
DEPRECIATION					
At January 1, 2008	14,243	67,329	28,257	18,202	128,031
Charge for the year	2,410	1,523	1,725	2,035	7,693
Disposal adjustment	-	-	(145)	(6,277)	(6,422)
At December 31, 2008	**16,653**	**68,852**	**29,837**	**13,960**	**129,302**
NET BOOK VALUE					
At December 31, 2008	**103,859**	**11,558**	**2,794**	**7,265**	**125,475**

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FOR THE YEAR ENDED DECEMBER 31, 2008

5. PROPERTY AND EQUIPMENT (CONT'D)

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

6. INVESTMENT PROPERTY - LAND AND BUILDINGS

	THE GROUP	THE COMPANY
	Rs'000	Rs'000
COST		
At January 1, 2008	432,175	361,947
Additions	9,558	9,507
Amalgamation adjustment	-	29,229
At December 31, 2008	**441,733**	**400,683**
DEPRECIATION		
At January 1, 2008	32,058	29,902
Charge for the year	6,949	6,949
Amalgamation adjustment	-	1,908
At December 31, 2008	**39,007**	**38,759**
NET BOOK VALUE		
At December 31, 2008	**402,726**	**361,924**
COST		
At January 1, 2007	419,301	350,938
Additions	12,874	11,009
At December 31, 2007	**432,175**	**361,947**
DEPRECIATION		
At January 1, 2007	25,469	23,489
Charge for the year	6,589	6,413
At December 31, 2007	**32,058**	**29,902**
NET BOOK VALUE		
At December 31, 2007	**400,117**	**332,045**

6. INVESTMENT PROPERTY - LAND AND BUILDINGS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
At December 31, 2008 and 2007	**975,397**	657,293	**908,897**	629,957

The investment property were revalued in December 2008 by International Valuers Limited, on an open market value basis.

The following have been recognised in the Life Assurance Fund.

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
Rental income	**39,663**	39,905	**39,663**	33,254
Direct operating expenses	**16,578**	18,660	**16,578**	18,516

7. INTANGIBLE ASSETS

	THE GROUP			THE COMPANY
	2008			2008
	Goodwill	Computer Softwares	Total	Computer Softwares
	Rs'000	Rs'000	Rs'000	Rs'000
COST				
At January 1,	22,128	6,101	28,229	2,515
Additions	-	651	651	642
Amalgamation adjustment	-	-	-	1,037
At December 31,	22,128	6,752	28,880	4,194
AMORTISATION				
At January 1,	-	3,144	3,144	1,752
Charge for the year	-	998	998	647
At December 31,	-	4,142	4,142	2,399
NET BOOK VALUE	22,128	2,610	24,738	1,795

7. INTANGIBLE ASSETS (CONT'D)

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

8. INVESTMENTS IN SUBSIDIARY COMPANIES - AT COST

	THE COMPANY	
	2008	2007
	Rs'000	Rs'000
(a) UNQUOTED		
At January 1,	**126,338**	126,338
Amalgamation adjustment	**(52,038)**	-
At December 31,	**74,300**	126,338
Made up as follows:		
Investments	**72,125**	124,163
Loan to subsidiary company	**2,175**	2,175
	74,300	126,338

