FIJICARE INSURANCE LIMITED
AND SUBSIDIARY COMPANY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

FijiCare
INSURANCE LIMITED

Chairman's Report

It is disappointing to report to shareholders that the company recorded a loss for the 2009 year.

Our bottom line has been adversely affected by the currency devaluation and this event has been a significant factor in losses associated with overseas medical evacuation cases. Our dollar buys less overseas and coupled with the constant rise in overseas medical treatment costs, this has caused an increase in our medical claims.

The company has recognised that we needed to write new product lines. As a result, we have commenced writing Marine, Motor and, workman's compensation and Funeral benefits . Whilst it will take some time to develop these products, we are hopeful this move will help the company to return to profit.

Management has focussed on reducing overall expenses and to this end staff are not reinstated when they leave FIL

Subsequent to this financial year, I can report that the company purchased the property which houses the FijiCare Medical Centre. We see the medical centre as an integral part of our medical insurance business and this facility assists with overall claims control. It also provides excellent medical services to the public at large. We have also refurnished 2 private rooms at the Ministry of Health hospital for our clients.

The company, as a result of increased pressure on its bottom line, has implemented the following measures to improve the medical insurance results:

- Increases in premiums
- Introduction of excesses
- Medical evacuations to India

The board is working on further development of its new products and also to find innovative ways to improve the results in the medical insurance sector.

I take this opportunity to thank our management, staff and providers for their efforts through the year.

Ross Porter
Chairman

"better health for Fiji"

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FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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DIRECTORS' REPORT

In accordance with a resolution of the board of directors, the directors herewith submit the statement of financial position of the company and of the group as at 31 December 2009, the related statement of comprehensive income, statement of changes in equity and statement of cash flow 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 general insurance risk by the holding company, there were no significant changes in the nature of these activities during the financial year.

Results

The loss after income tax of the company for the year was $284,121 (2008: Profit of $459,590).

The consolidated loss after income tax attributable to the members of the company for the financial year was $248,651 (2008: Profit of $548,724).

Dividends

During the year, dividend of $248,621 was declared out of retained profits for the year ended 31 December 2008.

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.

Significant Events during the Year

On 15 April 2009, the Fiji dollar was devalued by 20% by the Reserve Bank of Fiji. The financial effect of this event, which has occurred during the financial year, has been incorporated in the financial statements for the year ended 31 December 2009.

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.

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' REPORT [CONT'D]

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 30 day of April 2010.

....
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 statement of comprehensive income 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 2009;

[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 2009;

[iii] the accompanying statement of financial position 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 2009;

[iv] the accompanying statement of cash flow 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 2009;

[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 30 day of April 2010.

....
Director

....
Director

G. LAL + CO.
CHARTERED ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

To the members of FijiCare Insurance Limited

Report on the Financial Statements

We have audited the accompanying financial statements of FijiCare Insurance Limited (holding company) and the group, which comprise the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statements of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 8 to 36.

Directors' and Management's Responsibility for the Financial Statements

Directors' and management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Companies Act, 1983. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT [CONT'D]

To the members of FijiCare Insurance Limited (Cont'd)

Opinion

In our opinion:

(a) proper books of account have been kept by the holding 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 holding company and of the group as at 31 December 2009 and of the results, cash flows and changes in shareholders' equity of the holding company and of the group for the year ended on that date; and

(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.

SUVA, FIJI
30TH APRIL 2010

CHARTERED ACCOUNTANTS.

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

		Consolidated		Holding Company	
	Notes	2009	2008	2009	2008
		$	$	$	$
Revenue	5	6,311,214	6,055,229	6,220,510	5,908,699
Incurred claims		(3,915,989)	(2,646,595)	(4,082,369)	(2,762,188)
Commission expense	6	(885,751)	(879,342)	(885,751)	(879,342)
Other direct costs		(166,261)	(168,776)	-	-
Gross profit		1,343,213	2,360,516	1,252,390	2,267,169
Other revenue	7	380,115	420,799	380,115	417,152
		1,723,328	2,781,315	1,632,505	2,684,321
Advertising and promotion expenses		(55,202)	(75,823)	(54,946)	(72,536)
Other operating expenses		(1,954,899)	(1,943,064)	(1,899,802)	(1,839,849)
		(2,010,101)	(2,018,887)	(1,954,748)	(1,912,385)
Profit / (loss) before income tax	21	**(286,773)**	**762,428**	**(322,243)**	**771,936**
Income tax benefit / (expense)	8(a)	38,122	(213,704)	38,122	(312,346)
Profit / (loss) for the year		**(248,651)**	**548,724**	**(284,121)**	**459,590**
Other comprehensive income / (expense)					
Fair value gain / (loss) on available-for-sale financial assets	19	(10,224)	57,749	(10,224)	57,749
Total comprehensive income / (expense) for the year		**(258,875)**	**606,473**	**(294,345)**	**517,339**
Earnings / (loss) per share					
Basic earnings / (loss) per share – cents	23	(3.92)	9.15		
Diluted earnings / (loss) per share – cents	23	(3.92)	9.15		

