FijiCare

INSURANCE LIMITED

CHAIRMAN'S REPORT

FijiCare Insurance Ltd has recorded a satisfactory trading result for the period 1/1/08 – 31/12/08.

Trading throughout the year proved to be difficult with increasing competition in the markets in which we deal.

Rising medical treatment costs overseas remains a challenge and a concern going forward.

The board is currently evaluating the effects of the Fiji dollar devaluation. This together with other events means the business must review its future plans to take account of additional resultant expenses.

Whilst trading remains tough the board is pleased with the following results:-

Profit before tax was $762,428 with net profit after tax at $548,724.
Net assets have increased to $4,164,325.
Revenue unfortunately is down by approx $600,000 from the 2007 year to $6,055,229.

Over the past 12 months, FijiCare has done much in the marketing and brand name recognition areas.

A new series of television advertisements commenced several months ago and our new website is to be launched in the next month. The website will not only provide information to the public at large, it will also act as a working tool for our intermediaries, making it easier to do business with us.

The board will make an announcement regarding the final dividend at the Annual General Meeting.

I wish to thank Peter McPherson once again for his strong and capable leadership, also the senior management team and all the staff for their good work ethic and commitment throughout the year.

RPorter

Ross Porter
Chairman

"better health for Fiji"

9th Floor, FNPF Place, 343-359 Victoria Parade, Suva. P.O. Box 15808, Suva, Fiji Islands.
Phone: (679) 330 2717 • Fax: (679) 330 2119 • Email: fijicare@connect.com.fj
WESTERN BRANCH: Ground Floor, Colonial Plaza, Namaka, Nadi. P.O. Box 4179, Nadi. Phone: (679) 672 7348 • Fax: (679) 672 7326

FIJICARE INSURANCE LIMITED
AND SUBSIDIARY COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

CONTENTS **PAGE NO**

DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the balance sheet of the company and of the group as at 31 December 2008, the related income statement, statement of changes in equity and cash flow statement for the year then ended on that date and report as follows:

Directors

The names of the directors in office at the date of this report are:

Ross Porter – Chairman, FAICD	Peter McPherson, Grad Dip Mgt, JP (Aust.)
Carl Philipp Thomas	Joeli Radio

Principal Activities

The principal activities of the holding company during the year were that of underwriting of medical, health, workers compensation, personal accident, marine and term life insurance risks.

The principal activity of the subsidiary company, FijiCare Medical Centre Limited, during the year was operating medical clinic and medical centre.

Except for inclusion of underwriting of marine insurance risk by the holding company, there were no significant changes in the nature of these activities during the financial year.

Results

The consolidated net profit after income tax for the financial year was $548,724. (Company: $459,590)

Restated 2007 Balances

International Accounting Standards 39 - Financial Instruments: Recognition and Measurement requires the gains or losses arising from fair value measurement of available-for-sale financial assets to be directly recognized in equity as a separate component except for the impairment losses until the financial assets are derecognized. Upon transition to IFRS during year ended 31 December 2007, this adjustment was not made.

The financial statements for 2007 have been restated to reflect the correction of the above (refer note 32).

Dividends

During the year, final dividend of $230,432 was declared out of retained profit for the year ended 31 December 2007

Reserves

Except for the movements disclosed in the statement of changes in equity, it is proposed that no other amounts be transferred to reserves within the meaning of the Seventh Schedule of the Companies Act, 1983.

Bad and Doubtful Debts

Prior to the completion of the company's and group's financial statements, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of allowance for doubtful debts. In the opinion of the directors, adequate allowance has been made for doubtful debts.

As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for doubtful debts in the company or the group, inadequate to any substantial extent.

DIRECTORS' REPORT [CONT'D]

Non - Current Assets

Prior to the completion of the financial statements of the company and the group, the directors took reasonable steps to ascertain whether any non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company and of the group. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise.

As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to non-current assets in the company's and the group's financial statements misleading.

Unusual Transactions

In the opinion of the directors, the results of the operations of the group or any company in the group during the financial year were not substantially affected by any item, transaction or event of an abnormal character, nor has there arisen between the end of the financial year and the date of this report any item, transaction or event of an abnormal character likely, in the opinion of the directors, to affect substantially the results of the operations of the group or any company in the group in the current financial year.

Events Subsequent to Balance Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group or the company, the results of those operations, or the state of affairs of the group or the company in future financial years.

Other Circumstances

As at the date of this report:

(i) no charge on the assets of any company in the group has been given since the end of the financial year to secure the liabilities of any other person;

(ii) no contingent liabilities have arisen since the end of the financial year for which any company in the group could become liable; and

(iii) no contingent liabilities or other liabilities of any company in the group has become or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company or the group to meet its obligations as and when they fall due.

DIRECTORS' REPORT [CONT'D]

Other Circumstances (Cont'd)

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report which would make adherence to the existing method of valuation of assets or liabilities of the company and the group misleading or inappropriate.

Directors' Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than those disclosed in the financial statements of the company and the group) by reason of a contract made by any company in the group or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 14th day of April 2009.

....
Director

....
Director

STATEMENT BY DIRECTORS

In accordance with a resolution of the board of directors of FijiCare Insurance Limited, we state that in the opinion of the directors:

[i] the accompanying income statement of the company and of the group is drawn up so as to give a true and fair view of the results of the company and of the group for the year ended 31 December 2008;

[ii] the accompanying statement of changes in equity of the company and of the group is drawn up so as to give a true and fair view of the changes in equity of the company and of the group for the year ended 31 December 2008;

[iii] the accompanying balance sheet of the company and of the group is drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 31 December 2008;

[iv] the accompanying cash flow statement of the company and of the group is drawn up so as to give a true and fair view of the cash flows of the company and of the group for the year ended 31 December 2008;

[v] the financial statements have been properly prepared in accordance with International Financial Reporting Standards;

[vi] at the date of this statement, there are reasonable grounds to believe that the company and the group will be able to pay their debts as and when they fall due; and

[vii] all related party transactions have been adequately recorded in the books of the company.

For and on behalf of the board and in accordance with a resolution of the directors.

Dated this 14th day of April 2009.

....

Director Director

G. LAL + CO.

CHARTERED ACCOUNTANTS

Level 10, FNPF Place,
343-359 Victoria Parade,
GPO Box 855, Suva, Fiji.
Telephone: (679) 331 4300
Facsimile: (679) 330 1841
E-mail: info@glal.com.fj
Offices in Suva and Lautoka

An Independent Correspondent Firm to
Deloitte Touche Tohmatsu, New Zealand.