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

Name of subsidiary	Class of shares held	Stated Capital 2008	Stated Capital 2007	Nominal value of investment 2008	Nominal value of investment 2007	Proportion of ownership interest and voting power held 2008	Proportion of ownership interest and voting power held 2007	Main business
		Rs'000	Rs'000	**Rs'000**	Rs'000	**%**	%	
• Swan Properties Ltd*	Ordinary	**-**	2,456	**-**	2,114	**-**	99.99%	• Purchase, development and sale of land
• Verdun Industrial Building Co. Ltd*	"	**-**	20,000	**-**	19,999	**-**	99.99%	• Rental of industrial buildings
• Standard Property Ltd*	"	**-**	25	**-**	31	**-**	99.99%	• Rental of property
• Manufacturers' Distributing Station Limited	"	**961**	961	**47,686**	47,686	**99.80%**	99.80%	• Investment Company
• Ilot Fortier Ltd*	"	**-**	250	**-**	-	**-**	100%	• Purchase, development and sale of Land (Dormant)
• Investment and Administrative Co. (Mtius) Ltd*	"	**-**	25	**-**	21,514	**-**	100%	• Investment Company (Dormant)
• Themis Ltd*	"	**-**	25	**-**	8,380	**-**	100%	• Purchase, development and sale of Land (Dormant)
• Pension Consultant and Administration Limited	"	**4,100**	4,100	**25,000**	25,000	**100%**	100%	• Pension and fund administration
• The Anglo-Mauritius Financial Services Limited	"	**1,000**	1,000	**1,000**	1,000	**100%**	100%	• Fund management and investment consulting
• Swan Group Corporate Services Ltd	"	**1,000**	1,000	**500**	500	**50%**	50%	• Provision of secretarial services to Swan Group
• Société de la Croix	Parts	**2,500**	2,500	**-**	-	**100%**	100%	• Investment entity
• Société de la Montagne	Parts	**45,654**	45,654	**-**	-	**100%**	100%	• Investment entity
• Société de la Rivière	Parts	**2,500**	2,500	**-**	-	**100%**	100%	• Investment entity
• Swan International Ltd	Ordinary	**USD 7,000**	USD 7,000	**114**	114	**49%**	49%	• Reinsurance brokers and consultants

(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.

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

9. INVESTMENTS IN ASSOCIATED COMPANY

(a) Group's share of net assets

	2008	2007
	Rs '000	Rs '000
At January 1,	54,171	-
Share of results of associated company (page 41)	4,982	24,667
Dividends	(1,942)	(2,845)
Other equity movements	-	65,358
Exchange difference	(21,888)	(33,009)
At December 31,	**35,323**	54,171

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

Name	Year end	Assets	Liabilities	Revenues	Profit	Proportion of ownership interest Indirect
		Rs '000	Rs '000	Rs '000	Rs '000	%
2008						
State Assurance Co. Ltd (SACL)	**December 31,**	**886,304**	**684,880**	**112,112**	**27,479**	**18.13%**
2007						
State Assurance Co. Ltd (SACL)	December 31,	1,135,450	836,655	171,123	38,963	18.13%

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

10. FINANCIAL ASSETS

	THE GROUP AND THE COMPANY			
	2008			2007
	Held-to-maturity	Available-for-sale	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
(a) Local Securities				
At January 1,	3,908,154	6,389,419	10,297,573	7,589,865
Additions	4,092,935	170,784	4,263,719	3,060,147
(Decrease)/Increase in fair value	-	(2,587,813)	(2,587,813)	1,928,284
Transfer from statutory deposits	-	-	-	8,000
Disposals	(2,941,517)	(86,277)	(3,027,794)	(2,335,176)
Accrued interest	48,890	-	48,890	46,453
At December 31,	5,108,462	3,886,113	8,994,575	10,297,573

(b) Foreign Securities	Held-to-maturity	Available-for-sale	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	-	1,781,869	1,781,869	1,841,628
Additions	-	1,004,236	1,004,236	350,591
(Decrease)/Increase in fair value	-	(673,497)	(673,497)	(143,902)
Disposals	-	(340,378)	(340,378)	(266,448)
At December 31,	-	1,772,230	1,772,230	1,781,869
Total	5,108,462	5,658,343	10,766,805	12,079,442

Analysed as follows:	2008	2007
	Rs'000	Rs'000
Non-current	8,746,049	10,513,461
Current	2,020,756	1,565,981
	10,766,805	12,079,442

(c) Held-to-maturity investments comprise of Mauritius Government Securities, Listed and Unquoted Debenture Stocks and Treasury Bills with interest rates varying from 10% to 10.75% (2007: 13% to 13.75%).

