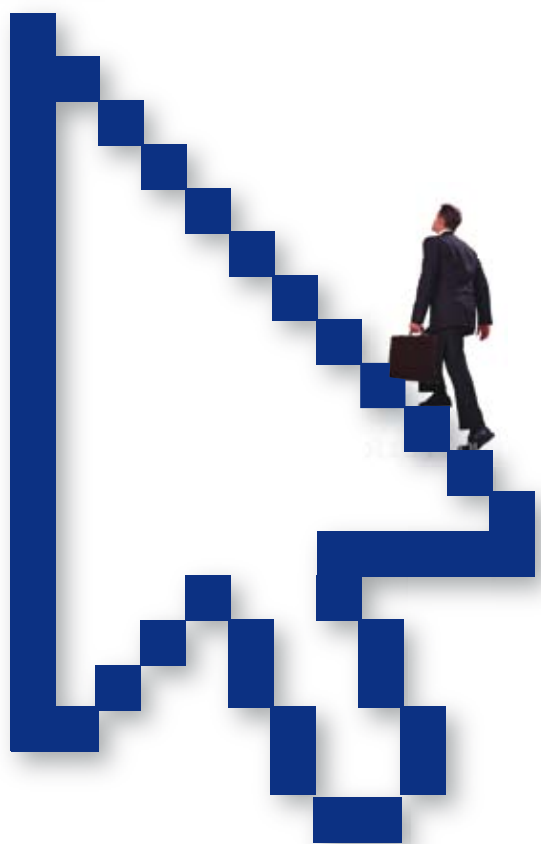


innovation| **GO!**



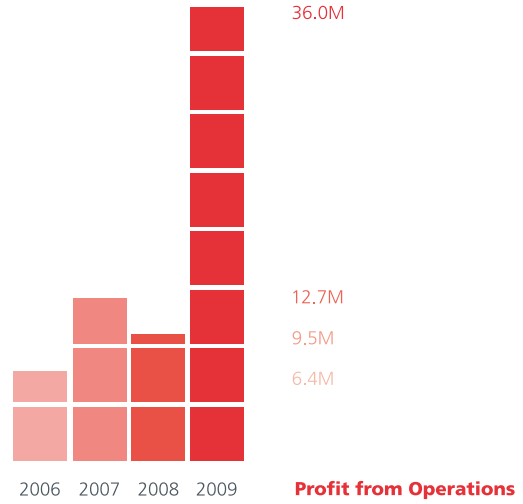
GFA

Contents Page

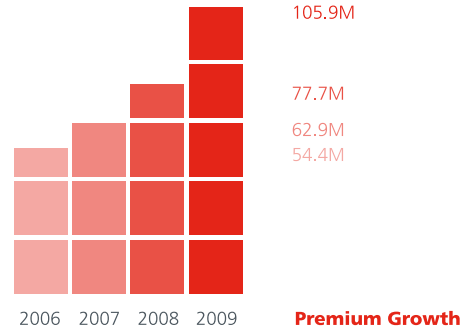
5	Mission Statement
	Our Vision
	Our Objectives
	Our Core Values
6	Administrative Details
9	Chairman's Review
11	Managing Director's Report
16	Director's Profile
20	Corporate Governance Report
27	Secretary's Certificate
28	Independent Auditors' Report
32	Consolidated Statement of Financial Position
33	Consolidated Statement of Comprehensive Income
34	Consolidated Statement of Changes In Equity
35	Consolidated Cash Flow Statement
36	Notes to the Consolidated Financial Statements

Financial Highlights 2009

GFA Insurance Ltd

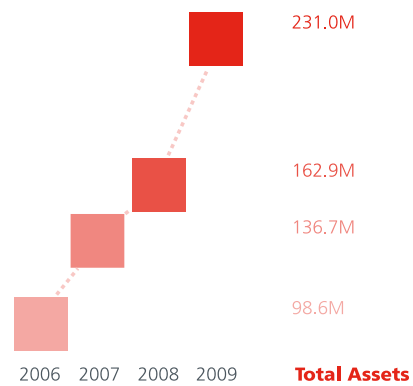


Profit from Operations 2009 +277.5%



Premium Growth 2009 +36.4%

Total Assets 2009 +41.8%



Mission Statement

GFA is committed to exceed its customer's expectations. We achieve this by developing and providing innovative and daring products served by devoted, committed, highly trained, vibrant people operating state-of-the art technologies: our two key assets. In so doing, we always strive to create and sustain outstanding returns and value for our shareholders, and honour our contractual and social responsibilities to the fullest.

Our Vision

GFA will be recognised as the preferred General Insurance company catering for SMEs as well as individuals by offering tailor-made and a wide range of insurance products and services. We will achieve this through opening new branches, increasing our network of agents and salesmen and keeping our products competitively priced. We shall be recognised as a most respected and honest business, continuously improving shareholder value and the welfare of our staff whilst fulfilling our legal commitments.

Our Objectives

The objective of GFA is to cater for all the general insurance needs of individuals and SMEs (Small and Medium Enterprises) by providing quality service and tailor-made products. Our ultimate aim is to provide customer satisfaction within a business environment. GFA is working to achieve a higher standard of performance and a long-term position in the competitive environment:

To empower staff so as to hasten decision taking processes in the spirit of swift and efficient customer service.

To have highly effective staff by providing continuous on-the-job-training and planned off-site training.

To increase market share by tapping into the much neglected SMEs (Small and Medium Enterprises) segment.

To design innovative General (non-life) insurance products.

To ensure a favourable return to our shareholders whilst protecting their investment.

Our Core Values

Teamwork, trust, transparency, professionalism, integrity, honesty, innovation and IT driven.

Registered and Head Office

Marina House
16, Frère Félix de Valois Street
Champ de Mars
Port Louis
Republic of Mauritius
info@gfainsurance.mu
www.gfainsurance.mu

Company Secretary

Jugdeo NAGINLAL, FCCA
35B Middle Road
Belle Etoile
Republic of Mauritius

Auditors

Moore Stephens
Chartered Accountants
6th Floor, Newton Tower
Sir William Newton Street,
Port Louis
Republic of Mauritius

Bankers

Afrasia Bank Ltd
Bank One Ltd
Banque Internationale des Mascareignes Ltée
Barclays Bank PLC
Bramer Banking Corporation Ltd
Habib Bank Limited
HSBC Limited
The Mauritius Commercial Bank Ltd
SBI (Mauritius) Ltd

Reinsurance Broker

J.B. Boda & Co. Ltd
ACTUARIES
Messrs K. A. Pandit, Consultants and Actuaries

Stock Broker

Bramer Securities Ltd



Top
Souvenir Photograph of GFA
Team at Infotech 2009 with
Hon. Sylvio Tang, Minister of
Consumer Protection

Abdel Ruhomutally, Deputy
Managing Director, welcoming
Hon. Ashraf Dullul, Minister of
Information and Communication
Technology, at GFA's stand
during Infotech 2009

Chairman's Review

On behalf of the Board of Directors, I am pleased to present to you the 13th Annual Report together with the Audited Financial Statements for the year ended 31 December 2009.

In 2008 we were nominated for the Mauritius Business Excellence Award (MBEA) in the medium business category. The MBEA was organised under the aegis of the Ministry of Industry, Science and Research. In 2009 again we participated. This time GFA was classified as a large company.

Our participation in such a forum is a demonstration of our efforts to excel and grow our business whilst adhering to Good Corporate Governance principles and shouldering our corporate social responsibilities.

Our achievements in 2009 culminated in our participation in the Infotech 2009. The annual event is organised by the National Computer Board together with the Ministry of Information Technology and Telecommunications. Three innovative services and products were launched on that occasion, namely: iPAY, E-surance and Electrix.

Pursuing our desire to be at the forefront of technology, in 2009, GFA became the first insurance company in Mauritius to offer on-line credit card payment facilities. We also are the pioneer in offering insurance online with our E-surance facility. For technical and security reasons Motor insurance is excluded from this facility for the time being. However, during our Infotech exhibition, we obtained many requests to offer motor insurance online. This mini-survey constitutes useful information to be considered in designing our future online internet facilities.

We attribute our success to our two key resources: our people and our IT infrastructure. Hence, for the past three years, we distributed part of the company's profits to staff in the form of a special additional performance bonus. Since we have made quite some achievements this year (that of exceeding our Rs 100 million turnover target and that of making record after-tax profits of Rs 23.9 million) a much higher amount will be offered to employees to show our commitment to our people.

Our IT infrastructure has also known a major overhauling over the last year. The company has switched to open-source technology. As at today, all our direct offices across the island have switched to our new Insurance Information System. The savings made on software licences are being used to purchase new equipment and to upgrade our hardware infrastructure.

Last year at this time we were all wary of the potential impact the world financial crisis could have on the Mauritian economy but we are relieved that the Mauritian financial services industry has been spared. On our part we had taken a pro-active stand and monitored our investments on the stock exchange closely.

The construction of our five-storey commercial building in the centre of Rose-Hill has been completed. Since this project was totally financed from our company's own resources, we plan to sell most of the different shop/office outlets or the building as a whole so as to recoup a large chunk of investment made in the building in the short-term itself. We may then move on with other real estate projects that we have in the pipeline.

The year 2010 will be a year of challenges and dramatic changes for the Mauritian insurance market. The Insurance Act 2005 stipulates that composite companies will have to split their activities into two separate entities – a company to handle life and a separate one for general insurance. Nine companies out of 15 will be affected by Article 8 of the Insurance Act. Since GFA deals solely in General Insurance it is not affected by the new requirement of the law.

We welcome this new regulation as a positive move towards Good Corporate Governance. This measure will primarily safeguard long-term policyholders such as life policyholders. Composite insurance companies have been given a transition period to segregate their activities by the end of December 2010. They will have to inject fresh capital in their newly established companies. There is speculation that this may give rise to mergers and acquisitions. We are also currently exploring such avenues by considering ways to

Chairman's Review

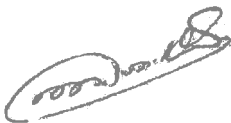
consolidate our market position. We are contemplating the acquisition of another insurance company of about the same size as GFA. Should this project be successful our combined Gross Premium would shoot up by two-folds overnight.

Once composite insurers would have split up, a better comparison of each company's balance sheet will be possible. At the moment, Composite Insurers publish a condensed balance sheet.

We have a duty to strengthen our company in the light of increasing competition and falling premium rates. To do this, we must bring our products to the doorstep of potential customers and provide a level of service that outpaces customers' rising expectations.

Despite a difficult operating environment caused by increased competition and the polarised oligopolistic nature of the market, this year, we were able to grow our premium base by 36.36% from Rs77.7M to Rs105.9 M. The financial results from year 2002 onwards give a clear indication of the growing confidence that the Company's valued customers are placing in it. I expect 2010 to be another good year in terms of operating results.

On behalf of my colleagues of the Board, I would like to extend my appreciation to all those who contributed to the company's ongoing success, particularly the Managing Director, the Deputy Managing Director, departmental heads, agents, salespersons and to the personnel at large, without whose contribution GFA Insurance Ltd would not have accomplished this level of achievement.



Dr A. R Ruhomutally
Chairman

31 March 2010

Managing Director's Report for the year ended 31 December 2009

GFA was exposed to exceptional challenges for the last five years with the introduction of new laws and fierce competition. However, with forward thinking strategies we are well on our way to achieve success and even outperforming the market.