INDEPENDENT AUDIT REPORT

To the members of FijiCare Insurance Limited

Scope

We have audited the financial statements of FijiCare Insurance Limited and the group for the year ended 31 December 2008 as set out on pages 7 to 32. The company's directors are responsible for the preparation and presentation of the financial statements and the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Fiji Standards on Auditing to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with International Financial Reporting Standards and the Companies Act, 1983 so as to present a view which is consistent with our understanding of the company's and the group's financial position, the results of its operations, cash flows and changes in shareholders' equity.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion:

(a) proper books of account have been kept by the company and the group, so far as it appears from our examination of those books; and

(b) the accompanying financial statements which have been prepared in accordance with International Financial Reporting Standards:

  i) are in agreement with the books of account;

  ii) to the best of our information and according to the explanations given to us:

    (a) give a true and fair view of the state of affairs of the company and of the group as at 31 December 2008 and of the results, cash flows and changes in shareholders' equity of the company and of the group for the year ended on that date;

    (b) give the information required by the Companies Act, 1983 in the manner so required.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

G Lal + Co

SUVA, FIJI
14TH APRIL, 2009

CHARTERED ACCOUNTANTS

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

		Consolidated		Holding Company	
	Notes	2008	Restated 2007	2008	Restated 2007
		$	$	$	$
Revenue	2	6,055,229	6,641,902	5,908,699	6,561,147
Incurred claims		(2,646,595)	(2,886,131)	(2,762,188)	(3,002,284)
Commission expenses		(879,342)	(1,034,576)	(879,342)	(1,034,576)
Other direct costs		(168,776)	(139,688)	-	-
Gross profit		2,360,516	2,581,507	2,267,169	2,524,287
Other operating revenue	3	420,799	436,796	417,152	430,280
		2,781,315	3,018,303	2,684,321	2,954,567
Advertising and promotion expenses		(75,823)	(54,538)	(72,536)	(51,643)
Other operating expenses		(1,943,064)	(2,068,500)	(1,839,849)	(2,027,256)
		(2,018,887)	(2,123,038)	(1,912,385)	(2,078,899)
Operating profit before income tax	18	**762,428**	**895,265**	**771,936**	**875,668**
Income tax expense	4(a)	(213,704)	(225,248)	(312,346)	(188,606)
Net profit for the year		**548,724**	**670,017**	**459,590**	**687,062**
Earnings per share					
Basic earnings per share – cents	20	9.15	11.63		
Diluted earnings per share - cents	20	9.15	11.62		

The accompanying notes form an integral part of this income statement.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Consolidated		Holding Company	
	2008	Restated 2007	2008	Restated 2007
	$	$	$	$
Capital				
Balance as at 1 January	2,880,387	2,880,387	2,880,387	2,880,387
Additional shares issued (Note 16)	227,370	-	227,370	-
Balance as at 31 December	3,107,757	2,880,387	3,107,757	2,880,387
Share Premium Reserve				
Balance as at 1 January	216,668	216,668	216,668	216,668
Share premium on additional shares issued (Note 16)	63,586	-	63,586	-
Balance as at 31 December	280,254	216,668	280,254	216,668
Investment Revaluation Reserve				
Balance as at 1 January	38,215	135,987	38,215	135,987
Gain / (loss) on available-for-sale investments	57,749	(97,772)	57,749	(97,772)
Balance as at 31 December	95,964	38,215	95,964	38,215
Accumulated Profits / (Losses)				
Balance as at 1 January (Note 32)	362,058	(307,959)	449,055	(238,007)
Net profit for the year	548,724	670,017	459,590	687,062
Dividends declared	(230,432)	-	(230,432)	-
Balance as at 31 December	680,350	362,058	678,213	449,055
Total shareholders' equity attributable to members of the holding company	**4,164,325**	**3,497,328**	**4,162,188**	**3,584,325**

The accompanying notes form an integral part of this statement of changes in equity.

BALANCE SHEET
AS AT 31 DECEMBER 2008

		Consolidated		Holding Company	
	Notes	2008	Restated 2007	2008	Restated 2007
		$	$	$	$
CURRENT ASSETS					
Cash and bank balances		5,164	147,925	4,688	150,587
Trade and other receivables	5	1,701,738	1,269,198	1,689,891	1,262,340
Held-to-maturity investments	6 (a)	3,305,848	3,029,560	3,305,848	3,029,560
Deferred costs	7	667,276	536,355	667,276	536,355
Other assets	8	3,503	7,032	3,503	7,032
Total current assets		**5,683,529**	**4,990,070**	**5,671,206**	**4,985,874**
NON-CURRENT ASSETS					
Assets classified as available-for-sale	6 (b)	639,192	509,368	639,192	509,368
Held-to-maturity investments	6 (a)	2,126,377	2,025,000	2,126,377	2,025,000
Investment in subsidiary	6 (c)	-	-	-	10,000
Property, plant and equipment	10	50,632	443,818	38,596	415,687
Deferred tax assets	11	31,467	44,194	31,467	142,835
Total non-current assets		**2,847,668**	**3,022,380**	**2,835,632**	**3,102,890**
TOTAL ASSETS		**8,531,197**	**8,012,450**	**8,506,838**	**8,088,764**
CURRENT LIABILITIES					
Trade and other payables	12	921,601	708,531	906,289	702,294
Insurance liabilities	14	3,298,371	3,533,864	3,298,371	3,533,864
Employee entitlements	15	25,200	27,004	18,290	22,558
Current tax liabilities	4(b)	121,700	192,565	121,700	192,565
Total current liabilities		**4,366,872**	**4,461,964**	**4,344,650**	**4,451,281**
NON-CURRENT LIABILITIES					
Deferred tax liability	13	-	53,158	-	53,158
Total non-current liabilities		**-**	**53,158**	**-**	**53,158**
TOTAL LIABILITIES		**4,366,872**	**4,515,122**	**4,344,650**	**4,504,439**
NET ASSETS		**4,164,325**	**3,497,328**	**4,162,188**	**3,584,325**
SHAREHOLDERS' EQUITY					
Issued capital	16	3,107,757	2,880,387	3,107,757	2,880,387
Share premium reserve	17 (a)	280,254	216,668	280,254	216,668
Investment revaluation reserve	17 (b)	95,964	38,215	95,964	38,215
Accumulated profit		680,350	362,058	678,213	449,055
TOTAL SHAREHOLDERS' EQUITY		**4,164,325**	**3,497,328**	**4,162,188**	**3,584,325**

The accompanying notes form an integral part of this balance sheet.

For and on behalf of the board and in accordance with a resolution of the directors.