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

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Consolidated				
	Share Capital	Share Premium Reserve	Investment Revaluation Reserve	Retained Earnings	Total
	($)	($)	($)	($)	($)
Balance as at 31 December 2007	2,880,387	216,668	38,215	362,058	3,497,328
Additional shares issued (Note 17)	227,370	63,586	-	-	290,956
Dividends declared (Note 20)	-	-	-	(230,432)	(230,432)
Profit for the year	-	-	-	548,724	548,724
Other comprehensive income for the year	-	-	57,749	-	57,749
Total comprehensive income for year	-	-	57,749	548,724	606,473
Balance as at 31 December 2008	**3,107,757**	**280,254**	**95,964**	**680,350**	**4,164,325**
Additional shares issued (Note 17)	130,283	44,296	-	-	174,579
Dividends declared (Note 20)	-	-	-	(248,621)	(248,621)
Loss for the year	-	-	-	(248,651)	(248,651)
Other comprehensive expense for the year	-	-	(10,224)	-	(10,224)
Total comprehensive expense for year	-	-	(10,224)	(248,651)	(258,875)
Balance as at 31 December 2009	**3,238,040**	**324,550**	**85,740**	**183,078**	**3,831,408**

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

	Holding Company				
	Share Capital	Share Premium Reserve	Investment Revaluation Reserve	Retained Earnings	Total
	($)	($)	($)	($)	($)
Balance as at 31 December 2007	2,880,387	216,668	38,215	449,055	3,584,325
Additional shares issued (Note 17)	227,370	63,586	-	-	290,956
Dividends declared (Note 20)	-	-	-	(230,432)	(230,432)
Profit for the year	-	-	-	459,590	459,590
Other comprehensive income for the year	-	-	57,749	-	57,749
Total comprehensive income for year	-	-	57,749	459,590	517,339
Balance as at 31 December 2008	**3,107,757**	**280,254**	**95,964**	**678,213**	**4,162,188**
Additional shares issued (Note 17)	130,283	44,296	-		174,579
Dividends declared (Note 20)	-	-	-	(248,621)	(248,621)
Loss for the year	-	-	-	(284,121)	(284,121)
Other comprehensive expense for the year	-	-	(10,224)	-	(10,224)
Total comprehensive expense for year	-	-	(10,224)	(284,121)	(294,345)
Balance as at 31 December 2009	**3,238,040**	**324,550**	**85,740**	**145,471**	**3,793,801**

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

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

		Consolidated		Holding Company	
	Notes	2009	2008	2009	2008
		$	$	$	$
CURRENT ASSETS					
Cash on hand and at bank		363,115	5,164	362,677	4,688
Trade and other receivables	9	1,591,025	1,705,241	1,550,045	1,693,394
Held-to-maturity investments	10(a)	4,726,933	3,305,848	4,726,933	3,305,848
Deferred costs	11	750,074	667,276	750,074	667,276
Current tax assets	8 (b)	155,111	-	155,111	-
Total current assets		**7,586,258**	**5,683,529**	**7,544,840**	**5,671,206**
NON-CURRENT ASSETS					
Available-for-sale financial assets	10 (b)	604,232	639,192	604,232	639,192
Held-to-maturity investments	10 (a)	500,000	2,126,377	500,000	2,126,377
Investment in subsidiary	10 (c)	-	-	-	-
Plant and equipment	12	110,206	50,632	100,181	38,596
Deferred tax assets	8 (c)	68,686	31,467	68,686	31,467
Total non-current assets		**1,283,124**	**2,847,668**	**1,273,099**	**2,835,632**
TOTAL ASSETS		**8,869,382**	**8,531,197**	**8,817,939**	**8,506,838**
CURRENT LIABILITIES					
Trade and other payables	13	776,387	921,601	765,239	906,289
Insurance contract liabilities	14	4,144,171	3,298,371	4,144,171	3,298,371
Interest bearing borrowings	15	20,200	-	20,200	-
Current tax liabilities	8(b)	-	121,700	-	121,700
Employee entitlements	16	56,816	25,200	54,128	18,290
Total current liabilities		**4,997,574**	**4,366,872**	**4,983,738**	**4,344,650**
NON-CURRENT LIABILITIES					
Interest bearing borrowings	15	40,400	-	40,400	-
Total non-current liabilities		**40,400**	**-**	**40,400**	**-**
TOTAL LIABILITIES		**5,037,974**	**4,366,872**	**5,024,138**	**4,344,650**
NET ASSETS		**3,831,408**	**4,164,325**	**3,793,801**	**4,162,188**
SHAREHOLDERS' EQUITY					
Issued capital	17	3,238,040	3,107,757	3,238,040	3,107,757
Share premium reserve	18	324,550	280,254	324,550	280,254
Investment revaluation reserve	19	85,740	95,964	85,740	95,964
Retained earnings		183,078	680,350	145,471	678,213
TOTAL SHAREHOLDERS' EQUITY		**3,831,408**	**4,164,325**	**3,793,801**	**4,162,188**

The accompanying notes form an integral part of this statement of financial position.

