ANNUAL REPORT 2009

sasria

From the streets to the people; an enterprise reaches maturity.

The lifestages of Sasria can be counted like the rings of a tree, marking timelines of sustainable and healthy growth.

This year, from the embers of democracy and emancipation fanned by winds of change, we celebrate 30 years of existence.

In doing so we recognise the contributions of others; the people of South Africa who took their cause to the streets, the heroes turned entrepreneurs who committed investment and our stakeholders and staff who advance our business on a daily basis.

We raise a glass in celebration and bow our heads to yesterday and give thanks for the brilliant future that awaits us all.

DIRECTORS AND ADMINISTRATION

Sasria Limited
Registration number 1979/00287/06

DIRECTORS

M C Ramaphosa (Chairperson)
N V Beyers (Deputy Chairperson)
P Mabasa* (Managing)
G Matthee* (Finance)
C D Da Silva
J R K Du Preez
A F Julies
M P Lehutso-Phooko
M M T Ramano
M A Samie

** Executive directors*

ADMINISTRATION

Registered office:
47 Wierda Road West
Wierda Valley
Sandton
2196

Postal address:
PO Box 7380
Johannesburg
2000

AUDIT COMMITTEE

M A Samie (Chairperson)
J R K Du Preez
A F Julies
M P Lehutso-Phooko
M M T Ramano

HUMAN RESOURCES COMMITTEE

C D Da Silva (Chairperson)
M P Lehutso-Phooko
M C Ramaphosa

INVESTMENT COMMITTEE

M M T Ramano (Chairperson)
J R K Du Preez
A F Julies
M C Ramaphosa

COMPANY SECRETARY

M M Sallie

AUDITORS

PricewaterhouseCoopers Inc.
2 Eglin Road
Sunninghill
2157

BANKERS

Nedbank
81 Main Street
Johannesburg

FINANCIAL HIGHLIGHTS

6.8%

Our investments continued to perform satisfactorily with a 6.8% growth in investment income.

24%

Claims turnaround time has improved by 24% during the current year.

CONTENTS

FINANCIALS

CHAIRPERSON'S REPORT

for the year ended 31 March 2009

INTRODUCTION

I am pleased to report that Sasria still managed to produce the type of financial results that our stakeholders have become accustomed to. In spite of the world economy going through a recession Sasria continued to deliver exceptional results to its stakeholders. Sasria experienced premium growth of 19% for the period ended 31 March 2009. These results were further complemented by a reduction in claims incurred leading to an increase in our underwriting profit of 33%. Sasria remains the leading special risk insurer within the African continent.

"Sasria remains the leading special risk insurer within the African continent"

MARKET OVERVIEW

Recent economic data released have been uniformly negative, indicating that a deep and protracted global recession lies ahead and the recovery could be delayed well into 2010. This has also had a significant impact on the insurance industry with large insurers being severely impacted. The USA government's massive infusion of capital into their financial market in recent months, along with their fiscal stimuli and multiple rate cuts since mid-2007, has brought some relief to turbulent markets, but it will take a great deal more to arrest the global economy's downward spiral.

The South African economic downturn has also gained momentum due to the continued contraction in world growth. Manufacturing production and leading indicators of economic activity have continued to contract due to a fall in world export demand and weak domestic economic activity. In the quarter ending 31 March 2009, real disposable income declined by 4.5% quarter on quarter and household consumption spending declined by nearly 5%. The South African insurance market is feeling the effect of this through policy cancelations and a reduction in new policies written. A number of local insurers have reported results that reflect that premium targets have not been achieved. This was to be expected as evidenced by the month-on-month reduction in new car sales and the increase in vehicle repossessions. The economic downturn will no doubt lead to further reduction in spend on short term insurance. We expect that Sasria will also be negatively impacted by this trend.

The investment markets have also suffered and most companies with investments, especially financial services companies like insurers are reporting negative investment returns, with some even reporting operational losses due to the impact of their investment returns. Although Sasria has also been affected by this difficult investment environment, the impact has not been as severe and a positive investment return of 6.8% was achieved.

BOARD OF DIRECTORS

During the year Ms. Phyllis Mabasa was appointed to the Sasria Board and assumed the role of Managing Director of Sasria Limited. I take this opportunity to welcome her and to assure her of the full support of the Board and myself.

Having served on the Sasria Board for more than 8 years, Mr. Sango Ntsaluba resigned as a non-executive director on the 1st of December 2008. Mr. Ntsaluba served on the Investment and Human Resources Committees. I thank him for his dedication and contribution to the Sasria board and wish him well in his new endeavours.

30 YEAR ANNIVERSARY

This financial year, Sasria is celebrating a huge milestone of being in existence for 30 years. Reflecting on our long journey from 1979, the company has continued to adapt to changes ushered in the new South Africa. We will continue to provide covers that are relevant to South Africa and to the Continent in our chosen markets.

CHAIRPERSON'S REPORT continued

SHAREHOLDER

The government of South Africa continues to be the sole shareholder of Sasria. The shareholder is represented by the Minister of Finance, and for the year ended 31 March 2009 this was the Honourable Mr. Trevor Manuel. Subsequent to year-end and following the national elections, the Honourable Mr. Pravin Gordhan has been appointed as the new Minister of Finance. I welcome the appointment of the Minister and look forward to working with him in my role as Chairperson of Sasria.

The decision taken by the shareholder that investments managed by Sasria on its behalf be liquidated, resulted in an amount of R 2 biliion being transferred into the National Revenue Fund. The balance of the investments will be transferred within 12 months.

STRATEGY

The formation of Sasria in 1979 contributed to the sustainability of the insurance industry by covering gaps that existed at the time. It remains our role as a government backed insurer to support the insurance industry by providing cover for special risks. Our 5 year strategy seeks to position ourselves as special risk insurer that compliments government initiatives here in South Africa and across the continent.

"The formation of Sasria in 1979 contributed to the sustainability of the insurance industry by covering gaps that existed at the time"

TRANSFORMATION

Transformation remains a challenge in the insurance sector at all levels. Sasria has taken a lead and are leading from the front. Our structures at board and executive level reflect an equal gender split. At all levels from board, executive and management Sasria reports a demographic split that reflects the demographics of the wider South African population.

Sasria has also achieved a milestone with the appointment of a black woman as Managing Director.

APPRECIATION

Sasria's success over the past years has only been made possible by the outstanding commitment and dedication of all management and staff. I extend my deepest appreciation to all members of the Sasria family for their efforts and continued determination in building such a dynamic organisation.

A special thanks to Mr. Gerhardt Matthee for his valuable contribution during the period that he was the Acting Managing Director.

A word of thanks to all the clients, partners, brokers, agents and the wider insurance industry for your continued support.

I would like to express my deepest appreciation to all non-executive directors for their ready support, commitment, contributions, guidance and encouragement over the past year.

World politics has changed during the past 30 years since Sasria was born, not least with the inauguration early this year of the first black president of the United States of America, Barack Obama. Most importantly a successful election in South Africa and the inauguration of the fourth democratic president of The Republic of South Africa, the Honourable Mr. Jacob Zuma. This heralds the maturity of our democracy, and as a country we continue to celebrate the struggle for freedom which gave birth to Sasria.

M.C. Ramaphosa
Chairperson

BOARD OF DIRECTORS

Directors and administration | Sasria Limited | Registration number 1979/00287/06


A F Julies


M C Ramaphosa (Chairperson)


P Mabasa (Managing)


G Matthee (Finance)


N V Beyers (Deputy Chairperson)

Board Members Profile

Matamela Cyril Ramaphosa
Board Chairperson
B Proc (UNISA)
Year of appointment to the Board: 1998

Phyllis Mabasa
Managing Director
BSc (UCT), Post Graduate Diploma Marketing (UCT)
Year of appointment to the Board: 2008

Gerhardt Matthee
Financial Director
FCIS, CA (SA)
Year of appointment to the Board: 2004

Nichol Victor Beyers
Deputy Board Chairperson and Non-Executive Director
ACII, Advanced Management Programme (Harvard)
Year of appointment to the Board: 1998

Anthony Frank Julies
Non-Executive Director
BCom Hon (UWC),
HDE (UWC),
MA Economics (Wesleyan University, USA)
Year of appointment to the Board: 2006

Caroline Dey Da Silva
Non-Executive Director
BA
Year of appointment to the Board: 2002

Mohamed Adam Samie
Non-Executive Director
FCII, FIISA, ASRM, PGMD
Year of appointment to the Board: 2002

Mmakeaya Magoro Tryphosa Ramano
Non-Executive Director
CA (SA)
Year of appointment to the Board: 2000

Juliette Rachel Kathleen Du Preez
Non-Executive Director
CAIB (SA) Bankers Diploma,
BCom (UNISA), PMD (Harvard),
IMD (PED – Switzerland)
Year of appointment to the Board: 2006

Moleboheng Pauline Lehutso-Phooko
Non-Executive Director
BA (National university of Lesotho),
MA (University of Ghana)
Year of appointment to the Board: 2006

Sango Siviwe Ntsaluba (Resigned 31/12/2008)
Non-Executive Director
CA (SA)
Year of appointment to the Board: 2000

MANAGING DIRECTOR'S REPORT

for the year ended 31 March 2009

INTRODUCTION

"It is my pleasure to present our company's Annual Report for the year ended 31 March 2009"

This year marks 30 years of existence of Sasria Limited since its formation in 1979 following major political unrest in our country brought about by mass resistance to apartheid. Sasria was born of the events of June 16, 1976 in Soweto sparked by student's protests against using Afrikaans as a medium of instruction. The democratisation of South Africa ushered new hope as well as new challenges. Post 1994 South Africa saw less political related riots, however strikes and labour unrest have increased significantly. Being part of the global environment meant that our economy had to compete on a global basis and saw foreign investments flow into South Africa. Today our activities remain focused on strikes and labour related unrest, however we are mindful that terrorism remains a global threat and have taken this into account in our capital modelling.