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

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

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

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

11. LOANS AND RECEIVABLES

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
Loans on policies	**96,788**	97,474
Loans on residential properties	**1,904,562**	1,991,814
Loans on business properties	**412,170**	287,481
Cumulative accrued interest	**101,245**	108,600
Less impairment provision (see note (a) below)	**(14,000)**	(12,000)
	2,500,765	2,473,369
Loans to related corporations	**30,047**	32,009
	2,530,812	2,505,378
Analysed as follows:-		
Non-current	**2,252,940**	2,264,670
Current	**277,872**	240,708
	2,530,812	2,505,378

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

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
At January 1,	**12,000**	10,000
Impairment provision	**2,000**	2,000
At December 31,	**14,000**	12,000

(b) The rate of interest on loans vary from 6% to 12.5% (2007 : 6% to 14%).

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

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

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

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

12. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
• Receivables arising from insurance and reinsurance contracts:				
- Due from contract holders - Individuals	**18,733**	14,979	**18,731**	14,979
- Schemes	**37,184**	27,883	**37,185**	27,883
• Claims recoverable from Reinsurers	**3,250**	26	**3,250**	26
• Interest and other receivables	**81,480**	85,163	**70,044**	75,534
• Receivables from related parties:				
- Holding Company	**9,104**	12,763	**9,105**	12,763
- Subsidiary Companies	**-**	-	**4,007**	5,876
	149,751	140,814	**142,322**	137,061

(a) The ageing of trade and other receivables is disclosed in note 3.2.2.

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

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

(d) Trade and other receivables are neither past due nor impaired and the Group does not hold any collateral security for trade and other receivables.

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

13. SHORT TERM DEPOSITS

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
Short term deposits (see note (a) & 26(b))	**1,848,701**	2,403,888	**1,848,701**	2,399,388

(a) Short term deposits comprise of foreign deposits, moneys-at-call and savings accounts. The rates of interest vary between 8.6% to 9.5% (2007: 3.6% to 10.8%).

14. SHARE CAPITAL

	Authorised	Issued and fully paid
	2008 & 2007	2008 & 2007
	Rs'000	Rs'000
2,500,000 ordinary shares of Rs 10.- each	25,000	25,000

15. MINORITY INTEREST

	THE GROUP 2008	2007
	Rs'000	Rs'000
At January 1,	**11,014**	177
Share of net surplus for the year	**3,228**	10,837
Share of dividends of subsidiary companies	**2,224**	-
At December 31,	**16,466**	11,014

16. LIFE ASSURANCE FUND

(a) THE GROUP

	2008 Surplus	2008 Fair value reserve	2008 Associate's reserve	2008 Total	2007 Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	**12,220,373**	**5,355,622**	**31,927**	**17,607,922**	14,384,606
Surplus on Life Assurance Fund for the year (pg 41)	**1,375,645**	**-**	**-**	**1,375,645**	1,407,007
Fair value changes on available-for-sale financial assets	**-**	**(3,007,810)**	**-**	**(3,007,810)**	2,118,657
Release from fair value reserve	**-**	**(253,023)**	**-**	**(253,023)**	(334,275)
Share of reserves of associated company	**-**	**-**	**(21,357)**	**(21,357)**	31,927
At December 31,	**13,596,018**	**2,094,789**	**10,570**	**15,701,377**	17,607,922