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

Director

Director

FIJICARE INSURANCE LIMITED AND SUBSIDIARY COMPANY
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2009

	Consolidated		Holding Company	
	Inflows/ (Outflows) 2009	Inflows/ (Outflows) 2008	Inflows/ (Outflows) 2009	Inflows/ (Outflows) 2008
	$	$	$	$
Cash flows from operating activities				
Premium and fees received	7,556,318	6,671,387	7,482,545	6,540,721
Reinsurance premium, net	(880,284)	(678,193)	(880,284)	(678,193)
Claims and capitation fees paid, net	(4,738,762)	(3,003,674)	(4,738,761)	(3,003,674)
Payments to brokers, suppliers and employees	(2,134,711)	(2,659,911)	(2,008,472)	(2,532,560)
Cash generated from / (used in) operations	(197,439)	329,609	(144,973)	326,294
Income tax paid	(162,000)	(325,001)	(162,000)	(325,001)
Interest received	36,608	39,672	36,608	39,672
Dividend received	17,343	23,927	17,343	23,927
Net cash provided by/ (used in) operating activities	(305,488)	68,207	(253,022)	64,892
Cash flows from investing activities				
Payments for plant and equipment	(21,681)	(19,676)	(21,681)	(19,499)
Proceeds from sale of plant and equipment	300,000	770	300,000	770
Payment for investments	(508,250)	(974,450)	(508,250)	(974,450)
Proceeds from sale of investments	966,220	720,935	966,220	720,935
Advance to subsidiary company	-	-	(52,428)	-
Net cash provided by/ (used in) investing activities	736,289	(272,421)	683,861	(272,244)
Cash flows from financing activities				
Proceeds from issue of shares	-	92,500	-	92,500
Proceeds from share premium	-	23,125	-	23,125
Dividends paid	(72,850)	(54,172)	(72,850)	(54,172)
Net cash provided by/ (used in) financing activities	(72,850)	61,453	(72,850)	61,453
Net increase / (decrease) in cash and cash equivalents	**357,951**	**(142,761)**	**357,989**	**(145,899)**
Cash and cash equivalents at the beginning of the year	5,164	147,925	4,688	150,587
Cash and cash equivalents at the end of the year (Note 22 (a))	**363,115**	**5,164**	**362,677**	**4,688**

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

NOTE 1. GENERAL INFORMATION

FijiCare Insurance Limited is a publicly listed company limited by shares, incorporated and domiciled in Fiji under the Companies Act, 1983. Its principal activities, registered office and principal place of business are disclosed in Note 32 and Note 33 to the financial statements.

NOTE 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 Standards and Interpretations affecting amounts reported in the current period (and / or prior periods)

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

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

IFRS 8 (Operating Segments) is a disclosure Standard that has resulted in a redesignation of the Group's reportable segments (Note 27).

IFRS 7 (Financial Instruments Disclosures) expand the disclosures required in respect of fair value measurements and liquidity risk.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

In the application of IFRS, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. 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. Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are critical to the financial statements are disclosed in Note 4.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

c) Basis of Consolidation

The consolidated financial statements include the financial statements of FijiCare Insurance Limited and its subsidiary company, which is listed in Note 26.

Subsidiary

A subsidiary is an entity over which the group has power to govern the financial and operating policies, generally comprising a shareholding of more than one half of the voting power. Subsidiaries are consolidated from the date on which control is transferred to the group and cease to be consolidated from the date control is transferred out of the group.

All inter-company balances and transactions between the holding company and its subsidiaries including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of the subsidiary have been changed where necessary to ensure consistency with the policies adopted by the group.

d) Borrowing Costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent where borrowing costs that are directly attributable to the acquisition, construction, or production of an asset that takes substantial period of time to get ready for its intended use or sale, are capitalized as part of that asset.

e) 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.

f) Comparatives

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

g) Earnings per share

Basic earnings per share

Basic earnings per share (EPS) is calculated by dividing profit or loss 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 profit or loss 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 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

h) Employee Entitlements

Wages and salaries

Liabilities for wages and salaries expected to be settled within 12 months of the reporting date are accrued up to the reporting date.

Annual leave

The liability for annual leave is recognized in the provision for employee entitlements. These benefits are expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of the settlement.

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

i) Financial Assets

The group classifies its financial assets in the following categories: held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Held-to-maturity investments

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

Held-to-maturity investments are measured at subsequent reporting dates at amortised cost.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Investments in subsidiaries are classified as available-for-sale investments and are accounted for at cost in the individual financial statements of the company.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs. Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Changes in the fair value of the available-for-sale financial assets are recognised in equity. When financial assets classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit or loss as 'gains and losses'.

Dividends on available-for-sale financial assets are recognised in the profit or loss as part of revenue when the company's right to receive payments is established.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets (cont'd)

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

j) Foreign Currency Transactions

Functional and presentation currency

The group operates in Fiji and hence the financial statements are presented in Fiji dollars, which is the group's functional and presentation currency.