Though GFA as a trade name has been around for more than 30 years, GFA Insurance Ltd was incorporated only about a decade ago. We have come a long way in a very short lapse of time.

The company is a private limited company incorporated in Mauritius and is engaged in General (Non-life) Insurance Business. It has an investment arm managed by the subsidiary company GFA Investments Ltd.

Economic Review

The National Economic Growth rate for the year 2009 was around 2.8%. The inflation rate for the financial year 2009 reached 2.9%. GFA Insurance Ltd has been able to achieve a growth rate of 36.36% in gross insurance premium, which by far exceeded that of the National level.

Mauritian financial institutions have fortunately, not been hit directly by the international crisis. Economists predict that economic growth will be around 4.3% in 2010.

The industry average for premium growth (general business) is 21.3% for 2008/2009 whilst that for GFA stands at 36.36%, that is, well above the Industry's as a whole. Our gross premium has exceeded our target of Rs 100 million to reach Rs. 106 million. In total 397,000 general insurance policies were issued in 2008/2009 out of which 264,772 were from the motor side and 132,228 from the non-motor side. (Source: FSC Mauritius Annual Report 2009).

Financial Overview

The company continues to perform satisfactorily in the face of increasing competition in the Industry. Gross Revenue of the company increased from Rs77.7 million to reach Rs. 105.9 million for the year ended 31 December 2009 which corresponds to an increase of 36.36% whilst Investment Income rose by 5.68% in spite of a drastic fall in interest on bank deposits. Net Premium escalated by 34.36% from Rs69.3 million to Rs93.1 million. Although, trading conditions remained very challenging during the year under review, GFA has realised a profit of Rs. 27 million before tax. This phenomenal increase of 1190% can be explained by a couple of facts: an increase of Rs.28.2 million in our Turnover; gain on disposal of financial assets of nearly Rs 4 million; whilst Administrative expenses increased by only Rs1.6 million.

It is a commendable team effort that has generated an increase of Rs28.2 million in our turnover bearing in mind that the company has not spent much on paid advertising campaigns for the past two years. However, with the endeavour to attract more SMEs, professionals and the public at large we intend to launch an aggressive television and radio campaign during the course of 2010.

GFA has experienced a considerable increase of 53.08% in its Underwriting surplus from Rs 21.2 M to Rs 32.4 M. Profit from operations escalated from Rs 9.5 M (2008) to Rs 36 M (2009), that is, a remarkable increase of 277% whilst our administrative expenses have levitated by only 9.94% when weighed against the year 2008. On the other hand, Total Assets of the company grew by 41.79% (by Rs68 M) to reach Rs231 M compared to Rs162.9 M in 2008.

GFA currently works with practically all the retail banks in Mauritius and also has money deposited with a few Leasing companies. Money placed in the custody of banks and deposit-taking institutions escalated to Rs 159.8 million at the end of 2009 compared to Rs 120.8 million in 2008 equivalent to a rise of 32.29%.

Operating Profit has increased by 36.76% from Rs32.3 million to Rs 44.2 million whilst Profit after tax has increased by 6077% compared to 2008 from Rs386,656 to Rs23,884,651.

Claims paid (Rs37 M) increased by Rs 4.5 million (13.73%) as compared to the year 2008 (Rs32.6 M). At the same time Reserve for Unexpired Risk/General Business Fund has gone up by 30.23% to reach Rs37.4 M

In 2009, GFA ascertained itself as a leading motor insurer with more than 36,000 Vehicles insured with us. This represents roughly 13.6% of the total number of motor policies issued by the market. In 2008, 28,874 vehicles were insured with us. This figure grew by 26% to 36,470 vehicles in 2009. The company remains one of the market leaders in Professional Indemnity cover with a large portfolio of medical practitioners, accountants and consultants insured with us. Individuals as well as corporations are becoming more conscious about taking non-motor covers such as: Fire and burglary, public and employer's liability insurance and personal accident. Thus there are prospects for our non-motor business portfolio to grow even further.

There is news that the Government is going to setup a Land Transport Authority which will replace the Motor Vehicle Insurance Arbitration Committee (MVIAC) by a permanent full-time tribunal having its own permanent officers. Because a few insurance companies have been overloading the MVIAC with trivial claims the authorities want to introduce a measure in the short-term to discourage this practice. An MVIAC application fee of a maximum of Rs 3,000 is being considered. However, there are technicality issues holding back the implementation of the MVIAC fee.

Reinsurance

We view our position as relatively secure and strong as our lead reinsurer is none other than the General Insurance Corporation of India (GIC). GIC is fully-owned by the Indian Government. Africa Re, which has a regional office in Mauritius and rated A- by AM Best and Standard & Poor, is also amongst our consortium of reinsurers.

Innovation - Infotech 2009

Our new I.T infrastructure has permitted us to save more than Rs1 million on software licences. This money is being used to purchase new equipment and is also being invested in our branch and agent interconnectivity project.

In November 2009, we participated in the annual Infotech event which is organised by the National Computer Board in conjunction with the Ministry of Information and Communication Technology. Usually, participants are from the I.T field such as software developers, computer hardware and accessories retailers, mobile phone retailers, etc. We were the only insurance company having a stand there and it came as a surprise to organisers, participants and visitors alike. Well, that was the effect we desired.

On that occasion, we launched two new services and one product, namely: iPAY, E-surance and Electrix.

What is iPAY?

A pioneer in Insurance Information Technology, GFA is the first insurance company to offer online credit card payment facilities. iPAY is the Trademark used for this revolutionary service. The service is not only meant for our existing customers but was also designed for new prospective customers. Since the company requires that premiums are paid in advance prior to the issue of the policy or contract documents, prospective customers can use iPAY to pay online and documents can then be posted, despatched or emailed to the new customer.

This innovative service designed by GFA Insurance Ltd gives its customers the possibility to effect payment for their insurance policies whilst remaining in the comfort of their home or their office. This new service was designed with customers' convenience in mind. People have a very busy lifestyle nowadays and they often forget to pay for essential commodities in time. Since non-payment or late payment of insurance premiums can have serious repercussions, such as, Policy Cancellation GFA has come up with a solution to address this issue. To avoid this kind of inconvenience our customers can use our iPAY service. The iPAY service permits a customer to effect payment online even outside normal office hours.

Any person having a VISA or MASTERCARD can use the on-line service anywhere at any time. The system uses SSL certificates (Secured Sockets Layer) and is therefore safe. Customers' credit card details are sent through our partnering bank, The Mauritius Commercial Bank, where it is encrypted.

The service can be used as a standalone service or in conjunction with our E-surance.

What is e-surance?

E-surance is a service facility implemented by GFA to allow customers to purchase their insurance covers online at the click of a button. It is NOT an insurance policy.

Doing Insurance Online.

GFA Insurance wants to remain at the forefront of technological advancements. We are shortly launching a new service which we have termed E-surance (TM). E-surance consists of permitting customers to transact their insurance matters on-line and in real time without the need to come to our office.

Insurance at the click of a button!

This is yet another revolutionary service introduced as an innovation in Mauritius. The E-surance system is like a self-service for insurance covers. You look around, pick what insurance cover you need and pay for it at the check-out counter. As simple as that! Payment is made through our iPAY service.

For the time being not all our insurance covers will be available through the E-surance service.

What are the services available with e-surance?

- Renew an existing insurance policy with GFA
- Take out a new insurance policy with GFA.
- Extend the period of cover for an existing insurance policy.
- View statements, amounts paid and balance due to GFA.

Electrix Electronic Equipment Insurance

Today electronic equipment and gadgets (such as: Personal Computers and Laptops, DVD/VCD machines, Mobile phones, Television sets, LCD, Plasma and LED TVs, Mobile Phones, etc...) are an integral part of our daily lives. Electrical and Electronic equipments are fairly expensive commodities. This new insurance policy covers most household electrical appliances against an unforeseen and sudden damage. The Electronic Equipment policy insures unforeseen and sudden physical loss or damage due to fire, faulty operation, malicious acts are covered.

Human capital

Our most prized asset has always been and remains our Human Capital. Winning the Training Commitment Award and being nominated for the Mauritius Business Excellence Award is proof enough that we are adopting the right methodology to achieve success. That is we have well ARMed ourselves – Attract, Retain and Motivate employees. This does not however mean that we will rest on our laurels. We are in an ongoing process of improving ourselves, especially as difficult times are projected ahead. In such crisis, we understand that our human capital is the pillar that will hold our fort. We will therefore empower them through training and by investing in necessary tools that will help us move in the desired direction.

Training courses are provided to staff on a regular basis. One In-house training course was programmed in 2009. Training on GFA Insurance System - GIS - was

held in June 2009. The course was dispensed by the Deputy Managing Director who is an approved MQA Trainer (Mauritius Qualifications Authority). Mr Abdel Ruhomutally is also a Certified Mentor for the University of Mauritius Work-Based Learning Programme (WBL).

Our new recruit as Assistant Manager, Mr. Assam Al-lymun, has recently obtained his accreditation from the MQA. Being an Associate of the Chartered Insurance Institute (ACII) and also holding a Certificate for IT Professionals, Mr Assam Allymun, will be dispensing technical insurance courses.

Unfair competition and undesirable business practice v/s. free choice

It is now a known fact that for a number of years GFA has been lobbying for a level playing field in the market. The Financial Services Commission (FSC) issued a communiqué on 28 July 2008 after representations made by us to the latter and following an article featuring the issue of free choice in Business Magazine. We then held a press conference. We obtained good press coverage which has helped sensitise members of the public about their rights to freely choose their insurance company whilst purchasing assets on credit, loan or lease.

Nevertheless, a few banks and leasing companies are still not complying with Section 81 of the Insurance Act 2005. It is very unfortunate, though, that no serious sanctions have yet been taken against banks and leasing companies who are blatantly flouting this law. This is indeed an appalling situation.

It was with no great surprise for us to learn from the FSC Annual Report 2008 that six companies control 80% of the market. The assets of these six insurers represent almost 85% of total assets of the general insurers. This means that there has not been any significant change since the publication of the Financial Services Assessment Programme (FSAP) report in 2003. The FSAP was conducted by Mr. Dimitri Vittas on behalf of the World Bank. The FSC Annual Report 2009 indicates that the situation has not improved. In fact it has worsened since the same six insurers now control 81.6% of the market share.

In September 2009 Ms. Tamara Linhoff, lead consultant and economist of the Competition Commission of Mauritius (CCM) met with our Chairman, Deputy Managing Director and Internal Auditor. She was referred to us by Hon. Cader Sayed Hossen, the President of the Commission for the Democratisation of the Economy and Member of Parliament. This follows a complaint we had addressed to the latter. Ms. Linhoff was gathering

information pertaining to cartels and collusive agreements affecting the insurance industry. We gave her a very broad exposé of the state of affairs of the leasing, banking and insurance sector. We have no doubt that if the FSC and CCM act in consort, fairer business practice will prevail, ensuring further competition in the interest of consumers of financial services.

Competition Act and Broker Rules

The setting up of the Competition Commission (in virtue of the Competition Act 2007) and FSC enforcement of Section 81 of the Insurance Act 2005 will inevitably change the face of the insurance sector and business in Mauritius as a whole.