(b) THE COMPANY

	2008 Non-Linked	2008 Linked	2008 Fair value reserve	2008 Total	2007 Non-Linked	2007 Linked	2007 Fair value reserve	2007 Total
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
At January 1,	**10,113,601**	**2,079,218**	**5,355,622**	**17,548,441**	9,102,169	1,702,704	3,571,240	14,376,113
Amalgamation adjustment	**(10,380)**	**-**	**-**	**(10,380)**	-	-	-	-
Surplus on Life Assurance Fund for the year (pg 41)	**726,114**	**639,245**	**-**	**1,365,359**	1,011,432	376,514	-	1,387,946
Release from fair value reserve	**-**	**-**	**(253,023)**	**(253,023)**	-	-	(334,275)	(334,275)
Fair value changes on available-for-sale financial assets	**-**	**-**	**(3,007,810)**	**(3,007,810)**	-	-	2,118,657	2,118,657
At December 31,	**10,829,335**	**2,718,463**	**2,094,789**	**15,642,587**	10,113,601	2,079,218	5,355,622	17,548,441

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

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

17. DEFERRED TAX LIABILITIES

Deferred taxes are calculated on all temporary differences under the liability method at 15% (2007: 15%). The movement on the deferred tax account is as follows:

	THE GROUP	
	2008	2007
	Rs'000	Rs'000
At January 1,	**1,317**	1,472
Movement for the year	**125**	(155)
Eliminated upon business combination	**(1,202)**	-
At December 31,	**240**	1,317

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

18. RETIREMENT BENEFIT OBLIGATIONS

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

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
(ii) The amounts recognised in the Balance Sheet are as follows:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
Present value of funded obligations	**97,968**	85,160	**94,801**	82,824
Fair value of plan assets	**(2,772)**	(2,504)	**-**	-
	95,196	82,656	**94,801**	82,824
Unrecognised actuarial losses	**(26,215)**	(19,478)	**(25,796)**	(19,532)
Liability in the balance sheet	**68,981**	63,178	**69,005**	63,292

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
(iii) The movement in the defined benefit obligation over the year is as follows:	**Rs'000**	Rs'000	**Rs'000**	Rs'000
At January 1,	**85,160**	102,373	**82,824**	100,465
Current service cost	**3,803**	4,189	**3,595**	4,022
Interest cost	**8,953**	8,008	**8,685**	7,800
Actuarial losses	**7,642**	8,478	**7,286**	8,425
Benefits paid	**(7,590)**	(37,888)	**(7,589)**	(37,888)
At December 31,	**97,968**	85,160	**94,801**	82,824

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

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

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**2,504**	2,011	**-**	-
Expected return on plan assets	**261**	215	**-**	-
Actuarial (losses) / gains	**(117)**	31	**-**	-
Employer contributions	**7,740**	38,168	**7,590**	37,888
Scheme expenses	**(1)**	(11)	**-**	-
Cost of insuring risks benefits	**(25)**	(22)	**-**	-
Benefits paid	**(7,590)**	(37,888)	**(7,590)**	(37,888)
At December 31,	**2,772**	2,504	**-**	-

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

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current service cost	**3,803**	4,190	**3,595**	4,023
Interest cost	**8,953**	8,008	**8,685**	7,800
Expected return on plan assets	**(261)**	(215)	**-**	-
Net actuarial losses recognised during the year	**1,022**	106	**1,023**	106
Scheme expenses	**1**	11	**-**	-
Cost of insuring risks benefits	**25**	23	**-**	-
Total included in employee benefit expense (note 23)	**13,543**	12,123	**13,303**	11,929

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

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
At January 1,	**63,178**	89,223	**63,292**	89,251
Total expenses as above	**13,543**	12,123	**13,303**	11,929
Employer contributions	**(7,740)**	(38,168)	**(7,590)**	(37,888)
At December 31,	**68,981**	63,178	**69,005**	63,292
Actual return on plan assets	**130**	246	**-**	-

18. RETIREMENT BENEFIT OBLIGATIONS (CONT'D)

(vii) The assets in the plan and the expected return were:

	THE GROUP			
	2008		2007	
	Rs'000	**%**	Rs'000	%
Local Equities	**1,040**	**13%**	751	16%
Overseas Equities	**656**	**10 - 13%**	1,252	14%
Fixed Interest	**894**	**10%**	125	10%
Properties	**182**	**6%**	376	6%
Total Market value of assets	**2,772**		2,504	

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

(ix) The company is not expected to make any contributions to the pension scheme for the year ending December 31, 2008.