Transactions and balances

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.

k) 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 profit or loss.

l) Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in profit or loss, except when it relates to items credited or debited outside profit or loss (whether in other comprehensive income or directly in equity), in which case the deferred tax is also recognised outside profit or loss, or where it arises from the initial accounting for a business combination, in which case tax effect is included in the accounting for the business combination.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

m) 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 statement of financial position.

ii) Commission income

Commission income comprises amounts received from reinsurers for reinsurance contracts. Commission is recognised as earned on a proportionate basis over the period for which cover is provided using the 365 days pro-rata method. Commission income is offset with commission costs incurred in insurance contracts with policyholders

The unearned portion of commission is recognised as an unearned commission liability on the statement of financial position.

iii) Reinsurance Premium

Reinsurance premium is recognised as an expense on a proportionate basis over the period for which cover is provided. Accordingly, a portion of reinsurance premium expense is deferred and presented as deferred reinsurance expenses on the statement of financial position at the reporting date.

iv) 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.

v) 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 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Reinsurance Contracts

The group cedes insurance risk in the normal course of business for most categories of its insurance policies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision.

Ceded reinsurance arrangements do not relieve the group from its obligation to policyholders.

o) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

p) Operating segments

An operating segment is a component of the group which may earn revenues and incur expenses and the operation results are regularly reviewed by the group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.

q) Plant and Equipment

Items of plant and equipment are stated at cost less accumulated depreciation and impairment loss. 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%
Motor vehicles	20%

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

r) 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.

s) 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.

NOTE 3. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

t) Revenue Recognition

Premium income is recognised as detailed in Note 3 m (i).

Commission income is recognised as detailed in Note 3 m (ii).

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 recognized on an accrual basis of accounting.

NOTE 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Impairment of accounts receivable

Impairment of accounts receivable balances is assessed at an individual as well as on a collective level. At a collective level all debtors in the + 90 days category (excluding those covered by a specific impairment provision) are estimated to have been impaired and are accordingly provided for.

(b) Impairment of property, plant and equipment

The group assesses whether there are any indicators of impairment of all property, plant and equipment at each reporting date. Property, plant and equipment are tested for impairment and when there are indicators that the carrying amount may not be recoverable, a reasonable provision for impairment is created. For the year ended 31 December 2009, no provision for impairment has been made as the group reasonably believes that no indicators for impairment exist.

(c) Deferred tax assets

Deferred tax assets are recognised for all tax losses to the extent that taxable profits will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely level of future taxable profits together with future planning strategies.

(d) Provision for outstanding claims

Provision for outstanding claims is assessed after reviewing individual claims. Provision is assessed after taking into account claim information available at the time the claim is received or additional information brought to the notice of the group till reporting date. Whilst all reasonable steps are taken to ensure that adequate information is obtained, given the uncertainty in claims provision, it is likely that the final outcome will differ from the original liability established.

(d) Actuarial valuation – claims incurred but not reported

Valuation is obtained from independent licensed actuaries for the adequacy of provision for claims incurred but not reported.

The methodology adopted is the deterministic method of estimating the central estimate of outstanding claims liabilities (IBNR's).

The central estimate is determined by calculating the weighted average of the delay of notification of claims, the mean fully developed claims size (from the development of claims over time) and the numbers of claims.

NOTE 5. REVENUE

	Consolidated		Holding Company	
	2009	2008	2009	2008
	$	$	$	$
Gross written premium	7,662,391	6,603,570	7,662,391	6,603,570
Reinsurance premium	(978,284)	(814,667)	(978,284)	(814,667)
	6,684,107	5,788,903	6,684,107	5,788,903
Unearned premium, net movement	(519,586)	(17,180)	(519,586)	(17,180)
Deferred reinsurance premium, net movement	55,989	136,976	55,989	136,976
	6,220,510	5,908,699	6,220,510	5,908,699
Income from medical clinics and medical centre	90,704	146,530	-	-
Total revenue	6,311,214	6,055,229	6,220,510	5,908,699

NOTE 6. COMMISSION EXPENSE

Commission expense	903,008	879,342	903,008	879,342
Commission income	(17,257)	-	(17,257)	-
Total commission expense, net	885,751	879,342	885,751	879,342

NOTE 7. OTHER REVENUE

Dividend income	17,527	23,927	17,527	23,927
Reversal of allowance for doubtful debts	-	70,000	-	70,000
Management fees	18,000	15,000	18,000	15,000
Interest income	304,150	299,978	304,150	299,978
Other income	40,438	11,894	40,438	8,247
Total other revenue	380,115	420,799	380,115	417,152

NOTE 8. INCOME TAX

The prima facie tax payable on profit/ (loss) is reconciled to the income tax expense/ (benefit) as follows:

a) Income tax expense

Profit/ (loss) before income tax	(286,773)	762,428	(322,243)	771,936
Prima facie tax expense/ (benefit) thereon at 29% (2008: 31%)	(83,164)	236,353	(93,450)	239,300
Tax effect of:				
Non-taxable income	(22,348)	(38,727)	(5,005)	(38,727)
Non-deductible expenses	30,337	6,822	30,337	109,602
Effect of change in tax rates	30,899	2,171	30,899	2,171
Temporary differences and tax losses not recognised	7,057	7,085	-	-
Over provision in prior year	(903)	-	(903)	-
Income tax expense / (benefit) attributable to profit	(38,122)	213,704	(38,122)	312,346