The Insurance (Insurance Brokers) Rules 2008 were published in the Government Gazette on 14 June 2008. The rules reinforce the independence of Insurance Brokers and provide for certain restrictions on ownership and significant interest in brokerage firms. There is a capping on the percentage of business any one broker can refer to any insurer. Recent events in the insurance sector over the past year have highlighted the need for more transparency and consolidation of policyholders' protection. The FSC has introduced in the Insurance Brokers Rules, provisions for the separation of accounts for premium collected by Insurance Brokers. They are now required to keep their funds and premium received in separate accounts for each category of insurance business. Moreover, registers for remuneration of the Insurance Brokers and Broker's fees are to be maintained and returns should be submitted to the FSC.

Corporate Social Responsibility

The Finance Act 2008 makes it compulsory for profitable companies to spend 2% of their profit after tax on CSR activities. Companies who do not have their own CSR activities still have to remit this amount to the Mauritius Revenue Authority (MRA).

Well before the coming into force of this amendment to the Finance Act, GFA has always been actively involved in the support of social aid and sports events.

Employees who have completed a year in full-time employment with GFA are eligible to an interest-free loan for specific purposes.

By aiming to make our operations as paperless as possible we will be reducing environmental pollution. This has been made possible by the implementation of the new I.T system with imaging capabilities. Nowadays, correspondence between the Head office, branch offices and agents are mostly done via email thus reducing the need for fax roll-paper. We welcome the thoughtful government initiative of offering Energy-saving light bulbs at a discount rate to households through the Central Electricity Board offices. We hope such a similar scheme is extended to eco-friendly organisations like ours.

During the year the company made donations to two organisations namely, Hospice Père Laval and Fondation Radio One. Hospice Père Laval is a refuge for homeless and orphaned Christian children and Fondation Radio One aims to construct 10 houses for the homeless or poorly housed people at a total cost of Rs 5 million. GFA also sponsored the third edition of 'Trophée de L'Espoir' which was organised by Plaine-Verte Judo Club. Seventy-five judokas aged between 7 and 15 years from deprived regions such as Cité Briquetterie, Plaine-Verte, Pointe aux Sables participated in the event which took place at the Idrice Goomany Social Centre.

What the future holds...

We need to ensure that our processes can deliver SPEED (Service Productivity Efficiency Effectiveness Dedication/Commitment). We believe we can achieve this by: constantly upgrading our I.T infrastructure which will allow us to simplify our service delivery processes; rewarding and encouraging our personnel for their loyalty and dedication; and by providing in-house and external training.

**Managing Director's Report for the
year ended 31 December 2009 cont'd**

The directors, after taking into consideration the future growth and diversification plans, proposed to retain profits to be used to finance the company's real estate diversification projects and for the possibility of take-over of another medium-sized insurance company.

We will be reviewing the layout of our offices with the possibility of a re-branding strategy. After all, our logo and colours have served us for more than a decade. We feel it is time to revamp our image in the minds of the general public.

Our encouraging financial results tend to suggest that we have a business model that has worked and is still proving to be both efficient and effective. Our industry and markets are changing quickly and require us to anticipate and respond to new challenges every year.

Acknowledgement

I would like to express my deepest gratitude and recognition to all our employees and other stakeholders for their hard work, dedication, passion, commitment and loyalty to our Company. Last but not least, I would also like to thank our loyal customers for their continued support and trust over the years. We remain committed to taking our company to yet surer and securer heights.



Alaoud Ruhomutally

Managing Director
31 March 2010

Director's Profile

The following directors were in office at 31 December 2009 :

Members of the Board of Directors

Dr. Abdool Raouf Ruhomutally
Chairman

Mr. Mohammad Alaoud Ruhomutally
Managing Director

Mr. Abdool Rahman (Abdel) Ruhomutally
(Deputy Managing Director)

Miss Najah Ruhomutally

Mrs. Farida Ruhomutally
alternate Director Mr Takoorpersad Seewoodoyal

Mr. Ahmud Ally Beebeejaun

Independent Directors

Mr. Birendranauth Sowambur

Mr. Thakeswar Seewoosurrun
up to 27 January 2010

Mr. Ehsan Hosenie
appointed on 08 February 2010

Dr. A. Raouf Ruhomutally

Executive Chairman

Executive Chairman appointed in September 1996.

Dr. A. Raouf Ruhomutally was appointed Chairman in 1996 at the inception of the company. He is a consultant Radiologist. He has been Chairman of S. Ruhomutally and Co Ltd, the exclusive agent of Groupement Français D'Assurances for more than ten years. He retired from civil service in September 2006.

He is also the Director of Centre de Radiologie et D'Echographie. Dr. Raouf is the current president of the Radiological Society of Mauritius.

Mr M. Alaoud Ruhomutally

Managing Director

Executive Director appointed in September 1996.

Mr M. Alaoud Ruhomutally has been associated with the insurance sector for more than 30 years now. During the period 1976 to 1985, he was the CEO of S. Ruhomutally and Co Ltd, the sole representative of Groupement Français D'Assurances, a French company based in Paris.

After the departure of Groupement Français D'Assurances from Mauritius in 1985, he was appointed the exclusive sales representative of La Prudence, Reunion Island up to August 1996. In September 1996 he founded the GFA Insurance Ltd, a fully Mauritian owned Company.

Mr Abdel Ruhomutally

Deputy Managing Director

Executive Director appointed in June 2005.

Mr Abdel Ruhomutally graduated in BA (Hons) Business Studies (Services - Finance) from the prestigious University of Westminster, United Kingdom. He also studied insurance at the London Guildhall University. Moreover, he holds Diplomas in Travel and Tourism and IATA Level II respectively.

He joined the company as Deputy Managing Director in 2001, after having built significant experience overseas in the financial services sector. He also has a strong background in I.T Infrastructure and Systems.

He is an Approved Trainer of the Mauritius Qualifications Authority (MQA) for Business NFQ Level 6. He is an active member of the Insurance Institute of Mauritius and Member of Editorial Board of the Institute's Newsletter.

Abdel was appointed as a member of the Motor Vehicle Insurance Arbitration Committee (MVIAC) by the Minister of Land Transport & Public Infrastructure in March 2008.

Miss Najah Ruhomutally

Director appointed in September 1996.

She pursued her tertiary studies at the London Guildhall University, London, UK.

Miss Najah Ruhomutally is in the insurance sector since 1996. She is actually the responsible officer of the Quatre-Bornes branch office.

Takoorsad Seewoodoyal

Alternate director since February 1997

Mr Takoorsad Seewoodoyal, also known as Dhan, joined the insurance industry in 1977.

Presently, he is the Underwriting Manager of the Company. He has gained extensive knowledge and expertise in general insurance after having worked for several insurance agencies such as S. Ruhomutally & Co. Ltd. (representative of Groupement Français D'Assurance and Prudence Creole), Marina Agency and AFIA Agency. He is also the Complaints Coordinator of the company.

Mr Ahmud Ally Beebeejaun

Director appointed in December 1996.

Mr Ahmud Ally Beebeejaun joined the company since its incorporation in September, 1996. He is a holder of a certificate in Sugar Manufacture and Sugarcane Production from the University of Mauritius (1974).

Mr Beebeejaun has wide-ranging experience in the sugar sector. He has been a Senior Test Chemist at the Ministry of Agriculture for more than thirty years. Nowadays, he is involved on various boards as director for a few state-owned companies in Mauritius.

Mr Birendranath Sowambur

Independent Director

Director appointed in June 2006.

Mr Birendranath Sowambur was appointed as an Independent Director of the company on 1st June, 2006.

He is holder of several diplomas, namely in Occupational Health and Safety, Industrial Psychology and Personnel management.

He reckons about twenty years' experience in the field of Health and Safety. He has served both in public and private organisations. He attended various international conferences on occupational Health and Safety in Asian countries.

He is presently working as Health and Safety officer at Toyota (Mauritius) Ltd.

Mr Thakeswar Seewoosurrin

Independent Director

Up to 27 January 2010

Mr Thakeswar Seewoosurrin joined the company as Independent Director on 6th September 2007

He has more than 10 years experience in the field of Information Technology. He has been the Business Systems Consultant at Software Concepts Ltd for period from July, 2001 to October 2003.

He is also an approved trainer of the Mauritius Qualifications Authority in management.

Mr Ehsan Hosenie

Independent Director

Director appointed on 08 February 2010.

Mr Ehsan Hosenie is a former Administrative Officer of the Ministry of education. He reckons more than 40 years service in the Government. He has worked as a Returning Officer (Municipal Elections and Village Elections). He possesses managerial experience as a Deputy Rector and Acting Rector of State Secondary Schools. Mr Hosenie is a graduate and possess a B.A.(Hon) in Mathematics, Post Graduate Certificate in Education (P.G.C.E) from the Mauritius Institute of Education (M.I.E). He also holds certificates in Journalism and Public Relations. He is also a Post Graduate Diploma holder in Computer Studies from Napier University (Scotland) and a Post Graduate Diploma holder in Education from Brighton University (UK). Mr Hosenie is also a horse racing enthusiast and is a member of the Rameshwar Gujadhur Stable.



GFA Team
Infotech 2009

Corporate Governance Report

Compliance Statement

The company is committed to the highest standard of business integrity, transparency and professionalism in all its endorsement to ensure that the activities within the company are managed ethically and responsibly to enhance values for all stakeholders. As an essential part of this commitment, the board of Directors of the company subscribes to and is fully committed to complying with good governance practices.

The fundamental concern of corporate governance is to ensure the condition whereby the company's directors and managers act in the interest of the company and its various stakeholders.

Our company strongly believes in maintaining a simple and transparent corporate structure which defines the division of power and establishes mechanisms for achieving accountability between the board of directors, management and shareholders.

In line with above, the board, management and staff of the GFA Insurance Ltd fully support and are committed to the principal of business integrity, transparency and professionalism as recommended by the code of corporate Governance. Furthermore, our company strives to ensure that all the activities are conducted in such a way as to satisfy the characteristic of good governance namely: discipline, transparency, accountability, responsibility, fairness and social responsibility.

GFA Insurance Ltd, as an insurance company, wishes to comply with the Code of Corporate Governance (the Code), as far as is reasonably possible and practical. The Board of Directors has set up a Corporate Governance Committee and an Audit & Risk Committee. The Directors are thus continually focusing on maintaining the sustainability of the Company's business and discharging their responsibility of stewardship of the Company's assets with integrity through the existence of a proper control environment and a well functioning system of internal control.

Shareholders holding more than 5% shares of the company

Shareholders	% holding
M. Alaoud RUHOMUTALLY	40.90
Dr. A. Raouf RUHOMUTALLY	13.00
Del Ltd	7.28
Ahmud Ally BEEBEEJAUN	10.00
& Others (jointly)	

Directors Responsibilities

The directors are required to ensure that adequate records are maintained so as to disclose at any time, and with reasonable accuracy, the financial position of the company; they are also responsible for the preparation of financial statements which give a true and fair view of the financial position, performance and cash flows of the Company and comply with the companies Act 2001 and with International Financial Reporting Standards. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Shareholders agreement

The company is not aware of any shareholder's agreement.

Management agreement

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

Dividend policy

The company's policy is to pay a dividend in each year based on the previous year's profit, in two instalments, namely in April and December, subject to complying with new solvency requirements.

Board of directors

The Board is presently composed of eight members, including two independent directors. Four members are full-time executive directors and one member is employed on a part-time basis.

The Board has met thrice during the year under review. However, regular Management meetings are held on a monthly basis.

The Board bears the responsibility of organising and directing the affairs of the Company in a manner that is in the best interest of shareholders and other stakeholders. It is also responsible for continually reviewing the activities, practices and trends of the company so that these are in conformity with legal and regulatory requirements, and with the principles of good governance as set out in the 'Report of Corporate Governance for Mauritius'.