.... Director

.... Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Consolidated		Holding Company	
	Inflows/ (Outflows) 2008	Inflows/ (Outflows) 2007	Inflows/ (Outflows) 2008	Inflows/ (Outflows) 2007
	$	$	$	$
Cash flows from operating activities				
Premium and fees received	6,671,387	7,482,062	6,540,721	7,400,152
Reinsurance premium, net	(678,193)	(648,026)	(678,193)	(648,026)
Claims and capitation fees paid, net	(3,003,674)	(2,901,945)	(3,003,674)	(2,901,945)
Payments to brokers, suppliers and employees	(2,659,911)	(3,252,026)	(2,532,560)	(3,074,726)
Cash generated from operations	329,609	680,065	326,294	775,455
Income tax paid	(325,001)	-	(325,001)	-
Interest received	39,672	249,446	39,672	249,446
Dividend received	23,927	15,267	23,927	15,267
Net cash provided by operating activities	68,207	944,778	64,892	1,040,168
Cash flows from investing activities				
Payments for plant and equipment	(19,676)	(25,651)	(19,499)	(23,479)
Payment for investments	(974,450)	(2,669,363)	(974,450)	(2,669,363)
Proceeds from sale of investments	720,935	938,804	720,935	938,804
Advance to subsidiary company	-	-	-	(97,729)
Proceeds from sale of plant and equipment	770	-	770	-
Net cash used in investing activities	(272,421)	(1,756,210)	(272,244)	(1,851,767)
Cash flows from financing activities				
Proceeds from issue of shares	92,500	-	92,500	-
Proceeds from share premium	23,125	-	23,125	-
Dividends paid	(54,172)	(85,312)	(54,172)	(85,312)
Net cash provided by/ (used in) financing activities	61,453	(85,312)	61,453	(85,312)
Net decrease in cash and cash equivalents	**(142,761)**	**(896,744)**	**(145,899)**	**(896,911)**
Cash and cash equivalents at the beginning of the year	147,925	1,044,669	150,587	1,047,498
Cash and cash equivalents at the end of the year (Note 19 (a))	**5,164**	**147,925**	**4,688**	**150,587**

The accompanying notes form an integral part of this cash flow statement.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

FijiCare Insurance Limited is a publicly listed company limited by shares, incorporated and domiciled in Fiji under the Companies Act, 1983. Its registered office and principal place of business is at Level 9 FNPF Place, 343-359 Victoria Parade, Suva.

The principal accounting policies adopted by the company and the group are stated to assist in a general understanding of these financial statements. The accounting policies adopted are consistent with those of the previous year except as stated otherwise.

The presentation currency used for the preparation of this financial statement is Fiji dollars.

The financial statements were authorised for issue by the directors' on 14 April 2009.

a) Statement of Compliance

The financial statements of the company and the group have been drawn up in accordance with the provisions of the Companies Act 1983 and International Financial Reporting Standards ("IFRS").

b) Basis of Preparation

The financial statements have been prepared in accordance with the historical cost convention using the accounting policies described below and except where stated do not take into account current valuations of non-current assets.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 December 2008 and the comparative information presented in these financial statements for the year ended 31 December 2007.

c) Basis of Consolidation

Subsidiary

FijiCare Medical Centre Limited is a wholly owned subsidiary of the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statement of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra group balances and transactions, and any unrealised gains resulting from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

d) Use of Estimates and Judgments

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

e) Insurance Contracts

General

All of the general insurance products and reinsurance products on offer, or utilised, meet the definition of an insurance contract (a contract under which one party, the insurer, accepts significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholder if a specified uncertain future event, the insured event, adversely affects the policyholder) and none of the contracts contain embedded derivatives or are required to be unbundled. Insurance contracts that meet the definition of a financial guarantee contract are accounted for as insurance contracts. This means that all of the general insurance products are accounted for in the same manner.

i) Premium Income

Premium revenue comprises amounts charged to policyholders (direct premium) for insurance contracts. Premium is recognised as earned on a proportionate basis over the period for which cover is provided using the 365 days pro-rata method.

The unearned portion of premium is recognised as an unearned premium liability on the balance sheet.

ii) Outward Reinsurance Premium

Outward reinsurance premium is recognised as an expense on a proportionate basis over the period for which cover is provided. Accordingly, a portion of outwards reinsurance premium expense is treated as a prepayment and presented as deferred reinsurance expenses on the balance sheet at the reporting date.

iii) Deferred Commission Costs

Commission cost paid to agents and brokers associated with obtaining general insurance contracts are referred to as acquisition cost. These costs are presented as deferred commission costs and are amortised and charged to expenses on the same basis as the recognition of premium income. The balance of the deferred commission costs at the reporting date represents the commission costs relating to unearned premium.

iv) Provision for Outstanding Claims

Provision for outstanding claims are stated net of amounts recoverable from reinsurers and are assessed by reviewing individual claims. The company has procedures for recording all claims received by way of an incoming claims register.

Provision is also made for insurance claims incurred but not reported (IBNR).

Provision is also made for claim administration expenses in accordance with guidelines issued by Reserve Bank of Fiji.

Claims expenses represent claim payments adjusted for the movement in the outstanding claims liability.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

f) Trade and Other Receivables and Allowance for Doubtful Debts

Trade and other receivables are stated at amounts due less any allowance for doubtful debts.

An allowance is made in respect of debts considered doubtful based on a review of outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

g) Property, Plant and Equipment

Items of property, plant and equipment are stated at historical cost (including deemed cost) less accumulated depreciation and impairment losses. Plant and equipment are depreciated on a straight-line basis over their estimated useful lives using the following rates:

Furniture & Fittings and Office Equipment	10% - 25%

Buildings on leasehold land are depreciated using the straight line method over its estimated useful life or the remaining period of the lease, whichever is shorter.

Leasehold land is amortised using the straight-line method over the period of the lease.

Profit and loss on disposal of property, plant and equipment is taken into account in determining the results for the year.

h) Financial Assets

Investments are recognised and de-recognised on trade where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Financial assets are classified as either held-to-maturity investments or available–for-sale assets. Held to maturity investments are measured at subsequent reporting dates at amortised cost.

Unrealized gains and losses arising from changes in fair value for available–for-sale investments are recognised directly in the investment valuation reserve, until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in the investment valuation reserve is included in the income statement for the period.

Investment in subsidiary company is classified as available-for-sale assets and is stated at cost less impairment.

i) Foreign Currency Transactions

Foreign currency transactions during the year are translated to Fiji currency using the rate of exchange ruling at the date of transaction. Amounts payable and receivable in foreign currencies at balance date are converted at rates ruling at that date. All gains and losses arising from fluctuations in exchange rates are brought to account in determining the results for the year.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

j) Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income account for the year using, tax rates enacted or substantively enacted at the reporting date and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary difference when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the company and the group prior to the end of the financial year and which are unpaid.

m) Segment Information

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products and services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

n) Earnings per share

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing net profit after income tax attributable to members of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

o) Operating Leases

Operating leases are not capitalised and rental payments are charged to income statement in the period in which they are incurred.

p) Employee Entitlements

Accrual is made for the company's and the group's liability to employees for annual leaves on the basis of statutory or contractual requirements.