NOTE 8. INCOME TAX (CONT'D)	Consolidated		Holding Company	
	2009	2008	2009	2008
Income tax expense / (benefit) comprises movement in:	$	$	$	$
Current tax liabilities	(903)	254,136	(903)	254,136
Deferred tax liability	-	(53,158)	-	(53,158)
Deferred tax assets	(37,219)	12,726	(37,219)	111,368
	(38,122)	213,704	(38,122)	312,346

b) Current tax liabilities / (assets)

Movements during the year were as follows:

Balance at the beginning of the year	121,700	192,565	121,700	192,565
Tax liability for the current year	-	254,136	-	254,136
Over provision in prior year	(903)	-	(903)	-
Paid during the year	(162,000)	(325,001)	(162,000)	(325,001)
Tax deducted at source	(113,908)	-	(113,908)	-
Balance at the end of the year	(155,111)	121,700	(155,111)	121,700

(c) Deferred tax assets

Deferred tax assets comprises the estimated future benefit at future income tax rate in respect to the following:

Allowance for doubtful debts	10,000	14,500	10,000	14,500
Difference in depreciation for accounting and income tax purposes	6,373	11,663	6,373	11,663
Provision for employee entitlements	10,826	5,304	10,826	5,304
Unused tax losses	41,487	-	41,487	-
	68,686	31,467	68,686	31,467

d) 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	93,234	93,972	-	-

The deferred tax asset relating to the tax losses will only be recognised 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 9. TRADE AND OTHER RECEIVABLES	Consolidated		Holding Company	
	2009	2008	2009	2008
	$	$	$	$
Trade receivables (a)	1,307,000	1,057,879	1,286,777	1,047,474
Less: allowance for doubtful debts	(53,771)	(50,558)	(50,000)	(50,000)
	1,253,229	1,007,321	1,236,777	997,474
Receivable from related party (b)	25,994	3,000	25,994	3,000
	25,994	3,000	25,994	3,000
Prepayments	13,894	15,981	13,894	15,981
Deposits	28,420	20,970	26,420	18,970
Other receivables (a)	269,488	657,969	246,960	657,969
Total trade and other receivables, net	1,591,025	1,705,241	1,550,045	1,693,394

(a) Trade receivables principally comprise of premium amounts outstanding from policyholders. Trade receivables are non-interest bearing and generally settled on 30 – 60 days term.

(b) Receivables from related party (Family Assurance (Tonga) Limited) is unsecured, interest free and receivable on demand.

NOTE 10. FINANCIAL ASSETS

10(a) Held-to-maturity investments

Current

Short term investments with commercial banks and financial institutions	4,726,933	3,305,848	4,726,933	3,305,848
Total current financial assets	4,726,933	3,305,848	4,726,933	3,305,848

Non-current

Long term investments with commercial banks and financial institutions	500,000	2,126,377	500,000	2,126,377

Available-for-sale financial assets

10(b) Investment in other public companies				
Investment in listed companies	474,945	515,749	474,945	515,749
Investment in unlisted companies	129,287	123,443	129,287	123,443
	604,232	639,192	604,232	639,192
10(c) Investment in subsidiary (Note 26)				
Investment in FijiCare Medical Centre Limited	-	-	10,000	10,000
Less: impairment loss	-	-	(10,000)	(10,000)
	-	-	-	-

NOTE 10. FINANCIAL ASSETS (CONT'D)	Consolidated		Holding Company	
	2009	2008	2009	2008
	$	$	$	$
Réconciliation for available-for-sale financial assets				
Opening balance	639,192	509,368	639,192	509,368
Additions	8,434	113,450	8,434	113,450
Disposals	-	(41,375)	-	(41,375)
Fair value gain / (loss)	(10,224)	57,749	(10,224)	57,749
Impairment loss	(33,170)	-	(33,170)	-
Total available-for-sale financial assets	604,232	639,192	604,232	639,192

NOTE 11. DEFERRED COSTS

Deferred commission expenses	350,194	323,385	350,194	323,385
Deferred reinsurance expenses	399,880	343,891	399,880	343,891
Total deferred costs	750,074	667,276	750,074	667,276

NOTE 12. PLANT AND EQUIPMENT

Furniture, fittings and office equipment - at cost	938,616	909,561	848,068	826,386
Less: accumulated depreciation	(889,010)	(858,929)	(808,487)	(787,790)
	49,606	50,632	39,581	38,596
Leased motor vehicle - at cost	60,600	-	60,600	-
Less: accumulated depreciation	-	-	-	-
	60,600	-	60,600	-
Total plant and equipment, net	110,206	50,632	100,181	38,596

NOTE 12. PLANT AND EQUIPMENT (CONT'D)

Movements in Carrying Amounts

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

	Consolidated			
	Furniture, fittings & office equipment	Leased Motor Vehicle	Total 2009	Total 2008
	$	$	$	$
Balance as at 1 January	50,632	-	50,632	443,818
Additions	29,055	60,600	89,655	19,676
Disposals	-	-	-	(361,738)
Depreciation expense	(30,081)	-	(30,081)	(51,124)
Balance as at 31 December	49,606	60,600	110,206	50,632