The Board retains full and effective control over the company, delegating the day-to-day running and operational issues to the Managing Director and his management team. The board of directors is appointed by the shareholders on the basis of integrity, skill, acumen and experience to make sound judgments relevant to the business of the Company. In compliance with the code the Board of directors comprises two independent non-executive directors.

Name of Directors	No. of meetings attended
Dr A.Raouf Ruhomutally Chairman	3 out of 3
M. Alaoud Ruhomutally Managing Director	3 out of 3
Abdel Ruhomutally Deputy Managing Director	3 out of 3
Mrs Farida Yacoob Ruhomutally Appointed on 2 October 2008	N/A
Alternate : Takoopersad Seewoodoyal Najah Ruhomutally	N/A
Alternate : Takoopersad Seewoodoyal	3 out of 3
Ahmud Ally Beebeejaun	3 out of 3
Birendranath Sowambur	3 out of 3
Thakeswar Seewoosurrun up to 27 January 2010	3 out of 3

The board of directors ensures that the principles of Corporate Governance are followed and are fully committed to comply with the code of Corporate Governance for Mauritius. In addition the board aims at higher standard of corporate governance with a culture of best practice as a performance benchmark for the company. The Board, being the focal point of the corporate governance system is ultimately accountable and responsible for the performance and affairs of the Company.

The compliance with the principles of Corporate Governance is viewed by the company, its board and the management, as an integral part of the company's business activities and are respected at all level of the company.

The board also monitors and evaluates the implementation of strategies, policies management performance criteria and business plans. It provides guidance and maintains effective control over the company and monitors management to carry out board plans and strategies.

In line with those principles, the Board has set up Committees and has put in place the required structure, internal control systems, policies and procedures to ensure strict adherence thereto.

Board Committees

The Board has set up five subsidiary committees namely the Corporate Governance Committee, the Audit and Oversight Committee, CSR Committee, Investment Committee and Remuneration Committee with the aim of maintaining quality standards of corporate governance and streamlining the tasks of the Board.

Corporate Governance Committee

The main functions and objects of the committee are to determine, agree and develop the company's policy on Corporate Governance in accordance with the recommendations of the code of the corporate governance, advise and make recommendation to the Board on all aspects of Corporate Governance provisions; ensure that disclosures are made in accordance with the principles recommended in the code; prepare the Corporate Governance report. The committee met thrice during the year under review. The chairperson of the committee or any other member may call a meeting at any time.

Corporate Social Responsibility

GFA Insurance Ltd has always recognised its social responsibility within the wider community in which it operates. Our company has been actively involved in the support of social aid and sports.

Consequently, the company has established a social policy, both for the welfare of its employees and for the community, thus helping to contribute to the social and economic uplifting of the country.

Since the beginning of 2009, many changes have affected the company's CSR strategy.

A CSR committee has been formed and its mission is:

"To assist GFA Insurance Ltd in its economic role as a pillar of the Mauritian society supporting its stakeholders and as an organisation committed to social responsibility, making good use of its resources in order to give Mauritian children the opportunity to grow and develop themselves within a safe environment as well as the necessary tools to face the economic challenges of tomorrow. GFA believes in the potential of the young generation and is convinced that it represents the richest and strongest resource on which all the hopes and the future of our country are built."

The main achievements for year 2009 have been as follows:

- Donation to Foyer Père Laval.
- Donation to Fondation Radio One
- Sponsor of Judo Tournament - 'Trophée de L'Espoir'
- Participation in the Empowerment programme by offering training opportunities to unemployed people
- Enlistment of second-year students of the University of Mauritius for work placement
- Organisation of end of year lunch for our staff.

Audit and Risk Committee

The Audit and Risk Committee was chaired by Mr Thakeswar Seewoosurrun. The other members are Mr Abdel Ruhomutally and Mr Dhan Seewoodoyal. The responsibility of the Audit and Risk Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate control system, ethics and integrity management, and to monitor and supervise the effective functioning of Internal Audit, External Audit and Internal Affairs.

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

The Audit Committee focuses on:

- The function of the internal control system,
- The risk areas of the Company's operations,
- The reliability and accuracy of the financial information provided to the management
- The Company's compliance with the legal and regulatory provisions and rules established by the Board
- Ensure that there is a proper and adequate system in the areas of investment without any compromise on the security of funds pertaining to the company.
- Taking cognizance of the auditor's report and examining it before the same is taken to the Board.

Investment Committee

The main objective of the Investment committee is to ensure that the major investments made are in line with the Board's strategy. It also ensures proper liaison with the company's stockbrokers to consider avenues which could give opportunities for growth.

Remuneration Committee

The Remuneration Committee sees to it that efforts and hard work of employees, at all levels – Executive Directors to Staff grade - are adequately compensated. Salaries of employees are revised regularly depending however among other factors, on the capacity of the company to pay.

The Remuneration Committee further ensures that a sense of belonging to the organisation is created among the employees and takes steps to enhance the standard of work of employees. In that connection, regular training courses are organised for the benefit of employees. It is worthwhile to note that GFA Insurance Ltd won the MIM/MEF/AHRP Training Commitment Award in 2004. Furthermore, GFA Insurance Ltd was nominated for the 1st Mauritius Business Excellence Award in 2008.

Internal audit

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

Internal audit cont'd

The internal audit is carried out by Mr Raffeek Sufurhally. The scope of his work encompasses:

- Identifying risk areas and evaluating the level of risk for each risk area,
- Reviewing internal control processes and making appropriate recommendations to the Audit & Risk committee and the Management,
- Monitoring the implementation of the recommendations and reporting on these implementations to the Audit & Risk Committee.

Reporting lines

The Internal Auditor has a direct reporting line to the Audit & Risk Committee and maintains an open and constructive communication with the Management. He also has direct access to the Chairman of the Board. This structure allows the Internal Auditor to remain independent.

Coverage

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

Restrictions

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

Risk Management and Internal Control System

The Board of Directors is responsible for risk management and for the Company's systems of internal control. The company's policy on risk management encompasses all significant business risks including physical, operational, business continuity, financial compliance and reputational which could influence the achievement of the company's objectives.

The risk management mechanism in place includes:

- A system for the ongoing identification and assessment of risk ;
- Development of strategies in respect of risks and

definition of acceptable and non-acceptable levels of risk ;

- Reviewing the effectiveness of the system of internal control and

- Processes to reduce or mitigate identified risks and contain them within the levels of tolerance defined by the Board.

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

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

To strengthen control, a Risk Management Framework is being implemented to:

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

The following risk areas have been identified for the Company:

Insurance Risks

The main activity of the Company is the acceptance of risk under an insurance contract where in return for a consideration (the premium), a policyholder is compensated for pecuniary loss suffered as a result of a specified uncertain future event, or of a certain future event where the timing of the occurrence is uncertain.

The main risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. Risks are mainly associated with the Company's underwriting, reinsurance and claims handling activities.

Motor and liability Insurance

The Company's underwriting strategy attempts to ensure that the underwritten risks are acceptable, well priced and diversified in type. Statistics captured and analysed by computer software are extensively used to assess and review risks and the Company reserves the right not to renew policies and/or to impose deductibles.

Risk Management and Internal Control System cont'd

Motor and liability Insurance cont'd

The Company determines the extent of risks retainable and transfers, through reinsurance led by top rated reinsurers, risks in excess of its capacity. Thus, through effective proportional, excess of loss and facultative reinsurance covers, the maximum loss for a given risk that the Company may suffer in any one year is predetermined.

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

Financial Risks

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

- Credit risk
- Liquidity risk
- Market risk
- Reinsurers' default

Credit risk

The Company's credit is primarily attributable to debtors including agents for insurance premium payable. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables, estimated by the Company's management based on prior experience and the current economic environment. The Company structures the levels of its credit risk it accepts by placing limits on its exposure to a single counter party. Such risks are subject to frequent review.

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

Market risk

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

Reinsurer's default

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

Operational Risks

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

Human Resources Risk

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

Compliance Risk

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

Risk Management and Internal Control System cont'd

Business Interruption Risk

The Company's capability to continue critical operations and processes are highly dependent on availability of information technologies, skilled labour and other resources. If people with the requisite experience and skills or other critical resources were unavailable or if critical systems broke down, the Company would experience difficulty in continuing operations. A business interruption plan has been set up involving the duplication of our records and information systems on back up media which are stored. Insurance transactions are backed-up daily in branch offices and same is exported to Head Office by removable media on a weekly basis. (Each office operates independently and is not linked to a single server. Full customer service can be restored within a maximum of two hours).

Product/Service Failure Risk

During insurance operations there may be a risk of customers receiving faulty insurance policies or service. These failures would result in customer complaints, litigated claims, cancelled policies, increased claim frequency or severity. These can significantly affect the Company's reputation, profitability, future business and market share. A Customers' Complaints Handling unit has been implemented.

Health and Safety Risk

Worker health and safety risks are significant if not controlled because they can expose the Company to substantial liability in respect of workers' compensation.

Non-compliance with Health & Safety Legislation may result in heavy fines. The Health & Safety Committee ensures that these risks are minimised through control, follow-up and communication procedures. The Human Resources Department ensures compliance with labour laws.

With regards to the operational risks, management is currently rating the risks by applying appropriate methods based on the recurring nature of the risk and the financial and operational impact of the risk.

Under the risk management framework that is currently being established, a priority plan of action aimed at developing and implementing mitigating controls will be prepared. Clear responsibilities and targets will be established and monitored. The overall effort to establish a risk management framework is being undertaken under the close supervision of the Audit & Risk Committee.

Social responsibility

We feel that social responsibility is an obligation of our company to take actions which protect and improve the welfare of society as a whole along with our own interests.

The company believes it is its social responsibility to recruit employees from deprived areas around its Head Office like Vallée Pitot and Tranquebar and at the same time relieves them of the pain of encountering transport problem to and from their place of work. Furthermore employees are sponsored in their attempts at professional and technical examinations so as to increase their knowledge and skills and thus increase their employability and their earning bargaining power.

Amongst its many CSR undertakings the company donated money to the 'Fondation Radio One' whose aim is to build ten homes for the vulnerable groups. The company also sponsored a Judo tournament at the Idrice Goomany Centre in Port-Louis. The company also endeavours to run its operations in an eco-friendly manner by aiming to reduce environmental pollution.

The directors forming part of the various Committees are:

	Remuneration Committee	Investment Committee	Corporate Governance Committee	Audit & Risk Committee
Dr. Abdool Raouf RUHOMUTALLY	■	■	■	
Mohammad Alaoud Ruhomutally		■	■	
Abdool Rahman(Abdel) Ruhomutally	■		■	■
Ahmud Ally Beebeejaun		■		
Farida Ruhomutally (Alternate-Takoorsad Seewoodoyal)		■	■	■
Najah Ruhomutally		■		
Birendranauth Sowambur	■	■		
Thakeswar Seewoosurrun (up to 27 Jan 2010)				■
Ehsan Hosenie (from 08 February 2010)				■

Risk Management and Internal Control System cont'd

Interest of directors in the equity capital

Shares held by Directors at 31st December 2008

	Directly	Indirectly
Dr. A. Raouf Ruhomutally	3250	315
M. Alaoud Ruhomutally	10226	1224
A. R. (Abdel) Ruhomutally	1000	50
Ahmud Ally Beebeejaun	450	683
Najah Ruhomutally	1000	50
Farida Y. Ruhomutally	1,000	980
(Alternate- T. Seewoodoyal)	5	Nil
Birendranauth Sowambur	Nil	Nil
Thakeswar Seewoosurrin (up to 27 Jan 2010)	Nil	Nil
Ehsan Hosenie (from 08 February 2010)	Nil	Nil

Interest of directors in contracts

There is a rental agreement between the company and a director.