Defined contribution plans

Contributions to Fiji National Provident Fund defined contribution superannuation plans are expensed when incurred.

q) Revenue Recognition

Premium income is recognised as detailed in Note 1 e (i).

Revenue from medical clinics and medical centre is recognized upon the delivery of service to patients.

Dividend income from investments is recognised when the right to receive dividend is established.

Revenue from the rendering of a management services are recognised upon rendering of the service to the customer.

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

r) Impairment

The carrying amounts of the company's and group's assets are reviewed at balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

s) Comparatives

Where necessary, amounts relating to prior years have been reclassified to facilitate comparison and achieve consistency in disclosure with current year amounts.

NOTE 2. REVENUE

	Consolidated 2008	Consolidated Restated 2007	Holding Company 2008	Holding Company Restated 2007
	$	$	$	$
Gross written premium	6,603,570	7,250,643	6,603,570	7,250,643
Reinsurance premium	(814,667)	(668,474)	(814,667)	(668,474)
	5,788,903	6,582,169	5,788,903	6,582,169
Unearned premium, net movement	(17,180)	5,330	(17,180)	5,330
Deferred reinsurance premium, net movement	136,976	(26,352)	136,976	(26,352)
	5,908,699	6,561,147	5,908,699	6,561,147
Income from medical clinics and medical centre	146,530	80,755	-	-
Total revenue	6,055,229	6,641,902	5,908,699	6,561,147

NOTE 3. OTHER OPERATING REVENUE

	Consolidated 2008	Consolidated Restated 2007	Holding Company 2008	Holding Company Restated 2007
Dividend income	23,927	15,267	23,927	15,267
Reversal of allowance for doubtful debts	70,000	6,516	70,000	-
Management fees	15,000	9,000	15,000	9,000
Interest income	299,978	385,021	299,978	385,021
Other income	11,894	20,992	8,247	20,992
Total other operating revenue	420,799	436,796	417,152	430,280

NOTE 4. INCOME TAX

	Consolidated		Holding Company	
	2008	Restated 2007	2008	Restated 2007
	$	$	$	$
The prima facie tax payable on profit is reconciled to the income tax expense as follows:				
a) Income tax expense				
Operating profit before income tax	762,428	895,265	771,936	875,668
Prima facie tax expense thereon at 31%	236,353	277,532	239,300	271,457
Tax effect of:				
Non-taxable income	(38,727)	(4,733)	(38,727)	(4,733)
Non-deductible expenses	6,822	4,108	109,602	4,108
Effect of change in the tax rate from 31% to 29%	2,171	-	2,171	-
Income tax concessions	-	(775)	-	(775)
Recoupment of tax losses not previously recognised	-	(81,451)	-	(81,451)
Temporary differences and tax losses not recognised	7,085	30,567	-	-
Income tax expense attributable to operating profit	213,704	225,248	312,346	188,606
Income tax expense comprises movement in:				
Provision for income tax	254,136	232,565	254,136	232,565
Deferred tax liability	(53,158)	(9,094)	(53,158)	(9,094)
Deferred tax asset	12,726	1,777	111,368	(34,865)
	213,704	225,248	312,346	188,606
b) Current tax liabilities				
Movements during the year were as follows:				
Balance at the beginning of the year	192,565	(40,000)	192,565	(40,000)
Tax liability for the current period	254,136	232,565	254,136	232,565
Paid during the year	(325,001)	-	(325,001)	-
Balance at the end of the year	121,700	192,565	121,700	192,565
c) Benefit of income tax losses not brought to account				
The potential deferred tax asset arising from tax losses has not been recognised as an asset because recovery is not considered to be probable	93,972	91,840	-	-

The future income tax benefit will be obtained if:

a) the subsidiary company derives future assessable income of a nature and of an amount sufficient to enable the benefits from the deductions for the losses to be realised;

b) the subsidiary company continues to comply with the conditions for deductibility imposed by law; and

c) no changes in tax legislation adversely affect the subsidiary company in realising the benefit from the deductions for the losses.

NOTE 5. TRADE AND OTHER RECEIVABLES

	Consolidated		Holding Company	
		Restated		Restated
	2008	2007	2008	2007
	$	$	$	$
Trade receivables	1,057,879	965,406	1,047,474	961,064
Less*:* allowance for doubtful debts	(50,558)	(120,558)	(50,000)	(120,000)
	1,007,321	844,848	997,474	841,064
Reinsurance claims receivables	-	61,140	-	61,140
	1,007,321	905,988	997,474	902,204
Receivable from related party	3,000	1,649	3,000	1,649
	3,000	1,649	3,000	1,649
Prepayments	15,981	52,356	15,981	49,282
Deposits	20,970	18,820	18,970	18,820
Other receivables (a)	654,466	290,385	654,466	290,385
Total trade and other receivables, net	1,701,738	1,269,198	1,689,891	1,262,340

(a) Other receivables include receivable for sale of property and interest accrued on deposits with financial institutions amounting to $300,000 and $354,466, respectively.

NOTE 6. FINANCIAL ASSETS

6(a) Held-to-maturity investments				
Current				
Short term investments with commercial banks and financial institutions	3,305,848	3,029,560	3,305,848	3,029,560
Total current financial assets	3,305,848	3,029,560	3,305,848	3,029,560
Non-current				
Long term investments with financial institutions	2,126,377	2,025,000	2,126,377	2,025,000
Available-for-sale financial assets				
6(b) Investment in other public companies				
Investment in listed companies	515,749	439,853	515,749	439,853
Investment in unlisted company	123,443	69,515	123,443	69,515
	639,192	509,368	639,192	509,368
6(c) Investment in subsidiary				
Investment in FijiCare Medical Centre Limited	-	-	10,000	10,000
Less: impairment loss	-	-	(10,000)	-
(Refer Note 26)	-	-	-	10,000

NOTE 6. FINANCIAL ASSETS (CONT'D)

	Consolidated		Holding Company	
		Restated		Restated
	2008	2007	2008	2007
	$	$	$	$
Reconciliation for available-for-sale financial assets				
Opening balance	509,368	1,039,000	509,368	1,039,000
Additions	113,450	106,944	113,450	106,944
Disposals	(41,375)	(538,804)	(41,375)	(538,804)
Gain /(loss) on available-for-sale investments	57,749	(97,772)	57,749	(97,772)
Total available-for-sale financial assets	639,192	509,368	639,192	509,368

NOTE 7. DEFERRED COSTS

Deferred commission expenses	323,385	329,440	323,385	329,440
Deferred reinsurance expenses	343,891	206,915	343,891	206,915
Total deferred costs	667,276	536,355	667,276	536,355

NOTE 8. OTHER ASSETS

Staff advances	3,503	7,032	3,503	7,032

NOTE 9. LOANS AND ADVANCES

Subsidiary (a)	-	-	-	318,199
Less : Allowance for doubtful debts	-	-	-	(318,199)
	-	-	-	-

(a) In accordance with the approval by the board, loans and advance to subsidiary, FijiCare Medical Centre Limited was written off during the year.