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

	2008	2007	2006
	Rs'000	Rs'000	Rs'000
Present value of defined benefit obligation	**94,801**	82,824	100,465
Experience adjustments on plan liabilities	**7,286**	8,425	(2,237)

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

	THE GROUP AND THE COMPANY	
	2008	2007
	%	%
Discount rate	**10.0**	10.5
Expected return on plan assets	**10.5**	10.5
Future salary increases	**8.0**	8.0
Future pension increases	**-**	4.0

19. TRADE AND OTHER PAYABLES

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
• Trade payables:				
- Insurance contracts	**16,207**	12,674	**16,207**	12,674
• Other payables and accruals	**85,862**	50,003	**82,005**	46,850
• Amounts due to related parties:				
- Holding company	**3,344**	2,813	**3,344**	2,813
- Subsidiary companies	**-**	-	**917**	-
	105,413	65,490	**102,473**	62,337

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

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

20. CURRENT TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
Current tax on the adjusted profit for the year at 15% (2007: 15%)	**8,149**	6,638	**6,202**	5,000
Overprovision in previous year	**(3,536)**	(3,425)	**(3,893)**	(3,408)
Movement in deferred tax	**124**	(155)	**-**	-
Tax charge for the year	**4,737**	3,058	**2,309**	1,592

21. INVESTMENT INCOME

	THE GROUP		THE COMPANY			
	2008	2007		**2008**		2007
			Non-Linked	**Linked**	**Total**	Total
	Rs'000	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	Rs'000
Interest income	**835,943**	781,561	**680,545**	**155,398**	**835,943**	781,560
Dividend income	**214,952**	188,470	**189,771**	**33,530**	**223,301**	192,183
	1,050,895	970,031	**870,316**	**188,928**	**1,059,244**	973,743

22. OTHER INCOME

	THE GROUP AND THE COMPANY			
	2008			2007
	Non-Linked	Linked	Total	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Profit on disposal of financial assets	121,704	49,254	170,958	382,591
Profit on disposal of property and equipment	1,130	-	1,130	1,510
	122,834	49,254	172,088	384,101

23. MARKETING AND ADMINISTRATIVE EXPENSES

	THE GROUP		THE COMPANY	
	2008	2007	2008	2007
	Rs'000	Rs'000	Rs'000	Rs'000
Marketing and administrative expenses include:				
- Internal auditors' fees	314	549	314	549
- Staff costs (see note (a) below)	106,604	99,371	97,332	92,404
(a) Analysis of staff costs:				
Salaries and wages	72,832	60,402	65,999	54,795
Retirement benefit obligations:				
- defined benefit plan (note 18(v))	13,543	12,123	13,303	11,929
- defined contribution plan	321	174	110	4
Other costs	19,908	26,672	17,920	25,676
	106,604	99,371	97,332	92,404

24. DIVIDENDS

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
Dividends paid - Rs.18 per ordinary share (2007 - Rs.15.40)	45,000	38,500

25. EARNINGS PER SHARE

		THE GROUP AND THE COMPANY	
		2008	2007
		Rs'000	Rs'000
Earnings attributable to shareholders is based on:			
- Amount transferred from Life Assurance Fund		**44,561**	30,428
- Interest allocated		**14,229**	4,576
		58,790	35,004
Number of ordinary shares in issue		**2,500,000**	2,500,000
Earnings per share	Rs.	**23.51**	14.00

The above amount of Rs. 44.6m (2007: Rs. 30.4m) represents one-third of the total amount transferred from the Life Assurance Fund to the Proprietors' Fund following the actuarial valuation at December 31, 2007.