Remuneration of directors	2009	2008
Executive Directors	4,828,385	4,409,179
Non-executive Director -	60,000	60,000
Auditors' Remuneration	230,000	Audit fees 172,500
	Other professional charges 28,750	Other professional charges 17,250

Advance to directors & contribution to political parties

No advance was made to directors and no contribution was made to any political party during the year under review.

Statement of directors' responsibilities in respect of the financial statements

Company law requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs and of the Profit or Loss of the company. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

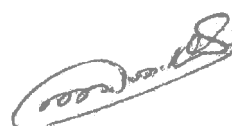
The directors are responsible for keeping proper accounting records, which disclose with reasonable certainty and accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible to institute proper systems and procedures to comply with the Financial Intelligence and Anti-Money Laundering Act 2002 (FIAML Act) and the Code on the Prevention of Money Laundering and Terrorist Financing intended for Insurance Entities (the PMLTF code). Management has taken actions to implement proper systems, procedures and controls to comply with the FIAML Act and the PMLTF code.

Approved by the Board of Directors and signed on its behalf by:

Dr. A. Raouf RUHOMUTALLY

M. A. RUHOMUTALLY

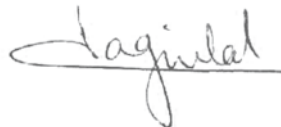



Chairman
31 March 2010

Managing Director
31 March 2010

Secretary's
Certificate
pursuant to
Section 166(d) of the
Companies Act 2001

I confirm that, based on records and information made available to me by the directors and shareholders of GFA Insurance Ltd, the Company has filed with the Registrar of Companies, for the year ended 31 December 2009, all such returns as are required for a Private Domestic Company under the Mauritian Companies Act 2001.



Jugdeo NAGINLALL, FCCA
Secretary

31 March 2010

Independent Auditors' Report to the Members of GFA Insurance Ltd

This report, including the opinion, has been prepared for and only for the group's and company's members, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not in, giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of GFA INSURANCE LTD set out on pages 35 to 61, which comprise the consolidated statement of financial position at 31 December 2009 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001 and the Financial Reporting Act 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair representation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the group's and company's preparation and fair presentation of the consolidated 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 group's and 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 consolidated financial statements.

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

Report on the Consolidated Financial Statements (cont'd)

Opinion

In our opinion, the consolidated financial statements on pages 35 to 61 give a true and fair view of the financial position of the group and the company at 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001 and the Insurance Act 2005.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the group and the company other than in our capacities as auditors and tax advisers.

We have obtained all the information and explanations we have required.

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

Financial Reporting Act 2004

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

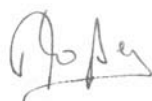
In our opinion, the disclosures in the proper Corporate Governance Report are consistent with the requirements of the Code.

MOORE STEPHENS



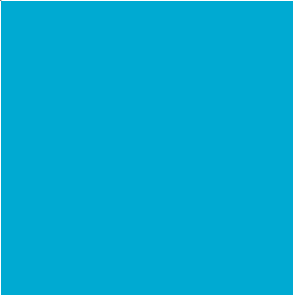
Chartered Certified
Accountants

ARVIND ROGBEER



ACA, Signing Partner

PORT LOUIS, MAURITIUS
31 March 2010



GFA Team
Infotech 2009

Consolidated Statement of Financial Position
as at 31 December 2009

	Notes	The Group		The Company	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
ASSETS					
Non-Current Assets					
Property, plant and equipment	5	14,548,651	9,068,950	14,379,262	9,039,050
Building under constructions		23,841,774	6,265,272	0	0
Intangible assets	6	181,709	226,480	181,709	226,480
Investment in financial assets	7	19,709,233	13,603,741	19,709,233	13,603,741
Investment in subsidiary company	8	0	0	10,000,000	6,745,975
Statutory deposit	9	8,000,000	8,000,000	8,000,000	8,000,000
Long term deposits	10	28,000,000	41,400,000	28,000,000	41,400,000
Deferred taxation	11	426,092	336,681	426,092	336,681
		94,707,459	78,901,124	80,696,296	79,351,927
Current Assets					
Trade and other receivables	12	12,438,249	12,644,805	11,590,089	12,165,919
Loan receivables from subsidiary	8 a	0	0	14,916,160	0
Short term deposits	10	77,650,000	53,250,000	77,650,000	53,250,000
Cash and cash equivalents	13	46,185,991	18,194,495	46,173,475	18,166,415
		136,274,240	84,089,300	150,329,724	83,582,334
TOTAL ASSETS		230,981,699	162,990,424	231,026,020	162,934,261
EQUITY & LIABILITIES					
Capital & Reserves					
Share Capital	14	25,000,000	25,000,000	25,000,000	25,000,000
Revenue Reserves	15	40,035,326	17,971,064	40,107,432	17,977,020
Revaluation reserves		956,000	956,000	956,000	956,000
Other Reserves	15	0	0	0	0
Shareholders' Interests		65,991,326	43,927,064	66,063,432	43,933,020
General Business Fund	16	37,339,541	28,708,091	37,339,541	28,708,091
Non-Current Liabilities					
Obligations under finance lease agreement	17	3,655,200	556,465	3,655,200	556,465
Retirement Benefit Obligations	18	3,067,274	2,460,616	3,067,274	2,460,616
		6,722,474	3,017,081	6,722,474	3,017,081
Current Liabilities					
Trade and Other Payables	19	116,115,701	85,203,392	116,087,916	85,141,273
Obligations under finance lease agreement	17	1,010,847	360,254	1,010,847	360,254
Current Tax Liabilities	21	3,801,810	1,774,542	3,801,810	1,774,542
		120,928,358	87,338,188	120,900,573	87,276,069
TOTAL EQUITY & LIABILITIES		230,981,699	162,990,424	231,026,020	162,934,261

Approved by the Board of Directors on 31 March 2010

DIRECTOR



DIRECTOR



Consolidated Statement of Comprehensive Income
for the year ended 31 December 2009

	Notes	The Group		The Company	
		2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Gross Premium	2	105,946,001	77,696,067	105,946,001	77,696,067
Less : Reinsurance Premium		(12,865,414)	(8,419,136)	(12,865,414)	(8,419,136)
Net Premium		93,080,587	69,276,931	93,080,587	69,276,931
Gross Claims Paid		37,032,297	32,560,866	37,032,297	32,560,866
Claims Recovered From Reinsurers		(5,288,406)	(7,086,745)	(5,288,406)	(7,086,745)
Movements in Claims Outstanding and IBNR		24,578,749	19,255,137	24,578,749	19,255,137
Commission Receivable from Reinsurers		(1,295,528)	(1,185,775)	(1,295,528)	(1,185,775)
Commission Paid to Agents		5,632,003	4,553,570	5,632,003	4,553,570
		(60,659,115)	(48,097,053)	(60,659,115)	(48,097,053)
Underwriting Surplus		32,421,472	21,179,878	32,421,472	21,179,878
Investment and Interest Income	22	11,761,386	11,146,112	11,753,340	11,121,628
Operating Profit		44,182,858	32,325,990	44,174,812	32,301,506
Increase / decrease in fair value		3,160,172	(10,178,332)	3,160,172	(10,178,332)
Other Income	23	8,165,593	4,613,850	8,165,593	4,613,850
		55,508,623	26,761,508	55,500,577	26,737,024
Administrative Expenses		17,776,544	16,140,154	17,716,738	16,115,154
Depreciation and amortisation		1,791,692	1,083,893	1,777,302	1,083,893
		(19,568,236)	(17,224,047)	(19,494,040)	(17,199,047)
Profit From Operations	24	35,940,387	9,537,461	36,006,537	9,537,977
Net Finance Costs	25	(328,033)	(171,396)	(328,033)	(171,336)
Reserve for Unexpired Risks Insurance Fund	16	35,612,354 (8,631,450)	9,366,065 (7,270,834)	35,678,504 (8,631,450)	9,366,641 (7,270,834)
Profit before Taxation		26,980,904	2,095,231	27,047,054	2,095,807
Taxation	21	(3,416,642)	(1,709,151)	(3,416,642)	(1,709,151)
Profit after Taxation		23,564,262	386,080	23,630,412	386,656
Transfer from / (to) Statutory Reserve Fund	15	0	0	0	0
Balance Brought Forward/Consolidated adjustment		23,564,262 17,971,064	386,080 19,584,984	23,630,412 17,977,020	386,656 19,590,364
Transfer to revenue reserves		41,535,326 0	19,971,064 0	41,607,432 0	19,977,020 0
Dividends	20	(1,500,000)	(2,000,000)	(1,500,000)	(2,000,000)
Balance Carried Forward		40,035,326	17,971,064	40,107,432	17,977,020
Earnings Per Share	26	942.57	15.44	945.22	15.47

Consolidated Statement of Changes in Equity
for the year ended 31 december 2009

	Share Capital	Fair Value Reserve	Revaluation Reserves	Revenue Reserves	TOTAL
THE GROUP	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 01 January 2008	25,000,000	0	956,000	19,584,984	45,540,984
Net Profit For The Year	0	0	0	9,366,065	9,366,065
Transfer from Statutory Reserve Fund	0	0	0	0	0
Taxation	0	0	0	(1,709,151)	(1,709,151)
Transfer to General Business Fund	-	-	-	(7,270,834)	(7,270,834)
Dividends	0	0	0	(2,000,000)	(2,000,000)
Balance at 31 December 2008	25,000,000	0	956,000	17,971,064	43,927,064
Net Profit For The Year	0	0	0	35,612,354	35,612,354
Transfer from Statutory Reserve Fund	0	0	0	0	0
Taxation	0	0	0	(3,416,642)	(3,416,642)
Transfer to General Business Fund	0	0	0	(8,631,450)	(8,631,450)
Dividends	0	0	0	(1,500,000)	(1,500,000)
Balance at 31 December 2009	25,000,000	0	956,000	40,035,326	65,991,326
THE COMPANY	Share Capital	Fair Value Reserves	Revaluation Reserves	Revenue Reserves	TOTAL
THE COMPANY	Rs.	Rs.	Rs.	Rs.	Rs.
Balance at 01 January 2008	25,000,000	0	956,000	19,590,364	45,546,364
Net Profit For The Year	0	0	0	9,366,641	9,366,641
Taxation	-	-	-	(1,709,151)	(1,709,151)
Transfer to General Business Fund	-	-	-	(7,270,834)	(7,270,834)
Dividends	0	0	0	(2,000,000)	(2,000,000)
Balance at 31 December 2008	25,000,000	0	956,000	17,977,020	43,933,020
Net Profit For The Year	0	0	0	35,678,504	35,678,504
Taxation	0	0	0	(3,416,642)	(3,416,642)
Transfer to General Business Fund	0	-	0	(8,631,450)	(8,631,450)
Dividends	0	0	0	(1,500,000)	(1,500,000)
Balance at 31 December 2009	25,000,000	0	956,000	40,107,432	66,063,432