NOTE 10. PROPERTY, PLANT AND EQUIPMENT

Leasehold land and building – at deemed cost	-	380,000	-	380,000
Less: accumulated depreciation	-	(13,944)	-	(13,944)
	-	366,056	-	366,056
Household furniture – at deemed cost	-	40,000	-	40,000
Less: accumulated depreciation	-	(40,000)	-	(40,000)
	-	-	-	-
Furniture, fittings and office equipment - at deemed cost	909,561	889,884	826,386	806,886
Less: accumulated depreciation	(858,929)	(812,122)	(787,790)	(757,255)
	50,632	77,762	38,596	49,631
Total property, plant and equipment, net	50,632	443,818	38,596	415,687

NOTE 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Movements in Carrying Amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	Consolidated				
	Land & Buildings	**Household Furniture**	**Furniture, fittings & office equipment**	**Total 2008**	**Total 2007 Restated**
	$	**$**	**$**	**$**	**$**
Balance as at 1 January	366,056	-	77,762	443,818	490,902
Additions	-	-	19,676	19,676	25,651
Disposals	(361,738)	-	-	(361,738)	-
Depreciation expense	(4,318)	-	(46,806)	(51,124)	(72,735)
Balance as at 31 December	-	-	50,632	50,632	443,818

	Holding Company				
	Land & Buildings	**Household Furniture**	**Furniture, fittings & office equipment**	**Total 2008**	**Total 2007 Restated**
	$	**$**	**$**	**$**	**$**
Balance as at 1 January	366,056	-	49,631	415,687	449,138
Additions	-	-	19,499	19,499	23,479
Disposals	(361,738)	-	-	(361,738)	-
Depreciation expense	(4,318)	-	(30,534)	(34,852)	(56,930)
Balance as at 31 December	-	-	38,596	38,596	415,687

NOTE 11. DEFERRED TAX ASSETS

	Consolidated		Holding Company	
	2008	**2007 Restated**	**2008**	**2007 Restated**
	$	**$**	**$**	**$**
Deferred tax assets comprises the estimated future benefit at future income tax rate in respect to the following:				
Allowance for doubtful debts	14,500	37,200	14,500	135,841
Difference in depreciation for accounting and income tax purposes	11,663	-	11,663	-
Provision for employee entitlements	5,304	6,994	5,304	6,994
	31,467	44,194	31,467	142,835

Deferred tax asset for subsidiary company, FijiCare Medical Centre Limited arising from the temporary differences for allowance for doubtful debts, depreciation and provision for annual leave has not been brought to account in view of reasonable doubt of the entity to derive future assessable income of the nature and sufficient amount to enable the tax benefit to be realised.

NOTE 12. TRADE AND OTHER PAYABLES	Consolidated		Holding Company	
	2008	Restated 2007	2008	Restated 2007
	$	$	$	$
Capitation fees	14,168	12,783	37,027	25,840
Payable to reinsurers	421,564	329,604	421,564	329,604
Payable to related entity	31,246	47,872	31,246	47,872
Other payables and accrued liabilities	454,623	318,272	416,452	298,978
Total trade and other payables	921,601	708,531	906,289	702,294

NOTE 13. DEFERRED TAX LIABILITY

Deferred tax liability comprises the estimated future tax liability at future income tax rate in respect to the difference in depreciation for accounting and income tax purposes	-	53,158	-	53,158

NOTE 14. INSURANCE CONTRACT LIABILITIES

Unearned premiums				
Balance as at 1 January	2,308,751	2,314,081	2,308,751	2,314,081
Movement during the year, net	17,180	(5,330)	17,180	(5,330)
Balance as at 31 December	2,325,931	2,308,751	2,325,931	2,308,751
Outstanding claims				
Gross claims outstanding at the beginning	751,843	943,144	751,843	943,144
Movement during the year, net	(267,140)	(191,301)	(267,140)	(191,301)
Balance as at 31 December	484,703	751,843	484,703	751,843
Less:				
Reinsurance recoveries at the beginning	153,589	363,543	153,589	363,543
Movement during the year, net	(27,824)	(209,954)	(27,824)	(209,954)
Balance as at 31 December	125,765	153,589	125,765	153,589
Outstanding claims, net	358,938	598,254	358,938	598,254
Claims administration provision				
Balance as at 1 January	76,859	100,918	76,859	100,918
Movement during the year, net	(13,357)	(24,059)	(13,357)	(24,059)
Balance as at 31 December	63,502	76,859	63,502	76,859
Claims incurred but not reported, net				
Balance as at 1 January	550,000	437,661	550,000	437,661
Increase in provisions made during the year	-	112,339	-	112,339
Balance as at 31 December	550,000	550,000	550,000	550,000
Total insurance liabilities	3,298,371	3,533,864	3,298,371	3,533,864

NOTE 15. EMPLOYEE ENTITLEMENTS

	Consolidated		Holding Company	
	2008	Restated 2007	2008	Restated 2007
	$	$	$	$
Provision for annual leave	25,200	27,004	18,290	22,558
	25,200	27,004	18,290	22,558

NOTE 16. SHARE CAPITAL

	Consolidated 2008	Consolidated Restated 2007	Holding Company 2008	Holding Company Restated 2007
Authorised capital 10,000,000 ordinary shares of $0.50 each	5,000,000	5,000,000	5,000,000	5,000,000
Issued and paid up capital 6,215,514 ordinary shares of $0.50 each (2007: 5,760,774 ordinary shares of $0.50 each	3,107,757	2,880,387	3,107,757	2,880,387

During the year, additional shares were issued by way of dividend reinvestment and share options exercised as follows.

Type	Number of Shares	Share Price ($)	Total Amount ($)	Increase in Share Capital ($)	Increase in Share Premium ($)
Dividend reinvestment	269,740	0.650	175,331	134,870	40,461
Share Options	185,000	0.625	115,625	92,500	23,125
Total increase	**454,740**			**227,370**	**63,586**

NOTE 17. RESERVES

17 (a) Share Premium Reserve

	Consolidated 2008	Consolidated Restated 2007	Holding Company 2008	Holding Company Restated 2007
Share premium reserve	280,254	216,668	280,254	216,668
	280,254	216,668	280,254	216,668

Share premium reserve relates to share issue proceeds received in excess of the par value of shares and is legally required by Section 60 of the Companies Act, 1983.