The financial year 2008 — 2009 saw the completion of Sasria's three year rolling strategy set in 2006. My immediate task on joining the company was to finalise the implementation of the strategy and it is with pleasure that I report that the company has achieved its three year objectives despite the challenging environment over the last 18 months.

It is my pleasure to present our company's Annual Report for the year ended 31 March 2009. The company had an exceptional year with written premium growth of 19%. Investments also performed well considering the volatile year on the investment markets. Lower equity returns have for the most part been offset with higher yields on money market investments.

INSURANCE OPERATIONS

The economic downturn presented a challenging operational environment for the insurance industry with consumers feeling the pressure of high interest rates and fuel prices. Despite these challenges Sasria has continued to perform in line with its projections.

INVESTMENTS

Our investments performed satisfactorily with a 6.8% growth in investment income. The bulk of our investments are placed in money market investments. These investments will be kept fairly liquid in line with our operational needs.

Sasria continued to invest 10% of its assets through a black economic empowerment Investment Manager. A decision was taken after year-end to increase the allocation of funds to upcoming black managers to 20%.

RISK MANAGEMENT

Sasria Limited understands and upholds the principles of Enterprise Risk Management. We have, together with our external consultants and the Audit and Risk Committee, embarked on a process of implementing the revised risk management strategy. Our revised framework has been utilised to conduct a risk identification workshop, and to update our key risks. These risks are continuously monitored and are reported to our Audit and Risk Committee on a quarterly basis.

Our reinsurance programme is continuously reviewed to ensure that it is appropriate and to determine whether the correct levels of risks are transferred. One of the major risks identified is that of our reinsurers defaulting when called upon. Our reinsurers are therefore periodically monitored to minimise this risk. Risk management is a business imperative and is a standing item on all management and Board meeting agendas.

AGENT COMPANIES

Our Agent Companies continued to serve us well and we continue to build on our relationships with them. There were minor procedural and system changes. Dialogue is continuing to ensure that these changes occur smoothly with minimal disruption to daily interactions. We have also established industry forums to discuss Sasria cover related matters with both our Agent and Broker associations. These have been launched and promise to be of great assistance with interactions and communication.

During the year under review we conducted industry training for both our agents and brokers nationwide. Our internal auditors have again been instrumental in directing our agent training through assessment of compliance to Sasria underwriting procedures. We continue to review the training requirements and to provide relevant training as the need arises.

EXECUTIVE MANAGEMENT

We have reviewed our structure to make sure it addresses our strategy going forward. To this effect I am pleased to announce the appointment of Mr Colin Macheke as our Executive Manager Business Development and Mr. Cedric Masondo as Executive Manager Underwriting. We believe this sets us on a good path of growth, relevancy and sustainability. We will therefore continue to review our structure to be in line with our new operations.

PROCESS OPTIMISATION

We are continuously striving to improve on our service delivery to our stakeholders, and I am pleased to report that our claims turnaround time has improved by 24% during the current financial year and subsequent to year end there was a further improvement of 20%. There is still a lot of work to be done and this remains a key focus area in the year ahead.

INFORMATION TECHNOLOGY

The Insurance Amendment Law Act requires that we have risk profiles in place for our clients. In order to address this challenge, we have embarked on a Data Acquisition Project since 2003. In addition, in this financial year we have also embarked on a project to develop an agent portal aimed at getting client information in real-time. This project is expected to be completed in the next three years. This will not only ensure compliance to the Act but will provide us with improved risk data.

THE FUTURE

New Business Opportunities

Disaster relief

In recent times South Africa has experienced incidents of disaster owing to environmental changes. This has a negative impact on the municipalities affected. It is our objective to explore this area and come up with relevant solutions in conjunction with local, provincial and national government to ensure that such risks are adequately covered. Sasria will support the government in its responsibility to safeguard the welfare of its people.

2010 Risks

South Africa had the honour of hosting various events and many international conferences. These include but are not limited to International Premier League (IPL) cricket tournament, Confederations Cup and the upcoming 2010 FIFA World Cup. This has brought about numerous business opportunities specifically to the construction, tourism and hospitality industries. From an insurance point of view, a number of risks have been identified including; riots and terrorism liability. In that regard, we intend to develop product specific covers for 2010 including terrorism liability. We will therefore conduct timed assessment which will inform our strategy into our 2010 products.

Africa

Sasria is the pioneer of special risk insurance in Africa. It is our intention to extend this model to other African countries. This is in line with the South African government's unwavering commitment in the NEPAD initiative of promoting business activity amongst Africans. Given our expertise in the special risk market, we are well positioned to extend Sasria- type cover to other countries on the continent. To date, we have been a monoline insurer concentrating on special risks; hence this remains a major part of our business into the future. At the same time we believe that we can play a much bigger role at a reinsurance level. This initiative will assist in strengthening African participation in the global reinsurance market as well as diversifying our risks.

Product Enhancements

One Insured

Sasria has an annual calendar limit of R500m per One Insured. One Insured is a single Insured or a Holding Company and all its Subsidiaries (as contemplated by the Companies Act, 1973 as amended). The limitations placed by this definition of insured parties with subsidiary companies have been noted and will be reviewed to extend cover beyond the holding company.

Loss limit

Whilst most companies have grown from an asset point of view, our loss limit remained at R500 million which is not in line with existing client needs. We seek to review the limits on a year on year basis with the ultimate aim of providing comprehensive special risk cover.

Business interruption

In the event of a loss, the business interruption loss may be more than material damage. To date, Sasria has provided standing charges cover only. We intend to close this gap by extending full business interruption cover to our clients.

WORD OF THANKS

Without the contribution of various stakeholders we would not have achieved our good results. I therefore take this opportunity to thank the shareholder representative, the Honourable Minister of Finance and our colleagues at National Treasury. I would also like to thank all our board members for their guidance.

Our staff members remain the key drivers of the company's success. I would like to thank them for their patience and understanding during the implementation of changes within the organisation. Their dedication, hard work and unwavering support is appreciated and I remain indebted to them.

The success or failure of an organisation can always be attributed to its management and our success is indeed a result of exceptional and outstanding effort from the management team of Sasria and for that I thank them.

The contribution from our agent companies as well as their co-operation is recognised and highly appreciated. My sincere gratitude is also extended to all the intermediaries who sell our products to the insuring public.

CONCLUSION

Sasria's activities will ensure that the company remains sustainable and that it is geared to deal with the challenges within the special risks environment, both locally and internationally. Our strategy going forward will ensure that we remain current and relevant to the South African public whilst exploring growth opportunities beyond our borders.

P. MABASA
MANAGING DIRECTOR

EXECUTIVE MANAGEMENT

Directors and administration | Sasria Limited | Registration number 1979/00287/06

C P Macheke

G Matthee

P Mabasa

Executive Management Profile

Phyllis Mabasa
Managing Director
BSc. (UCT), Post Graduate Diploma Marketing (UCT)
Appointed: 2008

Gerhardt Matthee
Financial Director
FCIS, CA (SA)
Appointed: 1999

Collin P Macheke
Executive Business Development
BCom Marketing & Finance (Natal), Honours Investment Management (Rau), Diploma Commercial Administration (CATS - Germany)
Appointed: 2009

Cedric P Masondo
Executive Underwriting
BCom Economics and Business Economics (Durban-Westville), (FIISA)
Appointed: 2009

Nomsa G Wabanie
Executive Corporate Affairs
BJuris, LLB (Nelson Mandela Metropolitan University (previously UPE), SMDP (University of Stellenbosch)
Appointed: 2006

Thokozile C Mahlangu
Executive Business Operations
BJuris (UNISA), MDP (Wits)
Appointed: 2008

1 June

Bombs explode at Sasol 1, 2 and Natref Eight at Sasolburg, Secunda with no injuries and R58-m damage. The attack was organized by Solomon Mahlangu of the Umkhonto weSizwe Special Operations.

21 July

Six bomb explosions at sub-stations in Pretoria, Middelburg, and Ermelo disrupt power supply.

6 August

A bomb explodes in an East London shopping complex minutes before rush hour.

One person is killed and 70 injured in a bomb blast at the Southern Free State Administration Board in Bloemfontein.

18-19 December

An explosion causes massive damage at the Koeberg nuclear power station just north of Cape Town.

20 May

A car bomb explodes during the afternoon rush hour period outside the South African Air Force Head Quarters, opposite a building housing military intelligence personnel in Pretoria. (19 killed and 217 injured).

Attack against the Koeberg Nuclear Plant leaves 19 killed and 217 casualties.

16 August

Two Limpet mines destroy the second and third floors of the building housing the "South African Police HQ Soweto East" in Roodepoort. The explosion injure the District Commander, four policemen and two civilians causing R260, 000 worth of damage.

1980

1981

1982

1983

1984

1985

17 December

A limpet mine explodes at 03h00 and damages eight buses belonging to PUTCO at their Fleetline depot in Umlazi, Durban.

23 December

A bomb explodes in an Amanzimtoti shopping centre which kills five people and injures 40 others. Andrew Zondo, is later arrested for the bomb, claims that he attempted to warn the mall but failed. He was later hanged.

1986

14 June

A car bomb explodes outside the Magoo's and Why Not bars on the Durban beachfront. The bomb kills three, injures 69. Robert McBride is later sentenced to death for the bombing.

1987

30 August

A grenade is thrown at five soldiers outside barracks; estimated eight SADF members killed or injured.

1988

2 July

A car bomb, set by Harold Matshididi and Billy Agie Shoke, explodes near the gate of Ellis Park stadium in Johannesburg and two people are killed and thirty-seven injured.

1989

January

An Eskom sub-station in Glenwood, Durban is damaged by explosion, later police defuse a second bomb found nearby Purple Rain Riot (South Africa).