Consolidated Statement of Cash Flow
for the year ended 31 december 2009

Notes	The Group		The Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Cash flow from operating activities				
	35,940,387	9,537,461	36,006,537	9,537,977
Profit before taxation and interests payments				
Adjustments for:-				
Depreciation and amortisation	1,791,692	1,083,893	1,777,302	1,083,893
Gain on sale of Investment	(1,196,233)	(312,015)	(1,196,233)	(312,015)
Fair value adjustments	(3,160,172)	10,178,332	(3,160,172)	10,178,332
Retirement benefit obligations	606,658	441,060	606,658	441,060
Operating profit before working capital changes	33,982,332	20,928,731	34,034,092	20,929,247
Decrease/ (Increase) in trade and other receivables	206,556	2,878,789	575,830	3,357,675
Increase in trade and other payables	30,912,309	20,158,168	30,946,643	20,001,429
Cash generated from operations	65,101,197	43,965,688	65,556,565	44,288,351
Tax paid	(1,478,785)	(1,451,721)	(1,478,785)	(1,451,721)
Finance charge	(328,033)	(171,396)	(328,033)	(171,336)
Net cash flows from operating activities	63,294,379	42,342,571	63,749,747	42,665,294
Cash flows from Investing activities				
Additions to fixed deposits	(64,750,000)	(57,650,000)	(64,750,000)	(57,650,000)
Investment in subsidiary	0	0	(3,254,025)	(6,645,975)
Loan to subsidiary	0	0	(14,916,160)	0
Proceeds from fixed deposits	53,750,000	41,280,000	53,750,000	41,280,000
Additions to intangible asset	(50,000)	(158,125)	(50,000)	(158,125)
Lease repayments	(550,672)	(327,695)	(550,672)	(327,695)
New lease	4,300,000	0	4,300,000	0
Purchase of financial assets	(6,249,900)	(9,893,770)	(6,249,900)	(9,893,770)
Disposal of financial assets	4,500,813	2,670,422	4,500,813	2,670,422
Purchase of property and equipment	(24,753,124)	(6,697,951)	(7,022,743)	(402,779)
	29,491,496	11,565,452	29,507,060	11,537,372
Cash flows from financing activities				
Dividends paid	(1,500,000)	(2,000,000)	(1,500,000)	(2,000,000)
Net (Decrease) / Increase in cash and cash equivalents	27,991,496	9,565,452	28,007,060	9,537,372
Movements in cash and cash equivalents				
Cash and cash equivalents at the beginning of the year ⁹	18,194,495	8,629,043	18,166,415	8,629,043
Cash and cash equivalents at the close of the year	46,185,991	18,194,495	46,173,475	18,166,415
Net (Decrease) / Increase in cash and cash equivalents	27,991,496	9,565,452	28,007,060	9,537,372

1. Corporate information

GFA Insurance Ltd is a private limited company incorporated in Mauritius and is engaged in General (Non-Life) Insurance Business.

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

2.1 Standards and Interpretations affecting presentation and disclosure in the current year.

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the presentation and disclosure in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section 2.2.

Standards affecting presentation and disclosure

- IAS 1 (as revised in 2007) Presentation of Financial Statements

IAS 1(2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

- Improving Disclosures about Financial Instruments (Amendments to IFRS 7 Financial Instruments: Disclosures)

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Company has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

2.2 Standards and Interpretations adopted with no effect on financial statements.

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

- Improvements to IFRSs (2008)

In addition to the changes affecting presentation and disclosure in the financial statements described at 2.1 above, the Improvements have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported. The majority of these amendments are effective from 1 January 2009.

- Improvements to IFRSs (2009)

In addition to the amendments to IFRS 5 and IAS 7, and the amendments to IAS 17, the Improvements have led to a number of changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

2.3 Standards and Interpretations in issue not yet adopted.

As part of Improvements to IFRSs (2009) issued in April 2009, the International Accounting Standards Board amended the requirements of IAS 17 Leases regarding the classification of leases of land.

In June 2009, the IASB issued amendments to IFRS 2 Share-based Payment.

The directors have assessed the relevance of the above Standards, Interpretations and amendments with respect to the Company's operations and concluded that they are not applicable to the Company.

3. Significant accounting policies

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

(b) Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entity controlled by the Company (its subsidiary). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Revenue Recognition

Revenue represents earned premiums receivable net of reinsurance.

Other Revenues earned by the company are recognised on the following bases:

- (i) Interest income - on time proportion basis taking into account the effective yield on the investments
- (ii) Dividend income - when the shareholder's right to receive payment is established.
- (iii) Reinsurance Commission receivable - as it accrues in accordance with the substance of the relevant agreements.

(e) Property, Plant and Equipment

All property, plant and equipment are initially recorded at cost. Cost comprises of any costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated to write off the cost or revalued amount of the assets on a straight line basis over the expected useful lives as follows :-

Buildings	2%
Motor Vehicles	20%
Furniture and Fittings	10%
Office Equipment	20%

Land is not depreciated.

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 profit before tax.

(f) Investment in subsidiary

Separate financial statements

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

(g) Cash and Cash Equivalents

Cash comprises cash at bank and in hand, demand deposits and bank overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(h) Comparatives

Where necessary, comparative figures have been adjusted and restated to reflect the adoption of the International Financial Reporting Standards.

3. Significant accounting policies (Cont'd)

(i) Insurance contract

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Such contracts remain insurance contracts until all rights and obligations are extinguished or expired.

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

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

(j) Reinsurance contract

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

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

Reinsurance assets primarily include balances due from reinsurance companies for ceded insurance liabilities.

Short-term balances due from reinsurers are classified within trade and other receivables. Amounts recoverable from reinsurers are estimated in a manner consistent with the outstanding claims provisions or settled claims associated with the reinsured policies and in accordance with the relevant reinsurance contracts.

Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as expenses when due.

(k) Impairment

At each balance sheet date, the Company reviews the carrying amounts of the tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the loss (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(l) Deferred Income Tax

Deferred Income Taxation is provided using the liability method on all temporary differences at the Balance Sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Provisions are required to be made by the company for deferred income taxes on the revaluation of certain non-current assets and in relation to acquisitions on assets acquired and their tax base.

Temporary differences arise mainly from depreciation on property, plant and equipment, revaluation of certain non-current assets, tax losses carried forward and on retirement benefit obligations. Recognition of deferred tax assets relating to the carry forward of unused tax losses are to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

3. Significant accounting policies (Cont'd)

(m) Provision for claims outstanding

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

Outstanding claims provisions are made up of:

- (a) Provision for claims Incurred But Not Reported (IBNR) and
- (b) The net estimated costs of claims admitted or intimated but not yet settled at balance sheet date.

(n) Provisions

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

(o) Retirement benefit obligations

The company does not operate any retirement benefit plan as it has only few employees. Provision on retirement benefit obligations has been made for employees according to the Labour Act 1975 and IAS 19.

(p) Related parties

Related parties are considered to be related if one party has ability to control the other party in making financial operating decisions.

All transactions undertaken with related parties are at commercial terms and conditions.

(q) Finance Lease

Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payments is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in Current and Non-Current Liabilities.

The interest element of the finance charge is charged to the income statement over the lease period.

(r) Investments in Financial Assets

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

(i) Held-to-maturity financial assets

Held-to-maturity financial assets are financial assets that the company have the positive intention and ability to hold to maturity. They are measured at amortised cost using the effective interest rate method.

(ii) Available-For-Sale Financial Assets

Available-for-sale investments are financial assets that are either designated in this category or not classified in any other categories.

Initial recognition

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

Subsequent recognition

Marketable securities are carried at market value. Market value is calculated by reference to Stock Exchange and DEM quoted selling prices at the close of business on the balance sheet date.

Fixed assets investments excluding marketable securities are shown at cost and provision is only made where, in the opinion of the Directors, there is a permanent diminution in value. Where there has been permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

Increases in the carrying amount of marketable securities classified as long-term assets are credited to revaluation and other reserves in shareholders' equity. Decreases that offset previous increases of the marketable security are charged against revaluation and other reserves; all other decreases are charged to the Income Statement.

Increases/decreases in the carrying amount of marketable securities classified as current assets are credited/charged to the Income Statement.

3. Significant accounting policies (Cont'd)

(r) Investments in Financial Assets (Continued)

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Income Statement. On disposal of a marketable security classified as a long term asset, amounts in revaluation and other reserves relating to that marketable security are transferred to retained earnings or the Income Statement.

(s) Intangible asset

Intangible asset which comprises of computer software is initially recorded at cost and amortised using the straight-line method over its remaining useful life. The carrying amount is reviewed annually and adjusted for any permanent diminution where it is considered necessary.

(t) Financial Instruments

Financial assets and financial liabilities are recognised in the Balance Sheet when the company becomes a party to the contractual provision of the instrument.

Trade receivables and payables relate to insurance contracts and are recognised when due. These include amounts due to and from reinsurers, agents and insurance contract holders. The company's accounting policies in respect of the main financial instruments are set out below:-

(i) Fair Value Estimation

The carrying amount of the financial assets and liabilities approximate fair values.

(ii) Insurance receivables

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

(iii) Insurance payables

Insurance payables are stated at their nominal value.

(u) Non-Life Insurance Business

(i) Gross Written Premium

Gross written premium relates to insurance covers granted during the year.

(ii) Reinsurance Premium

Reinsurance premium expense is accounted for in the same accounting period as the gross written premium to which it relates.

(iii) Claims

Claims incurred include provisions for the estimated cost of claims and related handling expenses in respect of incidents up to 31 December 2009 including those which have not yet been notified. Any difference between the estimated cost and subsequent settlements are dealt with in the Revenue accounts in the following year.

(v) Management of insurance and financial risk

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

(i) Insurance risk

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

The main risk that the Company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This may occur if the frequency or severity of claims and benefits are greater than estimated. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Company has developed its insurance underwriting strategy so as to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

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

Motor and liability insurance

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

The Company's underwriting strategy attempts to ensure that the underwritten risks are well diversified in type, amount of risk and industry. The Company has underwriting limits by type of risks and by industry.

Performances of individual insurance policies are reviewed by management and the Company reserves the right not to renew individual policies. It can impose deductibles and has the right to reject the payment of a fraudulent claim. Where relevant, the Company may pursue third parties for payment of some or all liabilities (subrogation). Claims development and provisioning levels are closely monitored.

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

Property insurance

For property insurance contracts, climatic changes give rise to more frequent and severe external weather events (for example cyclone claims). Property insurance is subdivided into different risk groups, fire, business interruption, cyclone damage and other perils. The insurance risk arising from these contracts are balanced between commercial and personal properties in the overall portfolio of insured buildings. Although the reinsurers are liable to the extent of the reinsurance ceded, the Company remains the primarily liable to the policy holder as the direct insurer of all risks reinsured.

Concentration of insurance risks

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

	2008		
	No. of claims	Gross Rs	Net Rs
Motor	2,101	70,096,539	62,351,392
Fire	2	40,500	26,325
Engineering	0	0	0
General	4	4,040,000	3,640,000
Accident	1	5,000	5,000
Liability	0	0	0
IBNR	0	3,062,000	0
		77,244,039	66,022,717
	2009		
Motor	2,582	86,344,468	81,221,229
Fire	1	74,320	74,320
Engineering	0	0	0
General	5	9,100,000	9,100,000
Accident	0	0	0
Liability	1	5,000	5,000
IBNR	0	6,299,000	6,299,000
		101,822,788	96,699,549

3. Significant accounting policies (Cont'd)

(v) Management of insurance and financial risk (Cont'd)

(i) Insurance risk (Cont'd)

Sources of uncertainty

Motor and liability insurance

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

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

Property insurance

Property claims are analysed separately for cyclone and non-cyclone claims. The development of large losses / catastrophes is analysed separately. Non-cyclone claims can be estimated with greater reliability, and the Company estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the Company achieve a higher degree of certainty about the estimated cost of claims, and relatively little (Incurred but not Reported) IBNR is held at year end.