17 (b) Investment Valuation Reserve

	Consolidated 2008	Consolidated Restated 2007	Holding Company 2008	Holding Company Restated 2007
Balance as at 1 January	38,215	135,987	38,215	135,987
Fair value gain/ (loss) on investments	57,749	(97,772)	57,749	(97,772)
Balance as at 31 December	95,964	38,215	95,964	38,215

Upon restatement of 2007 financial statements, investment valuation reserve has been brought into account. Refer Note 32.

NOTE 18. PROFIT FROM OPERATIONS

	Consolidated		Holding Company	
	2008	Restated 2007	2008	Restated 2007
	$	$	$	$
Profit from operations has been determined after charging the following expenses:				
Auditors' remuneration for:				
- Audit fees	32,000	30,905	27,000	25,905
- Other services	12,926	16,381	9,326	12,081
Depreciation/amortisation	51,124	72,735	34,852	56,930
Directors' remuneration for:				
- Emoluments	228,261	210,560	228,261	210,560
- Bonus	20,736	60,000	20,736	60,000
- Fees	18,000	22,000	18,000	22,000
Bad debts	100	6,293	3,352	-
Doubtful debts	-	558	-	118,200
FNPF contribution	31,761	31,292	28,866	27,876
Impairment loss	-	-	10,000	-
Loss on sale of plant and equipment	60,968	-	60,968	-
Management fees	300,940	379,712	300,940	379,712
Operating leases	197,667	209,545	152,541	164,419
Salaries, wages, TPAF and allowances	590,674	493,643	440,985	446,967

NOTE 19. NOTES TO THE CASH FLOW STATEMENTS

a) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and balance with banks, and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash on hand and with banks	5,164	147,925	4,688	150,587
Total cash and cash equivalents	5,164	147,925	4,688	150,587

b) Non-Cash Financing Activities

During the year, the company declared dividends of $230,432 out of which $176,260 was re-invested by the shareholders. The consideration for the dividend re-invested was issue of 269,740 shares of $0.50 each at premium of $0.15 totalling $175,331 and the remainder balance of $929 has been taken up as liabilities. These re-investment transactions are not reflected in the cash flow statement.

NOTE 20. EARNINGS PER SHARE

	Consolidated	
	2008	Restated 2007
	$	$
Net profit for the year used in calculating basic and diluted earnings per share	548,724	670,017
Weighted average number of ordinary shares outstanding used in calculating basic earnings per share	5,997,132	5,760,774
Weighted average number of ordinary shares outstanding used in calculating diluted earnings per share	5,997,132	5,768,466
Basic earnings per shares (par value $0.50)	9.15 cents	11.63 cents
Diluted earnings per shares (par value $0.50)	9.15 cents	11.62 cents

NOTE 21. COMMITMENTS

	Consolidated		Holding Company	
	2008	Restated 2007	2008	Restated 2007
	$	$	$	$

a) Capital expenditure as at 31 December 2008 amounted to $Nil (2007: $Nil)

b) Operating lease commitments contracted for office premises, motor vehicles and leasehold land are as follows:

	2008	Restated 2007	2008	Restated 2007
Not later than one year	198,004	180,180	175,367	164,883
Later than one year but not than two years	25,102	71,976	14,142	71,259
Later than two year but not later than five years	-	18,342	-	18,342
Later than five years	-	37,700	-	37,700
Total commitments	223,106	308,198	189,509	292,184

c) The holding company, FijiCare Insurance Limited, agreed to provide necessary financial support and adequate funds to FijiCare Medical Centre Limited to meet its liabilities as and when they fall due.

NOTE 22. CONTINGENT LIABILITIES

Contingent liabilities exist with respect to the following:

	Consolidated 2008	Consolidated Restated 2007	Holding Company 2008	Holding Company Restated 2007
Indemnity guarantees	750	750	750	750
Litigations	219,749	132,303	219,749	132,303
	220,499	133,053	220,499	133,053

NOTE 23. SEGMENT INFORMATION

(a) Business segment

The holding company operates predominantly in the insurance industry underwriting medical, health and term life insurance risks.

		Medical and Health	Term Life	Clinic services	Workers Compen-sation	Others	Total
		$	$	$		$	$
Revenue	Dec 08	5,047,365	703,946	146,530	145,891	11,497	6,055,229
	Dec 07	5,541,831	1,015,062	80,755	4,254	-	6,641,902
Result							
Segment results	Dec 08	1,062,499	(101,566)	(138,453)	89,004	(3,237)	908,247
	Dec 07	1,574,896	(529,195)	(214,756)	(37,764)	-	793,181
Add: **Unallocated - Other Revenue :**							
Management fees, dividend, interest income and other income	Dec 08						420,799
	Dec 07						436,796
Less: **Unallocated – Expense**	Dec 08						780,322
	Dec 07						559,960
Total Results Before Tax	Dec 08						548,724
	Dec 07						670,017

NOTE 23. SEGMENT INFORMATION (CONT'D)

Segment Assets and Liabilities

Assets and liabilities cannot be reasonably allocated between the Medical and Health, Workers Compensation, Term Life business and Other segments. Accordingly, this information has not been provided in the financial statements.

Additional Information

Similarly, depreciation and other non-cash items cannot be reasonably allocated between the Medical and Health, Workers Compensation, Term Life and Other business segments. Accordingly, this information has not been provided in the financial statements.

(b) Geographical segment

The group operates in Fiji and is therefore one geographical area for reporting purposes.

NOTE 24. ACTUARIAL VALUATION

The holding company had obtained independent actuarial valuation of its insurance liabilities as at 31 December 2006. However, the holding company has not performed any actuarial valuation of its insurance liabilities as at 31 December 2008.

The actuarial valuation is to determine the adequacy of provision for outstanding claims including IBNR reserves maintained by the holding company.

Any additional provision or reduction in provision that may be required from the actuarial valuation has not been recognized in the statement of account as the effect cannot be quantified.

The directors believe that the current IBNR provision is adequate based on additional provision of $112,339 made during the year ended 31 December 2007, the decrease in the client portfolio and the general reduction in the claims incurred since the last valuation.

NOTE 25. RELATED PARTY TRANSACTIONS

(a) Ultimate holding company

The ultimate holding company is Family Assurance Holdings (Pty) Limited, a company incorporated in Australia.