SUSTAINABILITY REPORT

Sasria is committed to sustainability as defined in the King report. This sustainability report details our commitment to sustainability and provides the highlights of activities undertaken by the organisation for 2008/2009 financial year.

Our Definition of Sustainability

At Sasria sustainability means addressing the following issues:

- Promoting sound corporate governance practices and ethical responsibility.
- Creating a culture of development in which opportunities for growth and development of our people are enhanced.
- Managing our risks effectively.
- Recognising that our organisation does not exist in isolation but is part of the communities and thus being a responsible and caring citizen is at the heart of our operations.
- Promoting opportunities for social and economic development in the communities in which we operate.
- Promoting the fast tracking of equity by inclusion of blacks and women at all levels of our organisation.

Sasria Sustainability Approach

The broad based nature of our business engenders upon us a commitment to put sustainability issues at the forefront. The nature of our business in itself means that we assist our clients to be sustainable in the event of occurrence of one or more of the risks that we cover.

We are committed to contributing to the sustainability of the many stakeholders within our sphere of operation. We recognise as an organisation that our success is deeply embedded in the success of the overall economy and the people of South Africa.

Our sustainability approach includes the entrenchment of a culture of responsibility in our management and staff for the responsible management of all the challenges affecting our communities such as social, economic and environmental aspects.

Sasria's internal marketing plan assists our employees to understand Sasria's contribution to sustainable development and to play a meaningful role in that regard. We have put measures in place to ensure continuous monitoring of our approach to sustainable development.

These include:

- Complying with all the relevant laws on sustainability issues and in the absence of legislation, setting baseline indicators based on best-practice.
- We conduct assessments of ourselves through broad stakeholder engagement programmes.
- Educating and involving our staff on sustainability matters to increase their awareness of sustainable development.
- Increasing appreciation for the sustainable benefits of special risk insurer amongst customers, government, industry and the general public and broader participation in the economy & communities.

VISION AND MISSION

For the next five years, Sasria Limited's overall strategy is to take advantage of market opportunities while providing relevant solutions to government initiatives in South Africa and the African continent. In this regard, shareholder value will be optimised through effective use of our two key strategic drivers – our people and capital.

The Strategic Plan of Sasria Limited for the period 2009 to 2014 is built on the following vision: "To be the leading African insurer for extraordinary risks"

Our vision and mission are supported by the following principles:

- To provide quality customer service;
- To develop the skills and capacity of our employees;
- To maintain the current strategic partnerships, and establish new ones;
- To provide innovative and relevant products; and
- To optimise shareholder value.

OUR CORE VALUES

The following values, underpin Sasria Limited's pursuit of its stated vision and mission:

Professionalism - we will treat our stakeholders, being customers, employees and shareholders with respect and dedication while remaining accountable to them.

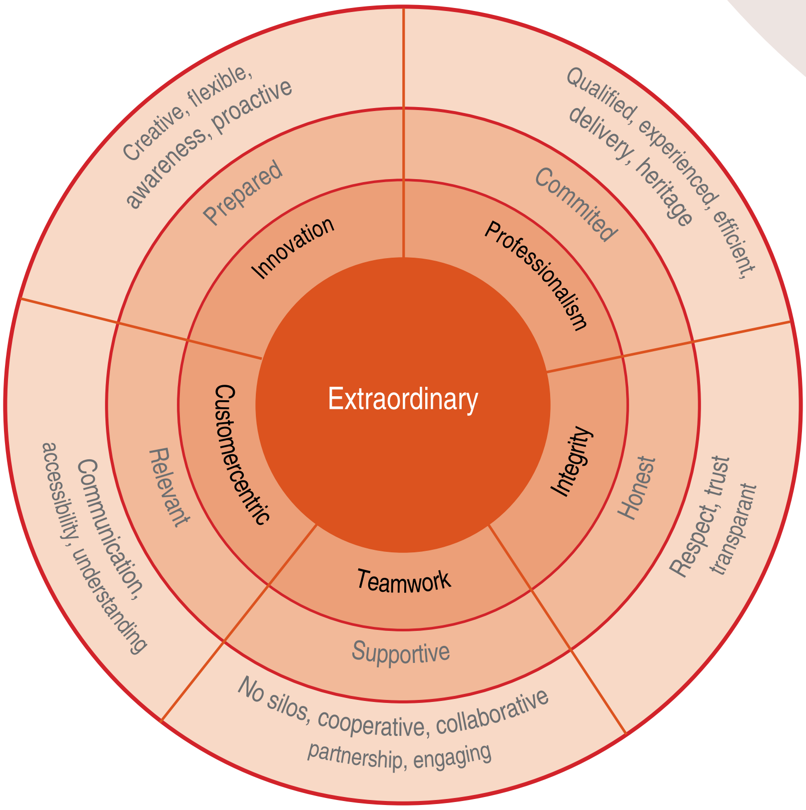
Integrity - we will conduct ourselves in a manner that is fair, transparent and ethical, and uphold high levels of equality and trust.

Teamwork - in the performance of our tasks we will be guided by the ideals of unity of purpose, cooperation and mutual respect.

Innovation - we will create opportunities for creativity and learning, and encourage same amongst our employees.

Our Vision statement **"To be the leading African insurer for extraordinary risks"** is underpinned by our commitment to sustainable development in the communities in which we operate.

OUR BRAND



Our commitment to sustainability is embedded in our brand. Our brand essence, the core of our brand is “Extraordinary”, We cover the Extraordinary.

Our values include Innovation, Professionalism, Integrity and Teamwork.

We are committed to be supportive and relevant to our stakeholders. Our innovative approach enables us to come up with new ways of covering the extraordinary. Integrity and honesty is central to what we do.

We express our values as follows:

I Teamwork means being supportive, engaging and partnership.
II Integrity means being honest and transparent.
III Professionalism is expressed as being committed and is at the centre of what we do.
IV Innovation to us means being creative and allowing our people to explore new avenues.
V Customer Centric means being relevant and accessible to our customers.

As a special risk insurer, we provide protection to South African Government and its citizens in an ever changing political, economic and social landscape. As per our strategic plan we will extend that protection to other countries on the African continent.

Sasria is reinventing itself to address gaps in the insurance industry. We see it as our responsibility to offer stability and enable the country to emerge strong from the occurrence of the events we cover. This we believe is key to sustainability as it makes sure that in the event of the unexpected happening, the hard work and gains made by communities we serve, are not reversed.

The code of corporate practices and conduct, as published by the King Committee in its report on corporate governance, contains recommendations as to the best practice for the control and reporting functions of the board of directors.

The directors of Sasria are committed to the highest standards of corporate governance as embodied in the King Report on Corporate Governance and the Public Finance Management Act(PFMA), 1999, as amended. The Board is committed to ensuring that the principles of the code of corporate practices and conduct are practiced and adhered to in an ethical and transparent manner.

It is the opinion of the board of directors of Sasria that the company upholds the principles of King II and complies with the requirements of the PFMA and the Companies Act 61 of 1973, as amended.

CORPORATE GOVERNANCE

The board is the accounting authority in terms of the PFMA. The board meets every quarter to review the operational performance of the company and to consider such topics as strategic issues, business plans, policies and the approval of major contracts and commitments.

As recommended by the code the roles of Chairperson and Managing Director are separate. The board consists of eight non-executive directors and two executive directors. Directors are appointed for a third term by the Minister of Finance and re-appointment is not automatic. The board has approved a board charter that provides guidance to the directors and also provides for board performance evaluation.

All directors have access to the advice of the company secretary, who is responsible to the board for ensuring that all board procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the company at the company's expense. During the year ended 31 March 2009 four board meetings were held and the attendance was as follows:

Director	12/08/2008	09/12/2008	27/02/2009	30/03/2009
M C Ramaphosa (Chairperson)	Apology	Present	Present	Present
N V Beyers (Deputy chairperson)	Present	Present	Apology	Present
P Mabasa* (appointed 1 December 2008)	----------	Present	Present	Present
G Matthee*	Present	Present	Present	Present
C D Da Silva	Present	Present	Present	Present
J R K Du Preez	Present	Present	Present	Present
A F Julies	Present	Present	Present	Present
M P Lehutso-Phooko	Present	Present	Present	Present
S S Ntsaluba (resigned 31 December 2008)	Present	Present	----------	----------
M M T Ramano	Present	Apology	Present	Present
M A Samie	Present	Apology	Present	Present

** Executive directors*

The board has established four committees which meet regularly and function in accordance with the terms of reference set by the board. Whilst committees perform delegated responsibilities on behalf of the board, the ultimate accountability remains with the board. The board committees are:
- Human resources committee
- Audit and risk committee
- Investment committee
- Technical committee

Human resources committee

The company's human resources committee is composed of three non-executive directors who report to the board. This committee is responsible for determining directors and executive's remuneration and approving general increases for the company's staff as well as reviewing the benefits available to staff such as medical aid and pension schemes. The committee is also responsible for reviewing the company's employment equity plan and policies.

The committee is chaired by Ms. C D Da Silva and has met twice during the year as follows:

Name of member	05/11/2008	16/03/2009
C D Da Silva (Chairperson)	Present	Present
M P Lehutso-Phooko	Present	Present
S S Ntsaluba (resigned 31 December 2008)	Present	----------
M C Ramaphosa	Present	Present

Audit and risk committee

The Sasria audit and risk committee is composed of four non-executive directors who report to the board. The committee is responsible for ensuring that management creates and maintains an environment of effective corporate control and for the optimal functioning of the financial and operational control systems implemented.