3. Significant accounting policies (Cont'd)

(v) Management of insurance and financial risk
(Cont'd)

(ii) Financial risk

The Company issues insurance contracts that transfer financial risk. This section summarises the main risks and the way they are managed.

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

Interest rate risk

The company is exposed to interest rate fluctuations on the domestic market with respect to interest income and expense. The company earns interest income on its surplus cash. Management closely monitors interest rate trends and their impact on interest income and expense.

The Group		
Sensitivity analysis	2009	2008
Impact of change	Rs.	Rs.
in fixed interest income:		
± 250 basis points	± 292,544	± 1,785,411

The Company		
Sensitivity analysis	2009	2008
Impact of change	Rs.	Rs.
in fixed interest income:		
± 250 basis points	± 292,544	± 1,785,411

The valuations of the company's available-for-sale equity portfolio are subject to equity price risk. Exposure to price risk on the equity portfolio is not hedged.

The Group		
Sensitivity analysis	2009	2008
	Rs.	Rs.
Impact of change		
in price of equity		
investment on		
overall investments:		
± 2.5 %	± 346,666	± 340,094

The Company		
Sensitivity analysis	2009	2008
	Rs.	Rs.
Impact of change		
in price of equity		
investment on		
overall investments:		
± 2.5 %	± 346,666	± 340,094

Credit risk

The Company's credit risk is primarily attributable to insurance contract holders, insurance intermediaries, i.e trade receivables. The amounts presented in the balance sheet are net of allowances for estimates of doubtful receivables.

Except for amount receivable from reinsurers, the company has no significant concentration of credit risk, with exposure spread over a large number of clients and agents.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The company aims at maintaining flexibility in funding by keeping committed credit lines available.

Premium risk

Premium risk is defined as the danger of insurance premium not being sufficient to cover expenses. This risk is closely evaluated and action has to be taken to arrange for reinsurance and building up of adequate reserves within the company.

3. Significant accounting policies (Cont'd)

(v) Management of insurance and financial risk (Cont'd)

(ii) Financial risk (Cont'd)

Investment risk

It concerns the liquidity, rate of interest and the stability of the institution where the investments are made. The company monitors the activities and progress of these functions.

Market risk

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

Foreign currency risk

The Company has no outstanding foreign currency denominated monetary items and is not exposed to the currency risk.

Reinsurers' default

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

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgment that have a significant effect on the amounts recognised in the financial statements, or estimations 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.

(a) Key sources of estimation uncertainty

With regards to the nature of the group's business, there were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(b) Insurance contracts

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

Claims provision

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

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

(c) Held for maturity investments

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

4. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

(c) Held for maturity investments (cont'd)

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

(d) Impairment of available-for-sale financial assets

The Company follows the guidance of IAS 39 on determining when an investment is impaired. This

determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operating and financing cash flow.

(e) Impairment of other assets

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

5. Property, plant and equipment	Freehold Land Rs.	Freehold Building Rs.	Motor Vehicles Rs.	Furniture & Fittings Rs.	Office Equipment Rs.	TOTAL Rs.
The Group COST/ VALUATION						
At 01 January 2008	6,025,000	1,500,000	3,750,100	1,962,579	3,009,094	16,246,773
Additions	0	0	0	152,615	280,064	432,679
Disposal	0	0	0	0	0	0
At 31 December 2008	6,025,000	1,500,000	3,750,100	2,115,194	3,289,158	16,679,452
Additions	0	0	6,557,199	52,100	567,323	7,176,622
Disposal	0	0	0	0	0	0
At 31 December 2009	6,025,000	1,500,000	10,307,299	2,167,294	3,856,481	23,856,074
DEPRECIATION						
At 01 January 2008	0	131,278	2,725,631	1,250,723	2,507,171	6,614,803
Charge for the year	0	30,000	553,152	131,460	281,087	995,699
Disposal	0	0	0	0	0	0
At 31 December 2008	0	161,278	3,278,783	1,382,183	2,788,258	7,610,502
Charge for the year	0	30,000	1,219,873	135,137	311,911	1,696,921
Disposal	0	0	0	0	0	0
At 31 December 2009	0	191,278	4,498,656	1,517,320	3,100,169	9,307,423
NET BOOK VALUE						
At 31 December 2009	6,025,000	1,308,722	5,808,643	649,974	756,312	14,548,651
At 31 December 2008	6,025,000	1,338,722	471,317	733,011	500,900	9,068,950
At 31 December 2007	6,025,000	1,368,722	1,024,469	711,856	501,923	9,631,970

Net book value of Motor Vehicles under finance lease amounted to Rs 5,801,412.
The Freehold Building has been revalued at Rs 1,500,000 by Mr M. Irsaad Nuckchady, a qualified land surveyor on 23rd December 2003. If the assets had been carried under the cost model then the carrying amounts for Freehold Building would have been Rs 367,740 as at 31 December 2009.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2009 cont'd

5. Property, plant and equipment (cont'd)	Freehold Land	Freehold Building	Motor Vehicles	Furniture & Fittings	Office Equipment	TOTAL
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
The Company						
COST/ VALUATION						
At 01 January 2008	6,025,000	1,500,000	3,750,100	1,962,579	3,009,094	116,246,773
Additions	0	0	0	152,615	250,164	402,779
Disposal	0	0	0	0	0	0
At 31 December 2008	6,025,000	1,500,000	3,750,100	2,115,194	3,259,258	16,649,552
Additions			6,557,199	52,100	413,444	7,022,743
Disposal	0	0		0	0	0
At 31 December 2009	6,025,000	1,500,000	10,307,299	2,167,294	3,672,702	23,672,295
DEPRECIATION						
At 01 January 2008	0	131,278	2,725,631	1,250,723	2,507,171	6,614,803
Charge for the year	0	30,000	553,152	131,460	281,087	995,699
Disposal	0	0	0	0	0	0
At 31 December 2008	0	161,278	3,278,783	1,382,183	2,788,258	7,610,502
Charge for the year	0	30,000	1,219,873	135,137	297,521	1,682,531
Disposal	0	0	0	0	0	0
At 31 December 2009	0	191,278	4,498,656	1,517,320	3,085,779	9,293,033
NET BOOK VALUE						
At 31 December 2009	6,025,000	1,308,722	5,808,643	649,974	586,923	14,379,262
At 31 December 2008	6,025,000	1,338,722	471,317	733,011	471,000	9,039,050
At 31 December 2007	6,025,000	1,368,722	1,024,469	711,856	501,923	9,631,970

Net book value of Motor Vehicles under finance lease amounted to Rs 5,801,412.

The Freehold Building has been revalued at Rs 1,500,000 by Mr M. Irsaad Nuckchady, a qualified land surveyor on 23rd December 2003. If the assets had been carried under the cost model then the carrying amounts for Freehold Building would have been Rs 367,740 as at 31 December 2009.

	Computer Software	
6. Intangible asset - Computer softwareNon-Current Assets	The Group Rs.	The Company Rs.
COST/ VALUATION		
At 01 January 2009	650,125	650,125
Consolidated adjustments	0	0
Additions	50,000	50,000
Disposal	0	0
At 31 December 2009	700,125	700,125
AMORTISATION		
At 01 January 2009	423,645	423,645
Charge for the year	94,771	94,771
Disposal	0	0
At 31 December 2009	518,416	518,416
NET BOOK VALUE		
At 31 December 2009	181,709	181,709
At 31 December 2008	226,480	226,480

7. Investments in financial assets

The Group Held to Maturity:	Fair value 2009 Rs.	Fair value 2008 Rs.	Cost 2009 Rs.	Cost 2008 Rs.
At 1 January 2009	300,000	1,830,000	300,000	1,830,000
Additions	0	300,000	0	300,000
Redemptions/Disposals	0	(1,830,000)	0	(1,830,000)
Fair value reserve	40,110	0	0	0
At 31 December 2009	340,110	300,000	300,000	300,000
Available for sale:				
At 1 January 2009	13,303,741	14,416,710	17,149,347	8,083,984
Consolidated adjustments	0	0	0	0
Additions	6,249,900	9,593,770	6,249,900	9,593,770
Redemptions/Disposals	(3,304,580)	(528,407)	(5,253,337)	(528,407)
Fair value reserve	3,120,062	(10,178,332)	0	0
At 31 December 2009	19,369,123	13,303,741	18,145,910	17,149,347
Total at 31 December 2009	19,709,233	13,603,741	18,445,910	17,449,347

The fair value of the held-to-Maturity investments is based on valuation from J.P. Morgan Gold ER Index.

Available -for-sale investments comprise of unquoted and listed and quoted equity securities.

The directors are of the opinion that the cost of the unquoted available-for-sale securities approximate its fair value.

The fair value of the listed and quoted available-for-sale securities is based on the Stock Exchange official market quoted prices at the close of business on balance sheet.

7. Investments in financial assets (cont'd)	Fair value 2009 Rs.	Fair value 2008 Rs.	Cost 2009 Rs.	Cost 2008 Rs.
The Company Held to Maturity:				
At 1 January 2009	300,000	1,830,000	300,000	1,830,000
Additions	0	300,000	0	300,000
Redemptions/Disposals	0	(1,830,000)	0	(1,830,000)
Fair value reserve	40,110	0	0	0
At 31 December 2009	340,110	300,000	300,000	300,000
Available for sale:				
At 1 January 2009	13,303,741	14,416,710	17,149,347	8,083,984
Additions	6,249,900	9,593,770	6,249,900	9,593,770
Redemptions/Disposals	(3,304,580)	(528,407)	(5,253,337)	(528,407)
Fair value reserve	3,120,062	(10,178,332)	0	0
At 31 December 2009	19,369,123	13,303,741	18,145,910	17,149,347
Total at 31 December 2009	19,709,233	13,603,741	18,445,910	17,449,347

The fair value of the held-to-Maturity investments is based on valuation from J.P. Morgan Gold ER Index.

Available -for-sale investments comprise of unquoted and listed and quoted equity securities.

The directors are of the opinion that the cost of the unquoted available-for-sale securities approximate its fair value.

The fair value of the listed and quoted available-for-sale securities is based on the Stock Exchange official market quoted prices at the close of business on balance sheet.