(b) Directors

The names of persons who were directors of the holding company at any time during the financial year are as follows:

Ross Porter – Chairman, FAICD
Carl Philipp Thomas
Peter McPherson, Grad Dip Mgt, JP (Aust.)
Joeli Radio

NOTE 25. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Holding company transaction with related parties

Transactions with related parties during the year ended 31 December 2008 with approximate transaction values are summarized as follows:

Name	Relationship	Nature of transaction	2008	2007
FijiCare Medical Centre Limited	Subsidiary company	Capitation and Professional fees	115,593	116,153
AFA Management Services (Pty) Limited	Related company	Management fees (expense)	300,940	379,712
Family Assurance Limited (Tonga)	Related company	Management fees (income)	15,000	9,000
AFA Management Services (Pty) Limited	Related company	Professional Indemnity Insurance (expense)	40,428	40,883

All transactions with related parties are conducted on commercial terms and conditions.

(d) Key management personnel

Details of compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year the following directors and executives were identified as key management personnel, with the greatest authority and responsibility for the planning, directing and controlling the activities of the holding company.

Name	Current title
Ross Porter	Chairman (Non-executive)
Peter McPherson	Managing Director (Executive)
Joeli Radio	Director (Executive)
Carl Philipp Thomas	Director (Non-executive)

The aggregate compensation of the key management personnel comprises only short-term benefits and is set out below:

	2008	2007
	$	$
Short term benefits	268,993	320,560
Long term benefits – FNPF contribution	16,674	13,923

(e) Amounts due to, and receivable from related parties:

Appropriate disclosure of these amounts is contained in the respective notes to the financial statements.

NOTE 26. INVESTMENTS IN SUBSIDIARY COMPANY

Entity	Place of Incorporation	% Owned	Investment Book Value ($) 2008	2007
Subsidiary company				
FijiCare Medical Centre Limited	Fiji	100%	10,000	10,000
Less : Impairment loss			(10,000)	-
			-	10,000

NOTE 27. PRINCIPAL ACTIVITIES

The principal activities of the holding company during the year were that of underwriting of medical, health, workers compensation, personal accident, marine and term life insurance risks.

The principal activity of the subsidiary company, FijiCare Medical Centre Limited, during the year was operating medical clinics and medical centre.

NOTE 28. HOLDING COMPANY DETAILS

Company Incorporation

The holding company was incorporated in Fiji under the Companies Act, 1983.

Registered Office and Principal Place of Business

The registered office and principal place of business of the holding company is located at:

Level 9
FNPF Place
343-359 Victoria Parade
SUVA

NOTE 29. MATURITY ANALYSIS

The following analysis of monetary assets and liabilities as at 31 December 2008 is based on contractual terms.

31 December 2008-Consolidated

	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No specific maturity	Total
	$	$	$	$	$	$	$
Assets							
Cash and bank balances	5,164	-	-	-	-	-	5,164
Trade and other receivables	-	1,701,738	-	-	-	-	1,701,738
Assets classified as available-for-sale	-	-	-	-	-	639,192	639,192
Held-to maturity investments	-	1,917,177	1,388,671	1,926,377	200,000	-	5,432,225
Other assets	-	-	3,503	-	-	-	3,503
	5,164	3,618,915	1,392,174	1,926,377	200,000	639,192	7,781,822
Liabilities							
Trade and other payables	-	921,601	-	-	-	-	921,601
Current tax liabilities	-	-	121,700	-	-	-	121,700
Insurance liabilities	-	-	-	-	-	3,298,371	3,298,371
	-	921,601	121,700			3,298,371	4,341,672

31 December 2007-Consolidated

	At call	1 day to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	No specific maturity	Total
	$	$	$	$	$	$	$
Assets							
Cash and bank balances	147,925	-	-	-	-	-	147,925
Trade and other receivables	-	1,269,198	-	-	-	-	1,269,198
Assets classified as available-for-sale	-	-	-	-	-	509,368	509,368
Held-to maturity investments	-	1,450,000	1,579,560	1,825,000	200,000	-	5,054,560
Other assets	-	-	7,032	-	-	-	7,032
	147,925	2,719,198	1,586,592	1,825,000	200,000	509,368	6,988,083
Liabilities							
Trade and other payables	-	708,531	-	-	-	-	708,531
Current tax liabilities	-	-	192,565	-	-	-	192,565
Insurance liabilities	-	-	-	-	-	3,533,864	3,533,864
	-	708,531	192,565	-	-	3,533,864	4,434,960

NOTE 30. INSURANCE CONTRACTS RISK MANAGEMENT

A key risk from operating in the general insurance industry is the exposure to insurance risk arising from underwriting general insurance contracts. The insurance contracts transfer risk to the insurer by indemnifying the policyholders against adverse affects arising from the occurrence of specified uncertain future events. The risk is that the actual amount of claims to be paid in relation to contracts will be different to the amount estimated at the time a product was designed and priced. The consolidated entity is exposed to this risk because the price for a contract must be set before the losses relating to the product are known. Hence the insurance business involves inherent uncertainty. The consolidated entity also faces other risks relating to the conduct of the general insurance business including financial risks (refer principally to Note 31).

A fundamental part of the overall risk management strategy is the effective governance and management of the risks that impact the amount, timing and uncertainty of the cash flows arising from insurance contracts.

(a) Risk management objectives and policies for mitigating insurance risk

The insurance activities primarily involve the underwriting of risks and the management of claims. A disciplined approach to risk management is adopted rather than a premium volume or market share oriented approach. It is believed this approach provides the greatest long term likelihood of being able to meet the objectives of all stakeholders, including policyholders, lenders and equity holders.

The risk management activities can be broadly separated into underwriting (acceptance and pricing risk), claims management and investment management. The objective of these risk management functions is to enhance the longer term financial performance of the overall insurance operations.

The key policies in place to mitigate risks arising from underwriting insurance contracts include the following:

- Acceptance of risk – Insurance and reinsurance policies are written in accordance with local management practises and regulations within each jurisdiction. Maximum limits are set for the acceptance of risk on an individual contract basis. Management information systems are maintained that provide up-to-date, reliable data on the risks to which the business is exposed at any point in time. Efforts are made, including plain language policy terms, to ensure there is no misalignment between what policyholders perceive will be paid when a policy is initially sold and what is actually paid when a claim is made.

- Pricing – Statistical models are used which combine historical and projected data to calculate premiums and monitor claims patterns for each class of business. The data used includes historical pricing and claims analysis for each class of business as well as current developments in the respective markets and classes of business.

- Reinsurance – The use of reinsurance to limit exposure to large single claims and the accumulation of claims that arise from the same event or the accumulation of similar events. This includes the monitoring of reinsurers' credit risk to control exposure to reinsurance counterparty default.