26. NOTES TO THE CASH FLOW STATEMENTS

	Notes	THE GROUP		THE COMPANY	
		2008	2007	**2008**	2007
		Rs'000	Rs'000	**Rs'000**	Rs'000
(a) Cash generated from operations					
Surplus on Life Assurance Fund		**1,517,292**	1,431,758	**1,501,349**	1,389,535
Adjustments for:					
Depreciation on property and equipment	5	**8,210**	10,922	**7,693**	10,055
Depreciation on investment property	6	**6,949**	6,589	**6,949**	6,412
Amortisation of intangible assets	7	**998**	1,006	**647**	838
Profit on sale of property and equipment	22	**(1,130)**	(1,510)	**(1,130)**	(1,510)
Interest allocated to Proprietors' Fund		**14,229**	4,576	**14,229**	4,576
Investment income	21	**(1,050,895)**	(970,031)	**(1,059,244)**	(973,743)
Net gain on exchange		**(185,374)**	226,322	**(185,374)**	226,322
Profit on sale of financial assets	22	**(170,958)**	(384,101)	**(170,958)**	(384,101)
Change in accrued interest		**(39,535)**	(51,145)	**(39,535)**	(51,145)
Changes in working capital (excluding the effects of acquisition and disposal):					
- Trade and other receivables		**(4,956)**	(12,810)	**(2,037)**	(3,621)
- Trade and other payables		**33,542**	10,321	**40,100**	10,448
- Retirement benefit obligations		**(5,625)**	(26,018)	**(5,713)**	(25,959)
Share of results of associated company		**(4,982)**	(24,667)	**-**	-
Cash generated from operations		**117,765**	221,212	**106,976**	208,107

notes to the financial statements

FOR THE YEAR ENDED DECEMBER 31, 2008

26. NOTES TO THE CASH FLOW STATEMENTS (CONT'D)

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
(b) Cash and cash equivalents				
Short term deposits (note 13)	**1,848,701**	2,403,888	**1,848,701**	2,399,388
Cash at bank and in hand	**140,802**	34,304	**117,625**	18,906
	1,989,503	2,438,192	**1,966,326**	2,418,294

27. FINANCIAL COMMITMENTS

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
Outstanding commitments approved by the Board of Directors for the following:		
Loans to be granted	**83,600**	76,300
Investments in freehold properties	**110,600**	72,600
Investments in financial assets	**60,000**	26,000
	254,200	174,900

28. HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The Directors regard Swan Insurance Company Limited which owns 70.98% of the Company's share capital, as the Holding Company. The remaining shares are widely held. The Ultimate Holding Company is Intendance Holding Limited which owns 69.44% of the Holding Company with the remaining shares also widely held. The Companies are incorporated in Mauritius and their registered offices are situated at Swan Group Centre, Intendance Street, Port Louis.

29. RELATED PARTY TRANSACTIONS

(a) THE GROUP

	Sales of services	Investment income	Financial assets	Loans/ Debentures	Amount receivable from related parties	Amount payable to related parties
	Rs'000	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**	**Rs'000**
2008						
Holding company	**11,457**	**-**	**-**	**-**	**9,800**	**3,344**
Shareholders with significant influence	**2,288**	**1,054**	**43,288**	**7,200**	**-**	**-**
Enterprises on which the Company and						
Subsidiaries exert significant influence	**8,066**	**-**	**524,832**	**13,600**	**-**	**-**
Key management personnel	**-**	**-**	**-**	**5,025**	**1,808**	**-**
	21,811	**1,054**	**568,120**	**25,825**	**11,608**	**3,344**

	Sales of services	Investment income	Financial assets	Loans/ Debentures	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2007						
Holding company	-	-	-	-	12,763	2,813
Shareholders with significant influence	4,702	1,054	53,174	9,600	-	-
Enterprises on which the Company and						
Subsidiaries exert significant influence	36,494	400	589,298	35,324	-	-
Key management personnel	-	-	-	37,598	-	-
	41,196	1,454	642,472	82,522	12,763	2,813