The role of the audit and risk committee is to review the company's financial position and make recommendations to the board on all financial matters including assessing the integrity and effectiveness of accounting, financial, compliance and other control systems. The committee has five members and is chaired by Mr. M A Samie. During the year, three meetings were held as follows:

Name of member	29/7/2008	20/10/2008	11/3/2009
M A Samie (Chairperson)	Present	Present	Present
J R K Du Preez	Present	Present	Present
A F Julies	Present	Present	Apology
M P Lehutso-Phooko	Present	Present	Present
M M T Ramano	Present	Apology	Present

The committee also ensures effective communication between the internal auditors, external auditors and the Board. Its terms of reference include reviewing audit plans, assessing work done to ensure independence and receiving audit findings for both internal and external audit. It also includes reviewing the company's accounting policies and considering of the adequacy of disclosures in published documentation. It reviews the effectiveness of financial management and of the compliance plan. It monitors ethical conduct and makes recommendation of any potential conflicts of interest.

The audit and risk committee has complied with its terms of reference in the year under review.

The board has ultimate responsibility for risk management, the main purpose of which is to provide independent and objective oversight of risk management within the company. It achieves this by reviewing and assessing the integrity of risk control systems, and ensuring that risk policies and strategies are effectively managed and contribute to a climate of discipline and control that will reduce the opportunity for fraud. Meetings are held quarterly with the managing director, financial management, the external auditors and the internal auditors. The external and internal auditors have unrestricted access to the audit and risk committee.

Investment Committee

The investment committee is composed of four non-executive directors who report to the board. The committee is responsible for ensuring that the nominated portfolio managers perform adequately and continue to produce good returns on the investments under their control for the company. The committee meets on a bi-annual basis to review and evaluate the returns achieved on the portfolios and approve future strategies.

The committee is chaired by Ms. M M Ramano and there were three meetings held during the year.

Name of member	25/06/2008	16/10/2008	17/3/2009
M M T Ramano(Chairperson)	Present	Present	Present
J R K Du Preez	Apology	Present	Present
A F Julies	Present	Present	Present
S S Ntsaluba (resigned 31 December 2008)	Apology	Apology	----------
M C Ramaphosa	Present	Present	Present

Technical Committee

The technical committee is composed of three non-executive directors who report to the board. The committee is responsible for assisting the board in the fulfilment of its responsibilities with regards to insurance risks. The committee meets at least once per year to consider technical issues raised, including the review of new products, the capital adequacy of the company and to consider complex claims. The committee is chaired by Mr. N V Beyers and there was one meeting held during the year.

Name of member	23/09/2008
N V Beyers (Chairperson)	Present
M A Samie	Present
C D Da Silva	Apology

Internal Control Systems

The company maintains accounting and administrative controls commensurate with the status of operations and having due regard to the costs versus the benefits of having a comprehensive system of accounting and administrative controls. Employees are required to act with integrity in all transactions. The internal auditors independently appraise the company's internal controls and report their findings to the audit committee.

Internal Audit

The internal audit function is performed by Sasria's in-house internal audit department. The audit and risk committee provides terms of reference for the internal audit investigations.

Risk Management

Sasria is committed to managing its risks and opportunities in the interests of all stakeholders. The Company's risk management philosophy is underpinned by an ongoing systematic, multi-tiered and enterprise-wide risk management process which is pervasive throughout the company. Our board recognises the events that brought about the economic downturn and thus its risk approach takes into account scenario modelling to prepare the organisation for extraordinary events.

The principles of our risk management are underpinned by a risk model which covers the following;

- Infrastructure
- Processes
- Integration
- Culture

The dynamic and ever-changing nature of risks forces us to consider internal and external risks on an ongoing basis. Emerging risks are carefully considered and their impact to the organisation analysed.

Employment Equity

The company is committed to providing equal opportunities for all employees regardless of their ethnic origin or gender. In compliance with the Employment Equity Act, an employment equity plan and strategy is in place to ensure that employee profiles will be more representative of the demographics of the environment in which the company operates. The employment equity plan and related strategies and policies, are reviewed by the human resources committee and board of directors.
Sasria continues to comply with the respective King reports.

SUSTAINABLE BUSINESS MANAGEMENT

"The focus within the current financial year is to put the foundations in place"

To Sasria, responsible sustainable business development, ultimately translate into business growth in terms of growing our product base, increasing market penetration of existing products, customer retention, enhancing existing products, delivering products through new channels and entering into new markets.

Strategic Pillars

Sasria's Strategy for the next few years is focused on ensuring that Sasria is sustainable beyond the current operational environment. The following strategic pillars apply;

- Optimising shareholder value by providing relevant products and covers
- Maximising brand and product awareness
- Optimising customer value through alignment of processes
- Developing human capital and focusing on knowledge retention;

The focus within the current financial year is to put the foundations in place. This includes putting the required infrastructure in place thus ensuring that systems are able to cope with the requirements of the new initiatives.

What we undertake to do to achieve the Objectives

The strategic direction we have chosen for the next year revolves around consolidating the company's current position of leadership while exploring new territory. When considering these options, Sasria has determined a strategy based on the

following three main objectives and several value-based initiatives as listed below:

- Establishment of a Broader Customer Base
- Integration and Alignment of Processes
- Investment in Human Capital Development

STAKEHOLDER ENGAGEMENT

We engage with a wide range of stakeholders with varying interests. Our stakeholders are defined as individuals or groups with common interests, who may be affected by or have impact on our business objectives.

With the current emphasis on growth, which will substantially expand the geographic spread of our operations, Sasria does not yet have a standard stakeholder engagement policy. To date, key sustainability issues of our business as identified through stakeholder engagement, are summarised below;

- Relevancy to our stakeholders
- Claims process optimisation
- Client service
- Low brand awareness

Sasria will therefore continue to identify ways to improve and promote effective stakeholder communication.

"Sasria will therefore continue to identify ways to improve and promote effective stakeholder communication"

Our stakeholder management plan seeks to build strong, long-term, relationship oriented approach with all our key stakeholders. Our stakeholders comprises of the following:

- Government
- Agent companies - Short-term insurance companies
- Brokers
- Reinsurers
- Loss adjusters/ assessors
- Employees
- Suppliers
- Customers
- Community groups
- Media
- Business partners including various business associations

Agent Companies and Brokers

Our business works through a network of intermediaries who distribute our products. In order to improve the agents knowledge of our business, we undertake regular training across the country. This has resulted in better knowledge of our business especially our underwriting and claims handling guidelines.

CORPORATE SOCIAL INVESTMENT (CSI)

Investing in the development of skills, knowledge and competencies among underprivileged South Africans has become our key corporate social investment priority. In the same vein, we have doubled our spending on Corporate and Social Investment (CSI) projects to two percent of after-tax profits annually.

Among our key strategic CSI projects is the South African Actuaries Development Programme (SAADP). We established the SAADP programme with the primary aim of unearthing and harnessing mathematical and analytical skills amongst black students in order to expose and help them to capitalise on career opportunities in the field of Actuarial Science. The programme is geared towards creating greater awareness, understanding and appreciation of Actuarial Science as a field of study. Senior SAADP students act as mentors and provide academic and social support to junior students. The Student Mentorship Programme seeks to establish a cohesive SAADP student group which encourages members to be mutually supportive of each other.

SAADP has been around for more than seven years and has produced 39 graduates so far, including two fully qualified actuaries one of which now holds a position at Sasria. To date an amount of R23 million has been utilised for the development of black actuaries. This year alone Sasria has donated R3.8 million to the SAADP. We have contributed not only financially but also in terms of executive time who sit on various committees of this initiative to ensure its success.

Nokwanda Mkhize, executive director for the SAADP says, “As the founding sponsor of the SAADP, Sasria is committed to ensuring that the future of young black South Africans is secured by providing the youth access to tertiary education. Without their initial investment and continued support, we would never have existed.”

Future CSI Projects

Our strategic plan on Corporate Social Investment does not only include assisting the SAADP. During the next five years, we will continuously explore CSI initiatives in the field of Maths and Science education at more basic level.

By doing this, we will be one of the main contributors in the development of the country from the ground level up. Our strategic goals have been redesigned to ensure that we move beyond pure philanthropic donations to deliver quality assistance to those who need it most. Above all, our investment strategies are based on the results of extensive research and consultation with our stakeholders, in particular government and civil societies. We will actively pursue investments which have strong potential to create long-term value for the beneficiaries.

24 March

12 people, including a police officer and two children, are killed when police opened fire on a crowd of African National Congress supporters when they attacked the police in Daveyton, Gauteng.

1990

Violent riots occur in Natal as last Apartheid laws are removed by Parliament.

1991

4 August

Millions of people joined one of the largest protest strikes in South African history on Monday, shutting down factories and stores nationwide and turning some urban centers into ghost towns in an attempt to pressure the white government to end violence and relinquish power.

1992

15 April

Millions mourned black leader Chris Hani with one of the largest general strikes in South African history. But marches countrywide were marred by looting and killings.

1993

9 March

Three people are killed and about 40 injured when police opened fire on demonstrators in Mmabatho, Bophuthatswana.

1994

5 August

Platinum prices soared yesterday as a strike at a large refinery in South Africa heightened worries about supply.

25 August

A pipe bomb explodes at Cape Town's Victoria & Alfred Waterfront's Planet Hollywood restaurant seriously injuring 26 people of which two later died in hospital.

1995

1996

1997

1998

1999

FINANCIAL DIRECTOR'S REPORT

for the year ended 31 March 2009

INTRODUCTION

The company's annual financial statements for the year ended 31 March 2009 do not reflect the full effects of the difficult trading environment that most insurance companies find themselves in. The premium income of the company continued to grow even in the absence of rate increases. The full effect of the recession is likely to have a much greater impact in the following financial year.

Investments performed worse than the previous year, but the company was able to take advantage of the good interest rates on offer. With the large reduction in interest rates after year end the company's asset allocation needs to be reviewed to ensure that it remains relevant in the changed investment environment.

BASIS OF REPORTING

The financial statements for the year ended 31 March 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee that were effective as at 31 March 2009.

There have been no changes to the accounting policies during the period. The financial statements provide comprehensive information regarding the assets, liabilities, income and expenditure of the company. In addition, detailed background is provided regarding the recognition and measurement of insurance contract as well as insurance and financial risks.