- Claims management – Initial claim determination is managed by claims officers with the requisite degree of experience and competence with the assistance, where appropriate, or other party with specialist knowledge. It is the company's policy to respond and settle claims quickly whenever possible and to pay claims fairly, based on the policyholders full entitlements.

- Investment management – Assets and liabilities are managed so as to effectively match the expected pattern of claims payments with the assets that are held to back insurance liabilities.

NOTE 30. INSURANCE CONTRACTS RISK MANAGEMENT (CONT'D)

(b) Terms and conditions of insurance contracts

The terms and conditions attaching to insurance contracts affect the level of insurance risk accepted. Insurance contracts are generally entered into on an annual basis and at the time of entering into a contract all terms and conditions are negotiable or, in the case of renewals, renegotiable. The majority of direct insurance contracts written are entered into on a standard form basis. Non-standard and long term policies may only be written if expressly approved by a person with appropriate delegated authority. There are no special terms and conditions in any non-standard contracts that would have a material impact on the financial statements.

(c) Credit risk

Financial assets or liabilities arising from insurance contracts are presented on the balance sheet at the amount that best represents the maximum credit risk exposure at the reporting date.

The credit risk relating to insurance contracts relates primarily to premium receivable which is due from individual policyholders and intermediaries (brokers and agents). The brokers and agents collect premium from policyholders and remit the monies to the insurer in accordance with contractual arrangements. The recoverability of premium receivable is assessed and provision is made for impairment based on objective evidence and having regard to past default experience.

(d) Interest rate risk

The underwriting of general insurance contracts creates exposure to the risk that interest rate movements may materially impact the value of the outstanding claims liability. Movements in interest rates impact the determination of the liability through the selection of discount rates. Discounting the liability is in effect allowing for future investment earnings on the assets held to back the insurance liabilities. The funds held to pay outstanding claims are invested principally in fixed interest securities matched to the settlement durations of the outstanding claims. Movements in market interest rates affect the value of the fixed interest securities. Hence movements in interest rates should have minimal impact on the insurance profit for a year due to movements in investment income on assets backing insurance liabilities offsetting the impact of movements in discount rates on the claims liabilities.

(e) Operational risk

Operational risk is the risk of financial loss (including lost opportunities) resulting from external events and/or inadequate or failed internal processes, people and systems to perform as required. Operational risk can have overlaps with all of the other risk categories. When controls fail, operational risks can cause damage to reputation, can have legal or regulatory implications or can lead to financial loss. The company and the group cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, is able to manage risks.

Operational risk is identified and assessed on a ongoing basis and the capital management strategy includes consideration of operational risk. Management and staff are responsible for identifying, assessing and managing operational risks in accordance with their roles and responsibilities.

NOTE 31. FINANCIAL RISK MANAGEMENT

The group is exposed to a variety of financial risks in the normal course of business; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk.

(a) Market risk

Market risk is the risk that fair value of or future cash flows of a financial instrument will fluctuate because of changes in market prices. Procedures are in place to mitigate the company's exposure to market risk.

(i) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk results from the holding of financial assets and liabilities in the normal course of business.

Fixed interest rate assets and liabilities create exposure to fair value interest rate risk which is a market risk. Holding company mitigates interest rate risk by maintaining an appropriate mix of instruments.

(b) Credit risk

Credit risk is the risk of loss from a counterparty failing to meet their financial obligations. The consolidated entity's credit risk arises predominantly from investment activities and reinsurance activities.

The credit risk relating to investments is monitored and assessed, and maximum exposures are limited. The investments comprising assets held to back insurance liabilities are restricted to investment grade securities.

(c) Liquidity risk

Liquidity risk is concerned with the risk of there being insufficient cash resources to meet payment obligations without affecting the daily operations or the financial condition of the consolidated entity. Liquidity facilitates the ability to meet expected and unexpected requirements for cash. The liquidity position is derived from operating cash flows, investment portfolios and access to outside sources of liquidity such as bank, reinsurance arrangements and other sources.

Sound 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 nature of insurance activities means that the timing and amount of cash flows are uncertain.

Management of liquidity risk includes asset and liability management strategies. The assets held to back insurance liabilities consist predominantly of held-to-maturity investments. The assets are managed so as to effectively match the maturity profile of the assets with the expected pattern of claims payments.

NOTE 32. CORRECTION OF ERROR

International Accounting Standards 39 - Financial Instruments: Recognition and Measurement requires the gains or losses arising from fair value measurement of available-for-sale financial assets to be directly recognized in equity as a separate component except for the impairment losses until the financial assets are derecognized. Upon transition to IFRS during year ended 31 December 2007, this adjustment was not made.

The financial statements for 2007 have been restated to reflect the correction of the above. The effect of the restatement on the financial statements is summarized below.

	Consolidated ($)	Holding Company ($)
Net profit as reported in 2007	572,245	589,290
Effect of reclassification of fair value adjustment	97,772	97,772
Restated net profit for the year ended 31 December 2007	670,017	687,062
Accumulated losses as at 1 January 2007	(171,972)	(102,020)
Effect of reclassification of fair value adjustment	(135,987)	(135,987)
Restated Accumulated losses as at 1 January 2007	(307,959)	(238,007)

A corresponding investment valuation reserve has been created to reflect the movements in the fair value. Refer note 17 (b).

a) Statement of interest (direct and indirect) of each director in the share capital of the company as at 31 December 2008

Directors	Direct Interest (Number of Shares)	Indirect Interest (Number of Shares)
Ross Porter	-	3,304,812
Peter McPherson	7,670	313,435
Carl Philipp Thomas	-	367,091
Joeli Radio	19	-

Distribution of ordinary shareholders:

No. of Holders	Holding	Total % Holding
13,269	Less than 500 shares	4.09
38	500 to 5,000 shares	0.87
8	5,001 to 10,000 shares	0.90
7	10,001 to 20,000 shares	1.47
5	20,001 to 30,000 shares	1.80
-	30,001 to 40,000 shares	-
-	40,001 to 50,000 shares	-
1	50,001 to 100,000 shares	0.83
8	100,001 to 1,000,000 shares	45.50
1	Over 1,000,000 shares	44.55
13,337	Total	100.00

b) Disclosure on the trading results of the subsidiary company under Section 7(4):

		FijiCare Medical Centre Limited	
		2008	**2007**
Revenue	$	265,770	203,424
Less :			
Depreciation		(16,272)	(15,805)
Other expenses		(272,358)	(286,222)
Income tax expense		-	-
		(22,860)	(98,603)
Add loan from parent company written off/forgiven		321,552	-
Net profit/(loss) after income tax	$	298,692	(98,603)

c) Share Register

FijiCare Insurance Limited
Level 9
FNPF Place
343-359 Victoria Parade
SUVA