29. RELATED PARTY TRANSACTIONS (CONT'D)

(b) THE COMPANY

	Sales of services	Investment Income	Management fees paid	Financial assets	Loans/ Debentures	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2008							
Holding company	**11,457**	**-**	**-**	**-**	**-**	**9,800**	**3,344**
Subsidiary companies	**-**	**-**	**6,527**	**74,300**	**-**	**2,818**	**-**
Shareholders with significant influence	**2,288**	**1,054**	**-**	**43,288**	**7,200**	**-**	**-**
Enterprises on which the Company exerts significant influence	**8,066**	**-**	**-**	**524,832**	**13,600**	**-**	**-**
Key management personnel	**-**	**-**	**-**	**-**	**5,025**	**1,808**	**-**
	21,811	**1,054**	**6,527**	**642,420**	**25,825**	**14,426**	**3,344**

	Sales of services	Investment Income	Management fees paid	Financial assets	Loans/ Debentures	Amount receivable from related parties	Amount payable to related parties
	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000
2007							
Holding company	-	-	-	-	-	12,763	2,813
Subsidiary companies	-	-	6,116	126,338	-	5,876	412
Shareholders with significant influence	4,702	1,054	-	53,174	9,600	-	-
Enterprises on which the Company exerts significant influence	36,494	400	-	589,298	35,324	-	-
Key management personnel	-	-	-	-	37,598	125	-
	41,196	1,454	6,116	768,810	82,522	18,764	3,225

29. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Key management personnel compensation

	THE GROUP		THE COMPANY	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
Salaries and short-term employee benefits	**24,143**	22,227	**22,010**	20,506
Post-employment benefits - current service cost	**843**	818	**725**	710
- others	**52**	50	**45**	44
Termination benefits	**-**	7,096	**-**	7,096
	25,038	30,191	**22,780**	28,356

(d) The terms and conditions in respect of receivables and payables have been disclosed under respective notes. There are no provisions held against receivables from related parties.

30. THREE YEAR FINANCIAL REVIEW

	THE GROUP			THE COMPANY		
	2008	2007	2006	**2008**	2007	2006
	Rs'000	Rs'000	Rs'000	**Rs'000**	Rs'000	Rs'000
Issued and paid up Share Capital	**25,000**	25,000	25,000	**25,000**	25,000	25,000
Proprietors' Fund	**103,206**	295	34,219	**103,206**	295	34,219
Life Assurance Fund	**15,701,377**	17,607,922	14,384,606	**15,664,324**	17,548,441	14,376,113
Dividends	**45,000**	38,500	38,500	**45,000**	38,500	38,500
Earnings attributable to shareholders	**58,790**	35,004	37,974	**58,790**	35,004	37,794

other statutory disclosures

FOR THE YEAR ENDED DECEMBER 31, 2008 (pursuant to Section 221 of the Companies Act 2001)

DIRECTORS OF THE COMPANY

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. M. J. Cyril LAGESSE
Mr. L. J. Jérôme DE CHASTEAUNEUF / B.Sc. Economics (LSE), A.C.A . (UK) [as from 1 April 2008]
Mr. Pierre DINAN, GOSK / B.Sc. Economics (LSE), FCA (England)
Mr. Pierre DOGER DE SPÉVILLE
Mr. George John DUMBELL / A.C.I.B. (UK)
Mr. Eric ESPITALIER-NOËL / B. Soc. Sc. (SA), MBA (UK)
Mr. Henri HAREL / A.C.I.S.
Mr. Thierry LAGESSE / MBA (France)
Me. M. F. I. Jean Hugues MAIGROT
Mr. Peroomal Gopallen MOOROOGEN / FCCA, MBA (Wales)
Mr. Victor SEEYAVE / MBA (USA), B.A. Economics (UK)
Mr. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)

Manufacturers' Distributing Station Limited

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Gerald LINCOLN [as from 16 June 2008]
Mr. Jean Paul CHASTEAU DE BALYON, F.MIoD

Pension Consultants and Administrators Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Peroomal Gopallen MOOROOGEN / FCCA, MBA (Wales) [as from 16 June 2008]

Swan Group Corporate Services Limited

Mr. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Jean Paul CHASTEAU DE BALYON, F.MIoD

The Anglo-Mauritius Financial Services Ltd.