FINANCIAL RESULTS

The company has achieved a 19% increase on the profit before tax despite the negative returns from the listed and unlisted equities during the current year. Both the realised and unrealised losses have been accounted for through the income statement in terms of IAS 39.

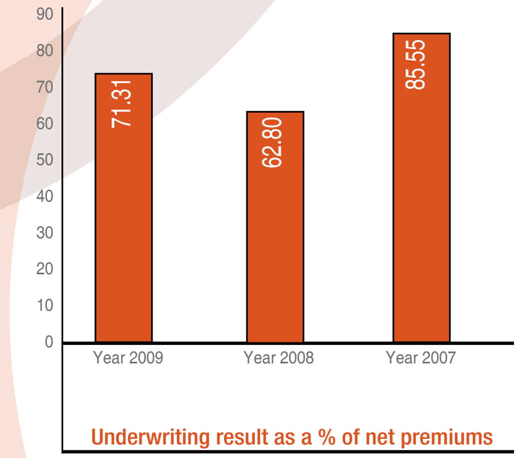
The increase in the net results was largely driven by increases in the net insurance premiums and investment income.

Details	2009 R'000	2009 % change	2008 R'000	2008 % change
Income Statement				
Net insurance premium	390 041	14.2	341 396	50.83
Investment income	222 318	26.00	176 490	(17.05)
Underwriting profit	278 154	29.75	214 380	10.71
Profit before tax	483 000	19.4	404 519	1.06
Balance sheet				
Total assets	3 187 014	13.10	2 817 885	17.25
Total equity	2 691 122	15.06	2 338 903	14.11
Total liabilities	495 892	3.53	478 982	35.46
Key ratios (%)				
Management expense ratio	10.8	3.2	7.6	(3.1)
Operating ratio	53.2	(12.2)	65.4	12.6

UNDERWRITING RESULTS

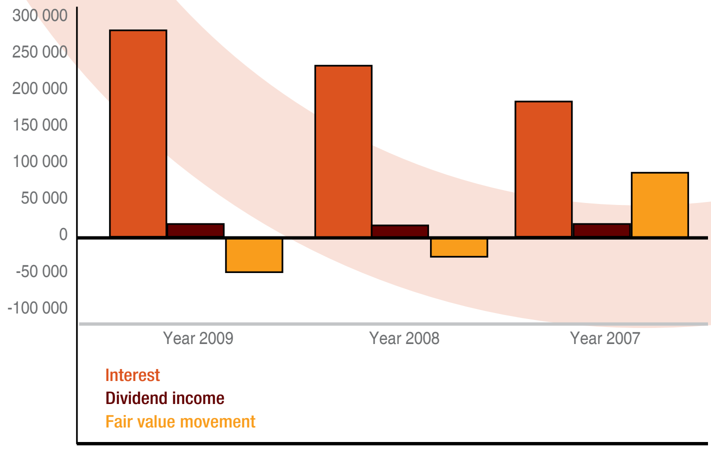
The underwriting profit fluctuated over the past three years due to the volatility of the claims. During the current year the underwriting profit increased by 33% compared to the previous year. The main driver of the increase was the property class of business that recorded less claims than the previous year.

Below is an analysis of the underwriting result as a percentage of net premiums over the past 3 years.



INVESTMENT INCOME

The increase in investment income of the company of 6.4% is mainly attributable to the company being able to capitalise on the high interest rate environment. Investment income consists of interest, dividends and realised and unrealised investment gains and losses, with the various contributions of each shown below.



CAPITAL POSITION

As at 31 March 2009 the company's solvency margin (the ratio of net assets to net premiums) was adequate to comply with all requirements. The capital requirements of the company are continuously monitored to ensure that it is appropriate. An actuarial determination of the capital required that was conducted during the year will lead to some restructuring, but the company remains adequately capitalised.

The requirements of the Financial Services Board as it relates to capital required will be complied with, and all developments as far as Financial Condition Reporting are being monitored although implementation is only likely to be finalised after 2011.

G. MATTHEE
FINANCIAL DIRECTOR

REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the year ended 31 March 2009.

Audit and Risk Committee members

The Audit and Risk Committee consists of four non-executive members and meets at least three times per annum as per its approved terms of reference. During the year under review, three meetings were held.

Audit and Risk Committee responsibility

We believe that we have complied with our responsibilities as detailed in section 51 of the Public Finance and Management Act, 1999 and Treasury Regulation 27.1.7. and 27.1.10 and have adopted appropriate formal terms of reference and these are detailed in the Audit and Risk Committee charter. The committee has regulated its affairs in compliance with the charter and has discharged all its responsibilities as contained therein.

Risk management

The Audit and Risk Committee has embarked on a process of implementing a revised risk management strategy. To date we have revised the terms of reference and produced a new policy framework. The committee considers key organisational risks at each of its meetings. These important drivers of our risk management process have been endorsed by our board.
The effectiveness of internal control

Based on the various reports of the internal auditors and the report of the independent auditors on the annual financial statements, the Audit and Risk Committee is of the opinion that no significant or material non-compliance with prescribed policies and procedures occurred.

The quality of monthly and quarterly reports submitted in terms of the Act

The Audit and Risk Committee is satisfied with the content and quality of the reports prepared by Management.

Evaluation of financial statements

The Audit and Risk Committee has reviewed and discussed the audited annual financial statements to be included in the annual report with the external auditors and the Financial Director.

The Audit and Risk Committee concurs and accepts the opinion of the external auditors on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the independent auditors.

M A Samie
Chairperson of the Audit and Risk Committee
12 August 2009

DIRECTORS' RESPONSIBILITY AND APPROVAL OF ANNUAL FINANCIAL STATEMENTS

It is the directors' responsibility to ensure that the financial statements fairly present the state of affairs of the company. The external auditors are responsible for independently reviewing and reporting on the financial statements.

The financial statements set out in this report have been prepared by management in accordance with the provisions of the Companies Act and the Short-term Insurance Act and comply with International Financial Reporting Standards. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgments and estimates.

The company's internal controls and systems are designed to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets. Such controls are based on established written policies and procedures which are monitored through the company and all employees are required to maintain the highest ethical standards in ensuring that the company's business practices are conducted in a manner which in all reasonable circumstances is above reproach.

Our Audit Committee was reconstituted and is now responsible for both audit and risk management. The terms of reference have been expanded and have been agreed to by the board. With the importance that Sasria attaches to enterprise risk management, this change is most welcome.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, systems and procedures has occurred during the year under review.

The company annual financial statements which are set out on pages 34 to 75 were, in accordance with their responsibilities, approved by the directors and are signed on their behalf by:

M C Ramaphosa
Chairperson

P Mabasa
Managing Director

COMPANY SECRETARY CERTIFICATE

MM Sallie

In my capacity as company secretary, I hereby confirm, in terms of the Companies Act, 1973, that for the year ended 31 March 2009, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

M M Sallie
Company secretary
12 August 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDER OF SASRIA LIMITED

We have audited the annual financial statements of Sasria Limited, which comprise the balance sheet as at 31 March 2009, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 34 to 75.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

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 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sasria Limited as at 31 March 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: G Mtetwa
Registered Auditor
Johannesburg
12 August 2009

DIRECTORS' REPORT

To the shareholder,
The directors present their report for the year ended 31 March 2009.

Nature of business

The company's main object is the granting of insurance cover against loss or damage caused by an insured peril as defined in terms of the Reinsurance of Damage and Losses Act No. 56 of 1989 (as amended).

Investments

Sasria's investments continued to be managed by six outsourced investment managers. During the year under review a decision was taken to increase Sasria's assets allocated to investments in line with its social responsibility policy from 5% to 10%. At balance sheet date the total investments in line with this policy equalled 8.8% of the total assets. Given the risk profile of Sasria, the majority of the investments are in liquid instruments

Procurement process

Our procurement process is guided by the provisions of the Financial Sector Charter. The company's Transformation committee is actively involved in the tender process undertaken to appoint service providers.

Special resolutions

No special resolutions were taken during the course of the 12 month period being reported on.

Dividend

No dividends were declared or paid during the period.

Significant claims activities

There was an increase in the number and amount of claims arising from riots. There was also a significant increase in the number of large losses.

The breakdown of all claims paid during the year under review and for the comparative year was as follows:

	Year ended 31 March 2009	Year ended 31 March 2008
- Political Riot	5.69%	17.48%
- Non Political Riot	80.47%	33.57%
- Labour disturbance	4.26%	2.28%
- Strike	9.57%	46.67%
	100.00%	100.00%

Post year-end developments

There have been significant claims reported after year-end. These claims relate mostly to the taxi violence following unhappiness with the implementation of the Bus Rapid Transport system. There are also ongoing labour strikes as well as service delivery strikes. Claims incurred normally take at least two months before they are reported to Sasria, and it is therefore not known to what extent damage has been caused by these events. Sasria does cater for claims that are reported late through its IBNR and Contingency Reserves.

Subsequent to year end, the company has closely monitored the performance of its equity investments taking into consideration the fact that the markets have been under pressure. The impact as at the end of March 2009 has largely been reversed and the markets are continuing to show signs of recovery.

Going concern

The directors test the going concern basis at year end and have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Executive management

N G Wabanie (Corporate Services)
T C Mahlangu (Business Operations)
C P Macheke (Business Development)
C M Masondo (Underwriting)

Company secretary

M M Sallie

Registered office

PO Box 7380
Johannesburg
2000

Business address

47 Wierda Road West
Wierda Valley
Sandton

Compliance with the Public Finance Management Act, 1999, as amended

The directors are of the opinion that Sasria Limited complies in all material respects with the provisions of the Public Finance Management Act, 1999, as amended. A materiality framework is in place to report on material losses caused by criminal conduct, irregular, fruitless and wasteful expenditure as required by the Act.