	Holding Company			
	Furniture, fittings & office equipment	Leased Motor Vehicle	Total 2009	Total 2008
	$	$	$	$
Balance as at 1 January	38,596	-	38,596	415,687
Additions	21,681	60,600	82,281	19,499
Disposals	-	-	-	(361,738)
Depreciation expense	(20,696)	-	(20,696)	(34,852)
Balance as at 31 December	39,581	60,600	100,181	38,596

NOTE 13. TRADE AND OTHER PAYABLES

	Consolidated		Holding Company	
	2009	2008	2009	2008
	$	$	$	$
Capitation fees	176	14,168	30,148	37,027
Payable to reinsurers	464,809	421,564	464,809	421,564
Payable to related party (b)	27,770	31,246	27,770	31,246
Other payables and accrued liabilities	283,632	454,623	242,512	416,452
Total trade and other payables	776,387	921,601	765,239	906,289

(a) Trade payables principally comprise amounts outstanding for reinsurance premium and on-going costs. Trade payables are non-interest bearing and generally settled on 30 - 90 days term.

(b) Payable to related party (Australia Family Assurance (Australia) Limited) is unsecured, interest free and repayable on demand.

NOTE 14. INSURANCE CONTRACT LIABILITIES

	Consolidated		Holding Company	
	2009	2008	2009	2008
	$	$	$	$
Unearned premiums				
Balance as at 1 January	2,325,931	2,308,751	2,325,931	2,308,751
Movement during the year, net	519,586	17,180	519,586	17,180
Balance as at 31 December	2,845,517	2,325,931	2,845,517	2,325,931
Unearned commission income				
Balance as at 1 January	-	-	-	-
Movement during the year, net	40,974	-	40,974	-
Balance as at 31 December	40,974	-	40,974	-
Outstanding claims				
Gross claims outstanding at the beginning	484,703	751,843	484,703	751,843
Movement during the year, net	565,369	(267,140)	565,369	(267,140)
Balance as at 31 December	1,050,072	484,703	1,050,072	484,703
Less:				
Reinsurance recoveries at the beginning	125,765	153,589	125,765	153,589
Movement during the year, net	213,772	(27,824)	213,772	(27,824)
Balance as at 31 December	339,537	125,765	339,537	125,765
Outstanding claims, net	710,535	358,938	710,535	358,938
Claims administration provision				
Balance as at 1 January	63,502	76,859	63,502	76,859
Movement during the year, net	28,268	(13,357)	28,268	(13,357)
Balance as at 31 December	91,770	63,502	91,770	63,502
Claims incurred but not reported				
Gross claims outstanding at the beginning	785,334	785,334	785,334	785,334
Movement during the year, net	(3,959)	-	(3,959)	-
Balance as at 31 December	781,375	785,334	781,375	785,334
Less:				
Reinsurance recoveries at the beginning	235,334	235,334	235,334	235,334
Movement during the year, net	90,666	-	90,666	-
Balance as at 31 December	326,000	235,334	326,000	235,334
Claims incurred but not reported, net	455,375	550,000	455,375	550,000
Total insurance contract liabilities	4,144,171	3,298,371	4,144,171	3,298,371

The holding company obtained independent actuarial valuation from Professional Financial Solutions Pty (Australia) Limited in respect to "Incurred But Not Reported" (IBNR) claims provision as at 31 December 2009. Based on the actuarial valuation report, the holding company has maintained the net IBNR claims provision of $455,375 as at 31 December 2009.

NOTE 15. INTEREST BEARING BORROWINGS

	Consolidated		Holding Company	
	2009	2008	2009	2008
Current - secured	$	$	$	$
Finance lease (Note 24)	20,200	-	20,200	-
Non-current - secured				
Finance lease (Note 24)	40,400	-	40,400	-

Particulars relating to secured borrowings:

Finance lease relates to leased motor vehicle with a lease term of 3 years. The title to the leased asset will pass to the group at the conclusion of the lease term. The lease finance is subject to fixed interest at the rate of 10% and repayable by monthly instalments of $2,189 and is secured by the leased asset.

NOTE 16. EMPLOYEE ENTITLEMENTS

Provision for annual leave	56,816	25,200	54,128	18,290
Total employee entitlements	56,816	25,200	54,128	18,290

NOTE 17. SHARE CAPITAL

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 6,476,080 ordinary shares of $0.50 each (2008: 6,215,514 ordinary shares of $0.50 each)	3,238,040	3,107,757	3,238,040	3,107,757

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

Type	Number of Shares	Share Price ($)	Total Amount ($)	Increase in Share Capital ($)	Increase in Share Premium ($)
Dividend reinvestment	260,566	0.67	174,579	130,283	44,296
Total increase	260,566			**130,283**	**44,296**

NOTE 18. SHARE PREMIUM RESERVE

Share premium reserve	324,550	280,254	324,550	280,254

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.