Mr. M.E. Cyril MAYER / B. Com., CA (SA) - Chairperson
Mr. Louis RIVALLAND / B.Sc (Hons.) (SA), F.I.A. (UK), F.A.S. (SA)
Mr. Peroomal Gopallen MOOROOGEN / FCCA, MBA (Wales) [as from 16 June 2008]

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' REMUNERATION AND BENEFITS

Remuneration and benefits received or due and receivable :

- Directors of The Anglo-Mauritius Assurance Society Limited

	From the Company		From Subsidiaries	
	2008	2007	**2008**	2007
	Rs'000	Rs'000	**Rs'000**	Rs'000
Executive Directors				
- Full-time	**4,562**	4,229	**15**	30
Non-executive Directors	**1,082**	1,054	**27**	65
	5,644	5,283	**42**	95

	From the Subsidiaries	
	2008	2007
	Rs'000	Rs'000
- Directors of subsidiary companies who are not directors of the Company		
- Non-executive Director	**8**	32

	THE GROUP AND THE COMPANY	
	2008	2007
	Rs'000	Rs'000
DONATIONS		
Charitable donations - 26 recipients (2007: 18 recipients)	**138**	587
Others	**-**	-

CONTRACT OF SIGNIFICANCE

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

other statutory disclosures

FOR THE YEAR ENDED DECEMBER 31, 2008 (pursuant to Section 221 of the Companies Act 2001)

AUDITORS' FEES

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

	2008	2007
	Rs'000	Rs'000
Audit fees paid to:		
- BDO De Chazal du Mée	842	1,209
- Other firms	23	75
	865	1,284
Fees paid for other services provided by:		
- BDO De Chazal du Mée	400	347
- Other firms	314	161
	714	508

secretary's certificate

FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

31 March 2009

Auditors:	BDO De Chazal Du Mée
Bankers:	AfrAsia Bank Ltd. Bank of Baroda Bank One Ltd. Banque des Mascareignes Barclays Bank PLC Bramer Banking Co Ltd Habib Bank Ltd. Mauritius Post and Cooperative Bank SBI (Mauritius) Ltd Standard 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:	Actuarial and Insurance Solutions Department of Deloitte & Touche
Legal Advisers:	De Comarmond-Koenig Benoit Chambers
Main Reinsurers:	Swiss Re Life & Health Limited Munich Mauritius Reinsurance Co. Ltd.

THE ANGLO-MAURITIUS ASSURANCE SOCIETY LIMITED

proxy form

I/We..

of ....

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

hereby appoint ....

of ....

or failing him ....

of .... as my/our proxy to vote for me/us on my/our behalf at the Annual Meeting of the Company to be held on Friday 26th June, 2009 at 10.00 hours and at any adjournment thereof.

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

	FOR	AGAINST	ABSTAIN
3. To consider and approve the Audited Financial Statements of the Company and the Group for the year ended 31st December 2008.			
4. To re-appoint BDO De Chazal du Mée as Auditors of the Company in compliance with Section 40(3) of the Insurance Act 2005, until the conclusion of the next Annual Meeting and authorise the Board of Directors to fix their remuneration.			
5. To re-elect Mr. M.J.Cyril Lagesse as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.			
6. To re-elect Me. M.F.I. Jean Hugues Maigrot as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.			
7. To re-elect Mr. Pierre Doger de Spéville as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.			
8. To re-elect Mr. Pierre Dinan as Director of the Company to hold office until the next Annual Meeting in accordance with Section 138(6) of the Companies Act 2001.			

Dated this .... day of .... 2009.

(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.

THE ANGLO-MAURITIUS ASSURANCE SOCIETY LTD

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