BALANCE SHEET as at 31 March 2009

	Note	March 2009 R'000	March 2008 R'000
Assets			
Property, plant and equipment	6	35 917	31 266
Intangible assets including intangible insurance assets	7	34 635	33 113
Investment in associate	8	140 520	72 800
Financial assets			
• at fair value through profit or loss	9	921 141	696 166
• loans and receivables	9	45 591	1 220
Reinsurance contracts	11	105 246	98 750
Insurance receivables	10	111 879	101 047
Cash and cash equivalents	12	1 792 085	1 783 523
Total assets		3 187 014	2 817 885
Equity			
Share capital	13	-	-
Statutory contingency reserve		48 818	38 676
Retained earnings		2 642 304	2 300 227
Total equity		2 691 122	2 338 903
Liabilities			
Deferred revenue	15	18 808	16 500
Deferred income tax	16	2 779	26 317
Insurance contracts	11	338 654	321 801
Current tax liability		33 423	26 985
Trade and other payables	14	102 228	87 379
Total liabilities		495 892	478 982
Total equity and liabilities		3 187 014	2 817 885

The notes on pages 40 to 75 are an integral part of these financial statements.

INCOME STATEMENT for the year ended 31 March 2009

	Note	March 2009 R'000	March 2008 R'000
Gross insurance premium written	17	661 288	555 997
Insurance premiums ceded to reinsurers	17	(271 247)	(214 601)
Net insurance premium revenue		390 041	341 396
Change in gross unearned premium provision		(19 978)	(10 310)
Change in reinsurers' share of unearned premium provision		5 993	(10 162)
Net insurance premiums earned	17	376 056	320 924
Commission earned from reinsurers		109 441	116 916
Investment income	18	222 318	177 428
Other income		1 752	-
Net income		709 567	637 768
Gross insurance claims and loss adjustment expenses	19	(58 326)	(119 020)
Claims and loss adjustment expenses recovered from reinsurers	19	18 944	29 079
Net insurance claims		(39 382)	(89 941)
Expenses for the acquisition of insurance contracts	20	(127 282)	(108 971)
Expenses for marketing and administration	21	(49 307)	(34 337)
Total expenses		(176 589)	(143 308)
Results of operating activities		493 597	382 019
Share of profit/(loss) of associate	8	(10 597)	22 500
Profit before tax		483 000	404 519
Income tax expense	23	(130 781)	(115 345)
Profit for the year attributable to ordinary shareholder		352 219	289 174

The notes on pages 40 to 75 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2009

	Note	Share Capital R'000	Statutory contingency reserve R'000	Retained earnings R'000	Total R'000
As at 31 March 2007		-	24 316	2 025 413	2 049 729
Profit for the year		-	-	289 174	289 174
Transfer to contingency reserve		-	14 360	(14 360)	-
As at 31 March 2008		-	38 676	2 300 227	2 338 903
Profit for the year		-	-	352 219	352 219
Transfer to contingency reserve		-	10 142	(10 142)	-
As at 31 March 2009		-	48 818	2 642 304	2 691 122

The notes on pages 40 to 75 are an integral part of these financial statements.

CASH FLOW STATEMENT for the year ended 31 March 2009

	Note	March 2009 R'000	March 2008 R'000
Cash generated from operations	26	277 552	318 614
Dividends received	18	18 815	8 219
Interest received		218 275	191 709
Income tax paid		(147 879)	(125 385)
Net cash from operating activities		366 763	393 157
Cash flows from investing activities			
Purchases of property, plant and equipment	6	(6 417)	(31 162)
Purchases relating to intangible assets	7	(697)	(6 870)
Purchase of investments		(351 087)	(123 731)
Net cash used in investing activities		(358 201)	(161 763)
Net increase in cash and cash equivalents		8 562	231 394
Cash and cash equivalents at beginning of year		1 783 523	1 552 129
Cash and cash equivalents at end of year	12	1 792 085	1 783 523

The notes on pages 40 to 75 are an integral part of these financial statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 General information

Sasria is a limited liability company incorporated and domiciled in South Africa. The company underwrites short-term insurance risks and employs 35 people. These risks include loss of or damage to property, directly related to or caused by:

(i) any act (whether on behalf of any organisation, body or person, or group of persons) calculated or directed to overthrow or influence any State or government, or any provincial, local or tribal authority with force, or by means of fear, terrorism or violence;

(ii) any act which is calculated or directed to bring about loss or damage in order to further any political aim, objective or cause, or to bring about any social or economic change, or in protest against any State or government, or any provincial, local or tribal authority, or for the purpose of inspiring fear in the public, or any section thereof; or

(iii) any riot, strike or public disorder, or ;any act or activity which is calculated or directed to bring about a riot, strike or public disorder;

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of presentation

The Company's financial statements were prepared in accordance with IFRS, interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective at the reporting date of 31 March 2009. The following is a summary of the more important changes.

(a) International Financial Reporting Standards, amendments to standards and new interpretations adopted during 2009:

Amendment to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosure – Reclassification of Financial Assets (effective 1 July 2008). The amendment introduces the possibility of reclassifications for certain financial assets previously classified as 'held for trading' or 'available for sale' to another category under limited circumstances.

(b) International Financial Reporting Standards issued but not effective, which have not been adopted by the Company:

IAS 23 Borrowing Costs – Revised (effective 1 January 2009). The revised statement removes the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations (effective 1 January 2009). The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

IFRS 8 Operating segments (effective 1 January 2009). IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments.

IAS 1 Presentation of Financial Statements – Revised (effective 1 January 2009). Information in financial statements is to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. These changes are not mandatory and have not been adopted.

IFRIC 13 Customer Loyalty Programmes (effective 1 July 2008). IFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example loyalty points or free products), the arrangement is a multi-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is relevant to the Company because the Company earns 'American Express' points on credit card purchases. It is not expected to have a material effect on the Company's financial statements.

The Company has assessed the significance of these new standards, amendments and interpretations and concluded that they will have no material financial impact on the financial statements.

2.2 Property, plant and equipment

Property, plant and equipment are reflected at cost less accumulated depreciation and impairment charges.

Depreciation is provided on a straight-line basis to allocate their cost to their residual values over their estimated useful lives. Computer equipment and computer software are depreciated over three years, motor vehicles and office equipment over five years and furniture over ten years. Building is depreciated over 20 years.

Land is not depreciated.

Property and equipment are tested for impairment at each balance sheet date and if there is any objective evidence that the asset is impaired , the asset is written down to the recoverable amount. The residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

Gains and losses on disposals, which are included in operating profit, are determined by comparing the proceeds with the carrying amounts.

2.3 Intangible assets

(a) *Computer software*

Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include an appropriate portion of relevant overheads. Computer software licence costs are capitalised on the basis of costs incurred to acquire and bring to use the specific software.

Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives, not exceeding a period of three years.

All other costs associated with maintaining computer software programmes are recognised as expenses when incurred.

(b) *Deferred acquisition costs*

The costs of acquiring new and renewal insurance business that are primarily related to the production of that business are deferred and recognised as an intangible asset when they can be identified and measured reliably and it is probable that they will be recovered. The costs are subsequently amortised to the income statement as the premium income is earned. The company assesses the asset for impairment annually and if there is objective evidence that the asset is impaired, the carrying amount is reduced to a recoverable amount and an impairment loss is recognised in the income statement. Similarly, any reinsurance commissions received are deferred and recognised as income over the term of the reinsurance contract.

2.4 Financial Assets

2.4.1 Classification

The company classifies its investments into the following categories: financial assets held at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

(a) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit and loss at inception.

A financial asset is classified as a trading instrument if acquired principally for the purpose of selling in the short term if it forms part of the portfolio of financial assets in which there is evidence of profit taking, or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

Financial assets designated as at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the company's key management personnel.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term or that it has designated as held at fair value through profit and loss.

2.4.2 Recognition and derecognition

Purchases of investments are recognised on the trade date, which is the date of commitment to purchase the asset. Investments are derecognised when contractual rights to receive cash flows from the assets expire, or where the assets, together with all the risks and rewards of ownership, have been transferred.

2.4.3 Measurement

Financial assets at fair value through profit or loss

Investments are initially measured at the fair value. Transaction costs are expensed in the income statement.

After initial recognition, the company measures the investments as at fair value through profit and loss with changes in the fair values recognised directly in the income statement as gains and losses. The fair value of quoted investments is their quoted bid prices at the balance sheet date.

For unquoted investments, the company establishes fair values using valuation techniques. These include the use of arms length market transactions, references to another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Loans and receivables

Loans and receivables are recognised initially at fair value plus transaction costs that are directly attributable to their acquisition and subsequently measured at amortised cost using the effective interest method less provision for impairment.

2.4.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise and settle the asset and liability simultaneously.

2.5 Impairment of assets

The carrying amounts of all the company's assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the carrying value is reduced to the estimated recoverable amount by means of a charge to income statement.

(a) *Receivables including insurance related receivables*

Receivables including insurance related receivables are impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Objective evidence that receivables including insurance related receivables are impaired includes observable data that comes to the attention of the company about the following events:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in payments;

(iii) it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;

(iv) the disappearance of an active market for the financial asset because of financial difficulties;

(v) observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual assets in the group, including:

- adverse changes in the payment status of issuers or debtors in the group,
- national or local economic conditions that correlate with defaults on the assets in the group.

The company first assesses whether objective evidence of impairment exists individually for assets that are individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of assets with similar credit risk characteristics and collectively assesses them for impairment.

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on loans and receivables the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised through profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the issuer's ability to pay all amounts due under the contractual terms of the debt instrument being evaluated.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed. The amount of the reversal is recognised through profit or loss.

(b) *Impairment of other non-financial assets*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

In the case of non-financial assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. The reversal is taken through profit or loss.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand and deposits held at call with banks. Cash equivalents comprise of highly liquid investments that are convertible to cash with insignificant risk of changes in value and with original maturities of less than three months.