8. Investments in subsidiary company	2009 Rs.	2008 Rs.
The Company		
Cost	6,745,975	100,000
At 1 January	3,254,025	6,645,975
Additions		
At 31 December	10,000,000	6,745,975

Name of company	Class of shares	Number of shares	% held	Country of Incorporation
<i>Unquoted shares</i>				
GFA Investments Ltd	Ordinary shares	10,000	100	Mauritius

8a. Loan receivable from subsidiary	The Group		The Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Loan receivable from subsidiary	0	0	14,916,160	0

	The Group		The Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
9. Statutory deposit				
Fixed Deposits	8,000,000	8,000,000	8,000,000	8,000,000
<i>Fixed deposits of Rs 8M is pledged at the bank in favour of the Financial Services Commission.</i>				
10. Deposits				
Maturing:				
Within one year	77,650,000	53,250,000	77,650,000	53,250,000
Between second and fifth year	28,000,000	41,400,000	28,000,000	41,400,000
Total	105,650,000	94,650,000	105,650,000	94,650,000
11. Deferred income taxation				
Deferred Tax Asset				
Balance at 01 January 2009	(336,681)	(271,290)	(336,681)	(271,290)
Consolidated adjustments	0	0	0	0
Charge / (Release) for the year	(89,411)	(65,391)	(89,411)	(65,391)
Balance at 31 December 2009	(426,092)	(336,681)	(426,092)	(336,681)
12. Trade and other receivables				
Insurance receivables:				
- Premiums and agents' balances	6,331,180	4,082,550	6,331,180	4,082,550
Reinsurance recoveries	5,123,239	7,745,147	5,123,239	7,745,147
Other receivables	983,830	817,108	135,670	338,222
	12,438,249	12,644,805	11,590,089	12,165,919
13. Cash and cash equivalent				
Bank and cash balances	46,185,991	18,194,495	46,173,475	18,166,415
14. Share capital				
Authorised, Issued and Fully Paid				
1 Founder share of Rs 1,000	1,000	1,000	1,000	1,000
24,999 ordinary shares of Rs 1,000 each	24,999,000	24,999,000	24,999,000	24,999,000
	25,000,000	25,000,000	25,000,000	25,000,000

Note: All above shares are at par value.

15. Reserves	Revenue Reserves	Other reserves		TOTAL
		Fair Value Reserves	Revaluation Reserves	
The Group	Rs.	Rs.	Rs.	Rs.
Reserves are analysed as follows:				
At 01 January 2009	19,584,984	0	956,000	956,000
Profit before taxation and transfer to reserve	9,366,065	0	0	0
Taxation	(1,709,151)			
Dividends	(2,000,000)	0	0	0
Transfer to General Business Fund	(7,270,834)	0	0	0
Restated balance as at 01 January 2009	17,971,064	0	956,000	956,000
Profit before taxation and transfer to reserve	35,612,354	0	0	0
Taxation	(3,416,642)	0	0	0
Dividends	(1,500,000)	0	0	0
Transfer to General Business Fund	(8,631,450)	0	0	0
At 31 December 2009	40,035,326	0	956,000	956,000

The Company	Revenue Reserves	Other reserves		TOTAL
		Fair Value Reserves	Revaluation Reserves	
	Rs.	Rs.	Rs.	Rs.
Reserves are analysed as follows:				
At 01 January 2009	17,977,020	0	956,000	956,000
Profit before taxation and transfer to reserve	35,678,504	0	0	0
Taxation	(3,416,642)	0	0	0
Dividends	(1,500,000)	0	0	0
Transfer to General Business Fund	(8,631,450)	0	0	0
At 31 December 2009	40,107,432	0	956,000	956,000

Pursuant to the Insurance Act 2005 (as amended) and enacted in September 2007, the Statutory Reserve Fund is no longer mandatory.

16. General business fund	The Group		The Company	
	2009	2008	2009	2008
	Rs.	Rs.	Rs.	Rs.
At 01 January 2009	28,708,091	21,437,257	28,708,091	21,437,257
Consolidated adjustment	0	0	0	0
Transfer from Revenue Reserves	8,631,450	7,270,834	8,631,450	7,270,834
At 31 December 2009	37,339,541	28,708,091	37,339,541	28,708,091

Unearned premiums are set aside to provide for periods of risk extending beyond the end of the financial year.

The methods of calculation are:-

Fire	40%
Marine	100%
Motor	40%
Miscellaneous	40%

	The Group		The Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
17. Obligations under finance lease agreement				
Within one year (Current)				
Minimum lease payments	1,468,560	432,000	1,468,560	432,000
Less: Finance charges allocated to the future periods	(457,713)	(71,746)	(457,713)	(71,746)
	1,010,847	360,254	1,010,847	360,254
After more than one year and less than five years (Non-Current)				
Minimum lease payments	4,530,720	596,000	4,530,720	596,000
Less: Finance charges allocated to the future periods	(875,520)	(39,535)	(875,520)	(39,535)
	3,655,200	556,465	3,655,200	556,465
18. Retirement benefit obligations				
At 01 January 2009	2,460,616	2,019,556	2,460,616	2,019,556
Provision for the year	606,658	441,060	606,658	441,060
At 31 December 2009	3,067,274	2,460,616	3,067,274	2,460,616
19. Trade and other payables				
Insurance payables:				
- Amounts due to reinsurers	8,037,058	4,257,805	8,037,058	4,257,805
- Outstanding claims provision including IBNR	104,367,199	73,421,932	104,367,199	73,440,932
Payable to related party	0	0	0	0
Other Payables	3,711,444	7,523,655	3,683,659	7,442,536
	116,115,701	85,203,392	116,087,916	85,141,273
20. Dividends				
Reserves	40,035,326	17,971,064	40,107,432	17,977,020
Dividends payable as at 31 December 2009	0	0	0	0
Dividends payable during the year	1,500,000	2,000,000	1,500,000	2,000,000
Dividends paid	1,500,000	2,000,000	1,500,000	2,000,000
No. of shares in issue	25,000	25,000	25,000	25,000
Dividends per share	60	80	60	80

Notes to the Consolidated Financial Statements
For the year ended 31 December 2009 cont'd

	The Group		The Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
21. Taxation				
Opening balance	1,774,542	1,451,721	1,774,542	1,451,721
Current Tax Liabilities	3,315,619	1,774,542	3,315,619	1,774,542
Provision for corporate social responsibility	190,434	0	190,434	0
Tax paid during the year	(1,478,785)	(1,451,721)	(1,478,785)	(1,451,721)
	3,801,810	1,774,542	3,801,810	1,774,542
The company is taxed at 15% on its adjusted profits for the year.				
Charge to Profit and Loss Account				
Current Tax Liabilities	3,315,619	1,774,542	3,315,619	1,774,542
Provision for corporate social responsibility	190,434	0	190,434	0
Charge / (Release) for the year (Note 11)	(89,411)	(65,391)	(89,411)	(65,391)
Profit and Loss Account	3,416,642	1,709,151	3,416,642	1,709,151
Tax Reconciliation				
Profit before taxation	26,980,904	2,095,231	27,047,054	2,095,807
Tax applicable at the rate of 15%	4,047,136	314,285	4,057,058	314,371
Disallowed expenses	(374,213)	1,592,995	(381,977)	1,592,909
Depreciation	268,754	162,584	266,595	162,584
Income not subject to tax	(258,514)	(136,470)	(258,514)	(136,470)
Net capital allowances	(367,543)	(158,852)	(367,543)	(158,852)
Current Tax Liabilities	3,315,619	1,774,542	3,315,619	1,774,542
22. Investment and interest income				
Interest income	11,234,190	10,548,328	11,226,144	10,523,844
Dividends received	527,196	597,784	527,196	597,784
	11,761,386	11,146,112	11,753,340	11,121,628
Investment income represents mainly interests received from deposits with financial institution and money at call.				
23. Other income				
Policy fees	6,864,000	4,164,459	6,864,000	4,164,459
Administrative fees receivable	0	0	0	0
IVTB refund	72,360	123,000	72,360	123,000
Gain on disposal of financial assets	1,196,233	312,015	1,196,233	312,015
Bad debts recovered	33,000	14,376	33,000	14,376
	8,165,593	4,613,850	8,165,593	4,613,850

Notes to the Consolidated Financial Statements
For the year ended 31 December 2009 cont'd

	The Group		The Company	
	2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
24. Profit from operations				
Profit from operations is arrived at after charging the following items:-				
Staff Costs	5,596,123	4,557,197	5,596,123	4,557,197
Depreciation on property, plant and equipment	1,777,302	1,083,893	1,777,302	1,083,893
Directors' emoluments	4,888,385	4,429,179	4,888,385	4,429,179
Auditors' remuneration	190,500	190,500	172,500	172,500
Number of employees at end of year	53	52	53	52
25. Net finance costs				
Interest on finance lease	226,848	104,305	226,848	104,305
Bank charges	101,059	59,641	101,059	59,581
Bank Overdraft interest	126	7,450	126	7,450
	328,033	171,396	328,033	171,336

26. Earnings per share

The calculation of earnings per share is based on net profit for the year after taxation attributable to ordinary shareholders and on the number of shares in issue throughout the two years ended 31 December 2009.

27. Related party transactions

During the year ended 31 December 2009, the Group and the Company traded with related parties. The nature, volume of transactions and the balances as at 31 December 2009 with the parties were as follows:

Name of Related Parties	Relationship	Type of Transaction	The Group		The Company	
			2009 Rs.	2008 Rs.	2009 Rs.	2008 Rs.
Sale of services:						
Directors	Shareholder	Insurance Premium	0	34,300	0	34,300
Agents	Shareholder	Insurance Premium	6,331,180	9,837,955	6,331,180	9,837,955
Amount owed by:						
Agents	Shareholder /Agents	Insurance Receivables	1,039,764	889,251	1,039,764	889,251
Other related party transactions:						
Director	Shareholder/ Director	Rent Paid	810,000	780,000	810,000	780,000
Agents	Shareholder /Agents	Commission Paid	1,191,310	1,536,258	1,191,310	1,536,258
Amount owed by:						
GFA Investments Ltd	Subsidiary	Loan	0	0	14,916,160	0

27. Related party transactions (cont'd)

(a) All above related party transactions were carried out on commercial terms and conditions.

(b) The following companies are also shareholders of GFA Insurance Ltd:

S. Ruhomutally & Co. Ltd	4%
Del Ltd	7%

The two companies have at least one common director / shareholder.

28. Post balance sheet event

There are no events subsequent to the date of the statement of financial position which may have a material effect on the financial statements at 31 December 2009.

29. Financial summary

The Group	2009 Rs.	2008 Rs.	2007 Rs.		
Share Capital	25,000,000	25,000,000	25,000,000		
Revenue reserves	40,035,326	17,971,064	19,584,984		
Other reserves	956,000	956,000	956,000		
Profit before taxation	26,980,904	2,095,231	13,726,490		
Profit after taxation	23,564,262	386,080	12,542,598		
Dividend	1,500,000	2,000,000	2,125,000		
Earnings per share	943	15	502		
The Company	2009 Rs.	2008 Rs.	2007 Rs.	2006 Rs.	2005 Rs.
Share Capital	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Revenue reserves	40,107,432	17,977,020	19,590,364	1,402,067	1,827,836
Statutory reserves	0	0	0	3,367,181	2,490,837
Other reserves	956,000	956,000	956,000	956,000	956,000
Profit before taxation	27,047,054	2,095,807	13,731,870	1,942,821	1,707,367
Profit after taxation	23,630,412	386,656	12,547,978	1,450,575	1,460,379
Dividend	1,500,000	2,000,000	2,125,000	1,000,000	0
Earnings per share	945	15	502	58	65



GFA
INSURANCE LTD



Your preferred insurance partner...

GFA is the WINNER of the MIM/MEF/AHRP Training Commitment Award and was nominated for the 1st Mauritius Business Excellence Award in 2008. This is a clear indication of the direction the company has chosen to go: that of a qualified, well-trained and dedicated workforce to serve customers with a high level of professionalism.

'B' Sure 'n' Secure

...in the hands of **GFA** Insurance Ltd

GFA INSURANCE LTD
MARINA HOUSE
16, Frère Félix de Valois St
Champ de Mars, Port-Louis
Republic of Mauritius
Tel +230 213 2432
Fax +230 213 3432