NOTE19. INVESTMENT REVALUATION RESERVE

	Consolidated		Holding Company	
	2009	2008	2009	2008
	$	$	$	$
Balance as at 1 January	95,964	38,215	95,964	38,215
Fair value gain / (loss)	(10,224)	57,749	(10,224)	57,749
Balance as at 31 December	85,740	95,964	85,740	95,964

NOTE 20. DIVIDEND

Final Dividend – 4 cents per share	248,621	230,432	248,621	230,432

NOTE 21. PROFIT / LOSS BEFORE INCOME TAX

Profit before income tax has been determined after charging the following expenses:

Auditors' remuneration for:				
- Audit fees	33,350	32,000	28,350	27,000
- Other services	17,869	12,926	14,468	9,326
Depreciation	30,081	51,124	20,696	34,852
Directors' remuneration for:				
- Emoluments	254,972	211,587	254,972	211,587
- Bonus	15,776	20,736	15,776	20,736
- Fees	18,000	18,000	18,000	18,000
Doubtful debts	3,213	-	-	-
FNPF contribution	54,422	48,435	50,479	45,540
Impairment loss	33,170	-	33,170	10,000
Loan forgiven	-	-	59,802	321,552
Loss on sale of plant and equipment	-	60,968	-	60,968
Management fees	300,001	300,940	300,001	300,940
Operating leases	184,465	197,667	160,192	152,541
Salaries, wages, TPAF levy and allowances	454,705	395,365	420,331	358,534

NOTE 22. NOTES TO THE STATEMENT OF CASH FLOW

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 statement of cash flow comprise the following statement of financial position amounts:

Cash on hand and at bank	363,115	5,164	362,677	4,688
Total cash and cash equivalents	363,115	5,164	362,677	4,688

b) Non-Cash Investing Activities

Leased Assets

During the year, the group acquired motor vehicle at an aggregate cost of $60,600 by means of finance lease. This transaction is not reflected in the statement of cash flow.

c) Non-cash Financing Activities

Dividends

During the year, the group declared dividends of $248,621 out of which $175,771 was re-invested under the dividend reinvestment option. The consideration for the dividend re-invested was issue of 260,566 shares of $0.50 each at premium of $0.17 totalling $174,579 and the remainder balance of $1,192 has been taken up as liabilities. These re-investment transactions are not reflected in the statement of cash flow.

NOTE 23. EARNINGS/ (LOSS) PER SHARE

	Consolidated	
	2009	2008
	$	$
Profit / (loss) for the year used in calculating earnings/ (loss) per share	(248,651)	548,724
Weighted average number of ordinary shares outstanding used in calculating basic earnings/ (loss) per share	6,345,797	5,997,132
Weighted average number of ordinary shares outstanding used in calculating diluted earnings/ (loss) per share	6,345,797	5,997,132
Basic earnings/ (loss) per share - cents	(3.92)	9.15
Diluted earnings/ (loss) per share - cents	(3.92)	9.15

NOTE 24. COMMITMENTS

	Consolidated		Holding Company	
	2009	2008	2009	2008
	$	$	$	$
a) Capital commitments				
Capital expenditure approved and committed	405,000	-	405,000	-
Total capital expenditure commitments	405,000	-	405,000	-
b) Finance lease commitments contracted for motor vehicle is as follows:				
Not later than one year	26,268	-	26,268	-
Later than one year but not than two years	26,268	-	26,268	-
Later than two year but not later than five years	26,268	-	26,268	-
	78,804	-	78,804	-
Future finance charges	(18,204)	-	(18,204)	-
Net finance lease liability	60,600	-	60,600	-
Reconciled to:				
Current liabilities (Note 15)	20,200	-	20,200	-
Non-current liabilities (Note 15)	40,400	-	40,400	-
	60,600	-	60,600	-
c) Operating lease commitments contracted for rentals are as follows:				
Not later than one year	189,930	198,004	177,895	175,367
Later than one year but not than two years	27,000	25,102	27,000	14,142
Later than two year but not later than five years	9,000	-	9,000	-
Total commitments	225,930	223,106	213,895	189,509

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

NOTE 25. CONTINGENT LIABILITIES

	Consolidated		Holding Company	
	2009	2008	2009	2008
	$	$	$	$
Contingent liabilities exist with respect to the following:				
Indemnity guarantees	750	750	750	750
Litigations	259,253	219,749	259,253	219,749
Total contingent liabilities	260,003	220,499	260,003	220,499

NOTE 26. INVESTMENTS IN SUBSIDIARY COMPANY

Entity	Place of Incorporation	% Owned	Investment Book Value ($) 2009	($) 2008
Subsidiary company				
FijiCare Medical Centre Limited	Fiji	100%	10,000	10,000
Less : Impairment loss			(10,000)	(10,000)
			-	-

NOTE 27. SEGMENT INFORMATION

(a) Operating segment

The group operates predominantly in the insurance industry and operating of medical centre.