2.7 Share capital

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

2.8 Recognition and measurement of insurance contracts

The insurance contracts that the company underwrites are classified and described in note 1. The company defines an insurance contract as a contract that transfers significant insurance risk from the insured to the company and effectively entitles the insured to the benefits associated with the contract.

Premiums

Written premiums comprise the premiums on contracts entered into during the year, irrespective of whether they relate in whole or in part to a later accounting period and are disclosed gross of commission payable to intermediaries. Premiums written include adjustments to premiums written in prior accounting periods.

Premiums are earned from the date the risk attaches, over the indemnity period, based on the pattern of the risk underwritten. The unearned premium liability represents the proportion of premiums written in the current year which relate to risks that have not expired by the end of the financial year. As the majority of the underwriting risks are incurred uniformly over the term of the contract the unearned premium liability is calculated on the straight line basis.

Outward reinsurance premiums are recognised as an expense in accordance with the risk pattern of cover ceded.

Claims incurred

Claims incurred consist of claims and claims handling expenses paid during the financial year together with the movement in the provision for outstanding claims. Outstanding claims includes a provision for claims arising from insured events that occurred before the close of the accounting period, but which had not been reported to the company by that date.

The provision for outstanding claims comprises of the company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the balance sheet date and related external claims handling expenses. In addition a liability is held for claims incurred but not reported (IBNR) at the balance sheet date. Related anticipated reinsurance recoveries are disclosed separately as assets.

The IBNR calculation is based on statistical analysis of historic experience over a 5 year period taking into account any unusual claims activity in the current year. Based on the results of this analysis, the liability is calculated by using an appropriate percentage of net written premiums.

The ultimate liability may vary depending on the subsequent information pertaining to events up to the balance sheet date, resulting in some adjustment to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made, and disclosed separately. The methods used to estimate these provisions are reviewed annually.

Liabilities and related assets under liability adequacy test

At each balance sheet date, liability adequacy tests are required to ensure the adequacy of the insurance contract liabilities. Provision is made for unexpired risks where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds the unearned premiums provision in relation to such policies after the deduction of any deferred acquisition costs.

The provision for unexpired risks is calculated separately by reference to classes of business that are managed together, after taking into account the relevant investment returns.

Reinsurance

The company cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential. Reinsurance arrangements do not relieve the company from its direct obligations to its policyholders. Amounts recoverable under reinsurance contracts are assessed for impairment at each balance sheet date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the company may not recover all amounts due and there is a reliably measurable impact on the amounts that the company will recover from a reinsurer. Impairment losses are recognised through profit or loss.

Reinsurance contracts are only recognised as such when they give rise to significant transfer of insurance risk from the company to the reinsurers. These reinsurance contracts meet the definition of an insurance contract as defined above. Claims that are recoverable under such contracts are recognised in the same year as the related claims.

Contractual benefits which the company is entitled to under its reinsurance contracts are recognised as reinsurance assets. These assets consist of short-term balances due from the reinsurers as well as longer-term receivables that may be dependent on the outcome of claims experiences related to the reinsured insurance contracts.

Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract.

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

Insurance receivables

Insurance receivables are recognised when the insurance premiums are due from the policyholders.

These receivables are reviewed for impairment on an annual basis and if there is objective evidence that the receivables are impaired they are written down to the recoverable amount.

Reinsurance commission

Commission paid to intermediaries is accounted for over the risk period of the policy to which it relates. The portion of the commission which is deferred to subsequent accounting periods is termed deferred acquisition cost. Reinsurance commission is deferred in line with the reinsurance premium expense. Profit commission receivable should be taken into account when it is likely to be realised, and is measurable.

Salvage reimbursements

Some insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (salvage). The company may also have the right to pursue third parties for payment of some or all costs (subrogation). Estimates of salvage recoveries are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the property. Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims and are recognised in other assets when the liability is settled. The allowance is the assessment of the amount that can be recovered from the action against the liable third party.

2.9 Taxation

The income tax charge for the year comprises of the respective charges for current and deferred income taxes. The combined charge is recognised in the income statement.

Current income tax

Current income tax is computed as the expected tax payable on the company's taxable income for the year, using tax rates that are enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of prior years.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax is recognised on 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 applicable tax laws and rates that have been enacted or are substantively enacted as at the balance sheet date, which 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 can be utilised.

2.10 Employee benefits

(a) *Pension obligations*

The company provides for the retirement benefits of its employees through a defined contribution plan. The assets are held in separate trustee administered funds. The company pays defined contributions into these funds and thereafter, company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all the the benefits relating to employee's service in the current and prior periods.

The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is assured.

(b) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value.

2.11 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Claims benefits payable and the provision for claims that have occurred but not yet reported as at the balance sheet date are disclosed under insurance liabilities.

2.12 Revenue recognition

The accounting policy relating to the recognition of revenue from insurance contracts is disclosed as part of note 2.8 above which describes the recognition and measurement of insurance contracts in detail.

Investment income

Investment income comprises of net fair value gains or losses on financial assets held at fair value through profit and loss, as well as dividends and interest on cash and cash equivalents and fixed interest securities. Interest income for all financial instruments measured at fair value through profit or loss and dividends are recognised within investment income in the income statement. Refer to note 18.

Dividends are recognised as income on the last day to register in respect of listed equities and when declared in respect of unquoted shares. Dividends include shares received in terms of capitalisation issues, irrespective of whether there is an option to receive cash in lieu of the shares. Interest on investments is accounted for on the accrual basis using the effective interest method.

Realised and unrealised gains and losses on financial assets held at fair value through profit and loss are recognised through income.

2.13 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 income statement on a straight-line basis over the period of the lease. When an operating lease is terminated, any payment required by the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.14 Dividend distribution

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which they are approved by the company's shareholders.

2.15 Trade and other payables

Trade and other payables are recognised when the company has a present obligation arising from past events, settlement of which is expected to result in an outflow of economic benefits from the company. Trade and other payables are initially recorded at fair value and subsequent to initial recognition they are carried at amortised cost.

2.16 Investment in associate

An associate is an entity, including a trust, in which an investment is held and over whose financial and operating policies the company is able to exercise significant influence. Investments in private equity trusts in which the company has between 20 and 50% are deemed to be associates.

Interests in associates are accounted for using the equity method of accounting. Equity accounting involves recognising the investment initially at cost. Subsequently the company's share of the associate's profit or loss, including fair value movements accounted for by the associate are recognised in the income statement. The share of movements in other reserves of the associate are accounted for through equity. The carrying amounts of investments in associates are reviewed for impairment on an annual basis.

2.17 Statutory contingency reserve

The contingency reserve is provided for in terms of Section 32(1) (c) of the Short-term Insurance Act of 1998. It represents 10% of the difference between premiums written in the preceding twelve month period, and the amount payable under approved reinsurance contracts in respect of the insurance policies. Annual adjustments to the statutory contingency reserve therefore result from the increases or decreases in the premiums written during the year.

It is disclosed as an appropriation of retained earnings, and is part of the company's equity. This amount cannot be distributed to shareholders.

3. Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates in the valuation of certain assets and liabilities. It also requires management to exercise its judgement in the process of applying the company's accounting policies. This is specifically true for the estimation of liabilities from insurance contracts, including the estimate of the liability for claims incurred but not reported (IBNR).

The estimates and assumptions, which are annually reviewed, are based on historical experience and various factors that may be relevant at the time. Actual results may subsequently be different to the estimates.

The ultimate liability arising from claims made under insurance contracts

The estimation of the ultimate liability arising from claims made under insurance contracts is the company's most critical accounting estimate. Several sources of uncertainty have to be considered in estimating the liability that the company will ultimately be exposed to such claims. The risk environment can change quickly and unexpectedly owing to a wide range of events or influences. The company is constantly refining the tools with which it monitors and manages risks to place the company in a position to assess risk situations appropriately, despite the greatly increased pace of global changes. There cannot and never will be absolute security when it comes to identifying risks at an early stage, measuring them sufficiently, or correctly estimating their real hazard potential.

Refer to note 4 and 5 – Management of Insurance and Financial risks for further detail on the estimation of the claims liability.

Valuation of unlisted investments

The unlisted investments which are held indirectly through the associate (private equity trust) and property development fund (Futuregrowth) are valued by the private equity investment manager on a discounted cashflow valuation method.

This valuation is independently reviewed by an accounting firm. The valuations are also reviewed by management for reasonableness. The use of discounted cash flow analyses involves the estimation of future cash flows based on the best estimates provided by the trust for each underlying investment and a discount rate which is market related at the balance sheet date.

The fair values of other unlisted investments are estimated using valuation techniques that provide a reliable estimate of prices obtained in the actual market. Inputs are based on market data at the balance sheet date.

Subsequent changes to these estimates would result to changes to fair values. Sasria accounts for its share of the fair value movements as described in note 2.16.

4. Management of insurance risk

4.1 Exposure to insurance risk

The company underwrites risks that natural persons, corporate or other entities wish to transfer to an insurer. While the company issues coupons or policies relating to conventional fire, motor, engineering, marine and aviation risks, the specific perils covered are restricted to material damage arising from riots, strikes, labour disturbances and terrorism.

As such the company is exposed to uncertainty surrounding the timing and severity of claims under insurance contracts which would be impacted by circumstances such as political unrest, downturn in the state of the economy and organised labour issues. These insurance events are, by their nature, random and given the type of perils that the company underwrites, the actual number and size of events during any one year may vary from those estimated. The actual claim amounts in any one year may be greater than what has been provided for.

In accordance with Sasria's business model, most of the administration is outsourced to Sasria's agent companies. This includes the issue of Sasria's coupons and policy contracts, as well as the collection of Sasria premiums. A Sasria agent company is typically a registered conventional short-term insurer who has entered into an agency agreement with the company. The Sasria agent companies allow the Sasria coupons to attach to their policies. The agency agreement clearly sets out the manner in which the agent company should administer the Sasria business. The agent companies are also provided with a comprehensive set of guidelines detailing the processes and procedures relating to the issue of the Sasria's documentation, the collection of premiums on its behalf, and the method of payment of the premiums over to Sasria.