		Medical and Health	Term Life	Clinic services	Others	Total
		$	$	$	$	$
Revenue	Dec 09	5,170,737	884,575	90,704	165,198	6,311,214
	Dec 08	5,047,365	703,946	146,530	157,388	6,055,229
Result (Revenue less allocated costs)	Dec 09	262,337	(129,295)	(190,712)	(180,333)	(238,003)
	Dec 08	1,062,499	(101,566)	(138,453)	85,767	908,247
Add: **Unallocated - other revenue :** Management fees, dividend, interest income and other income	Dec 09					380,115
	Dec 08					420,799
Less: **Unallocated – expenses and income tax**	Dec 09					390,763
	Dec 08					780,322
Profit / (loss) after income tax	Dec 09					(248,651)
	Dec 08					548,724

NOTE 27. SEGMENT INFORMATION (CONT'D)

Segment Assets and Liabilities

Assets and liabilities cannot be reasonably allocated between the operating segments. Accordingly, this information has not been provided under segment information.

Additional Information

Similarly, depreciation and other non-cash items cannot be reasonably allocated between the operating segments. Accordingly, this information has not been provided under segment information.

(b) Geographical segment

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

NOTE 28. 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

(c) Holding company transaction with related parties

Transactions with related parties during the year ended 31 December 2009 with approximate transaction values are summarized as follows:

Related Party	Relationship	Nature of transaction	2009	2008
FijiCare Medical Centre Limited	Subsidiary company	Capitation and Professional fees	166,380	115,593
FijiCare Medical Centre Limited	Subsidiary company	Loan forgiven	59,802	321,552
AFA Management Services (Pty) Limited	Shareholder/ director related entity	Management fees expense	300,001	300,940
Family Assurance (Tonga) Limited	Shareholder/ director related entity	Management fees income	18,000	15,000
AFA Management Services (Pty) Limited	Shareholder/ director related entity	Professional Indemnity Insurance expense	37,615	40,428

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

NOTE 28. RELATED PARTY TRANSACTIONS (CONT'D)

(d) Key management personnel

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 remuneration of the key management personnel during the year was as follows:

	2009	2008
	$	$
Short term benefits	288,748	250,323
Long term benefits – FNPF	20,218	16,674

(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 29. 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 30).

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 29. 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 statement of financial position 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 30. 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.

(b) 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 variable interest rate liabilities create exposure to fair value interest rate risk. The group mitigates interest rate risk by maintaining an appropriate mix of instruments.

(c) 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.

(d) 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 31. MATURITY ANALYSIS

The following analysis of monetary assets and liabilities as at 31 December 2009 is based on contractual terms.

31 December 2009-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	363,115	-	-	-	-	-	363,115
Trade and other receivables	-	1,591,025	-	-	-	-	1,591,025
Available-for-sale financial assets	-	-	-	-	-	604,232	604,232
Held-to maturity investments	-	3,060,018	1,666,915	400,000	100,000	-	5,226,933
Current tax assets	-	-	155,111	-	-	-	155,111
	363,115	4,651,043	1,822,026	400,000	100,000	604,232	7,940,416
Liabilities							
Trade and other payables	-	776,387	-	-	-	-	776,387
Insurance contract liabilities	-	1,349,490	1,537,001	-	-	1,257,680	4,144,171
Interest bearing borrowings	-	5,050	15,150	40,400	-	-	60,600
	-	2,130,927	1,552,151	40,400	-	1,257,680	4,981,158

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	-	1,705,241	-	-	-	-	1,705,241
Available-for-sale financial assets	-	-	-	-	-	639,192	639,192
Held-to maturity investments	-	1,917,177	1,388,671	1,926,377	200,000	-	5,432,225
	5,164	3,622,418	1,388,671	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 contract liabilities	-	1,164,796	1,161,135	-	-	972,440	3,298,371
	-	2,086,397	1,282,835	-	-	972,440	4,341,672

NOTE 32. 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.

NOTE 33. 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 34. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 30 April 2010.

a) Statement of interest (direct and indirect) of each director in the share capital of the company as at 31 December 2009.

Directors	Direct Interest (Number of Shares)	Indirect Interest (Number of Shares)
Ross Porter	-	3,502,056
Peter McPherson	8,128	332,148
Carl Philipp Thomas	-	399,484
Joeli Radio	18	-

Distribution of ordinary shareholders:

No. of Holders	Holding	Total % Holding
13269	Less than 500 shares	4.12
41	500 to 5,000 shares	0.95
7	5,001 to 10,000 shares	0.78
6	10,001 to 20,000 shares	1.25
5	20,001 to 30,000 shares	1.73
-	30,001 to 40,000 shares	-
-	40,001 to 50,000 shares	-
1	50,001 to 100,000 shares	0.80
8	100,001 to 1,000,000 shares	45.06
1	Over 1,000,000 shares	45.31
13,338	Total	100.00

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

		FijiCare Medical Centre Limited	
		2009	2008
Revenue	$	257,084	265,770
Less :			
Depreciation		(9,385)	(16,272)
Other expenses		(272,031)	(272,358)
Income tax expense		-	-
		(24,322)	(22,860)
Add loan from parent company written off/forgiven		59,802	321,552
Total comprehensive income for the year	$	35,470	298,692

c) Share Register

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