The company underwrites primarily short-tail risks, which means that in the majority of cases claims are typically settled within one year of the occurrence of the events giving rise to the claims. Risks that are long-tail in nature represent an insignificant portion of the company's insurance portfolio. Consequently, whilst the company may experience variations in its claims patterns from one year to the next, the company's exposure at any time to insurance contracts issued more than one year before is minimal.

The product features of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts underwritten by the company are set out below.

Engineering – provides indemnity for loss of or damage sustained to machinery and equipment or damage to buildings or structures during the course of erection.

Fire – provides indemnity for loss of or damage to immovable property. This includes commercial and residential properties.

Transportation – provides indemnity for loss of or damage to goods-in-transit, marine cargo and marine hull, which includes ships and small craft as well as the marine or inland transit of cargo. Motor – provides indemnity for loss of or damage to all types of motor vehicles.

Guarantee – provides indemnity to banks for default by their clients due to the occurrence of a Sasria peril and is sold by the Homeloan Guarantee Company.

4.2 Limiting exposure to insurance risk

The business model followed by Sasria results in no individual underwriting of risks. Sasria offers cover on a non-refusable basis which means that every risk presented to the agent company for Sasria cover is guaranteed the cover. The premium rates that the agent companies use are set by Sasria in its underwriting guidelines. The underwriting risk is mitigated by the fact that the Sasria cover, being a coupon policy, attaches to a conventional insurer's underlying policy. If no cover is provided by the agent company, then no Sasria cover attaches.

The company's exposure is limited by the application of limits of cover, such as a "one insured limit" of R500 million per calendar year for all risks excluding construction risks. The limit is applied to a holding company and all its subsidiaries. On construction risks, the cover was increased during the year under review from a limit of R300 million to R500 million per site per calendar year and the claims arising in excess of this will not be Sasria's liability.

The company also provides a set of Sasria underwriting guidelines to the agent companies.

4.2.1 Underwriting strategy and limits and policies for mitigating insurance risk

The legislated monopoly enjoyed by Sasria as well as the underwriting philosophy of the company results in the company underwriting a large number of diverse risks resulting in a balanced portfolio spread across personal and commercial policyholders.

By using gross written premiums in each class as an indicator, the table below illustrates the company's distribution of risks underwritten:

Category of risk policy	2008 / 2009	2007 / 2008
	%	%
Engineering	3.88	3.28
Fire	75.00	73.65
Transportation	0.80	0.81
Motor	19.85	21.87
Guarantee	0.47	0 .39
Total for all categories	100.00	100.00

By using gross written premiums as an indicator, the company's insurance portfolio could also be divided between personal and commercial (all insured's other than natural persons) risks as follows:

Split by type of policyholder	2008 / 2009	2007 / 2008
	%	%
Personal policies	30.71	33.56
Commercial policies	69.29	66.44
Total personal and commercial policies	100.00	100.00

The company ensures that agent companies adhere to the set underwriting guidelines through bi-annual audits conducted at each agent company. In addition, the company's own internal audit department conduct reviews of the Sasria process carried out on the company's behalf by agent companies and their underwriting managers.

Any changes to the guidelines are communicated to all agent companies and their underwriting managers by way of written circulars.

The ability to adjust rates, either on a monthly or an annual basis (depending on the contract term), also allows the company to mitigate the risk of underwriting losses. These adjustments would be from renewal date on annual policies and over period of a few months on monthly policies. The company monitors the incidence of claims per insured or sector and if necessary has the ability to impose deductibles where necessary.

The incidence of fraud is reduced by robust claims handling processes and regular review of these processes. The company's internal audit department conducts annual reviews of the in-house claims department to ensure adherence to the company's internal controls procedures. On a monthly basis the underwriting results per class of business are monitored against pre-determined budgets. The premium income is also monitored for each agent company on a monthly basis and compared to the previous period. Any major fluctuations are investigated.

The split between annual and monthly premiums written is as follows:

Split by type of policy	2008 / 2009	2007 / 2008
	%	%
Annual policies	53.07	54.38
Monthly policies	46.93	45.62
Total annual and monthly policies	100.00	100.00

4.2.2 Reinsurance strategy

The company has an extensive proportional and non-proportional reinsurance programme which is aimed at reducing the volatility of the company's underwriting results and protecting its capital.

The company purchases catastrophe reinsurance to protect itself from losses arising from major catastrophes. The level of catastrophe reinsurance purchased is based on an actuarial exercise conducted during 2003 specifically to determine the company's maximum possible loss. The reinsurance programme will cover 2 events leading to claims of the magnitude of the company's maximum possible loss in a year.

4.3 Concentration of insurance risks

The company has a diversified insurance portfolio of risks across South Africa's geography, and across all types of industrial and commercial enterprises as well as personal lines. However, as a result of Sasria's predominant presence in this particular market and the types of risks covered, any single event could result in a large number of claims. In addition, a number of widespread related events could be the result of a single cause leading to an accumulation of claims. The concentration of risks is mitigated by the "one insured loss limit" which limits the company's exposure to any one insured in the event of a large unforeseen event as well as by the company's extensive reinsurance programme. Sasria's ultimate loss resulting from one loss or a series of losses emanating from one event, is limited to R500 million and R350 million net of reinsurance.

4.4 Credit risk on reinsurance contracts

The company enters into reinsurance agreements to spread the insurance risk and minimise the effect of underwriting losses. The reinsurers agree to reimburse the company when a claim is paid under a risk that is reinsured. The company, however, remains liable to its policyholders regardless of whether the reinsurers honour their obligations in terms of the reinsurance agreements.

The credit risk that originates from the reinsurance transactions is managed as follows:

- Independent credit ratings of all existing and prospective reinsurers are monitored prior to entering into reinsurance transactions.

The table below shows the credit ratings of the company's five largest reinsurers on the quota share programme

At 31 March 2009		
Reinsurer	% of total cover provided	Standard & Poor's rating
Munich Re of Africa	33.3%	A
Swiss Re of Africa	10%	A
Everest	6.67%	AA-
Odyssey Re (France)	8.33%	A-
SCOR Global P & C (France)	6.67%	A-

At 31 March 2008		
Reinsurer	% of total cover provided	Standard & Poor's rating
Munich Re of Africa	36.7%	A-
Swiss Re of Africa	11.67%	A
Talbot Re (UK)	11.67%	A+
Odyssey Re (France)	10%	A-
Amlin Re (UK)	6.67%	A+

The company does not have any foreign currency risk exposure as the reinsurance contracts are denominated in rands.

4.5 Claims management

The outstanding claims are monitored on a monthly basis by management. All individual claims with an estimate exceeding R250,000 are individually reviewed by executive management. The claims department monitors most of the media on a daily basis to consider all events likely to result in claims against the company. No provision for an outstanding claim estimate is reversed until the company is reasonably assured that no litigation will occur. The outstanding claims provision is annually tested for adequacy as part of the liability adequacy test noted in note 2 above. The process regarding the claims development is discussed in note 11.

5. Management of financial risk

The company is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. In particular the key financial risk is that the proceeds from its financial assets will not be sufficient to fund the obligations arising from its insurance contracts. The most important components of this financial risk are market price risk, credit risk and liquidity risk. These risks arise from investments whose values fluctuate with interest rates and in equities, all of which are exposed to general and specific market price movements.

For the discussions below, the following financial instruments and insurance balances are disclosed in classes based on their similar characteristics:

Financial and insurance assets	**2009** R'000	**2008** R'000
Quoted equity securities	369 838	414 685
Unquoted equity securities	17 929	22 253
Total equity securities	387 767	436 938
Government and semi government bonds (Fixed rate)	-	13 825
Property development fund (unlisted)	139 795	-
Other bills and bonds (Fixed rate)	393 579	245 403
Total financial assets at fair value through income	921 141	696 166
Insurance receivables	108 904	101 047
Other loans and receivables	48 566	1 220
Total loans and receivables including insurance receivables	157 470	102 267
Reinsurance assets	105 246	98 750
Cash and cash equivalents	1 792 085	1 783 523
Total financial and insurance assets	2 975 942	2 680 706

Financial and insurance liabilities	**2009** R'000	**2008** R'000
Deferred revenue	18 808	16 500
Insurance contracts	338 654	321 801
Trade and other payables	102 877	87 378
Total financial and insurance liabilities	460 339	425 679

5.1 Market risk

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

Market risk arises due to fluctuations in both the value of financial liabilities and the value of investments held. The management of the company is tasked with the responsibility of managing key market risks to which the company is exposed. Sasria's strategy on the management of investment risk is driven by the investment objective which is one of being a conservative, low risk investment which has different liquidity requirements. The investments market positions are monitored daily by the investment managers and reviewed monthly by the investment committee. For each of the major components of market risk, described in more detail below, the company's board has put in place policies and procedures to set out how each risk should be managed and monitored, and the approach to setting an appropriate risk appetite.

Price risk

The company's objective is to earn competitive relative returns by investing in a diverse portfolio of high-quality, liquid securities. Portfolio characteristics are analysed regularly and equity price risk is actively monitored and managed by the Investments Committee.

Interest rate risk

Exposure to interest rate risk is monitored and managed by the Investments Committee.

5.1.1 Interest rate risk

The company does not have any borrowings. The company is exposed to interest rate risk on its investments due to the fixed rate instruments such as bills and bonds which exposes the company to the fair value risk and other interest bearing securities like the cash on fixed deposits, call accounts and other money market instruments which exposes the company to cashflow interest rate risk. The risk is furthermore limited by regular trading of the portfolio, providing diversification in terms of yield profiles and an asset and liability matching strategy.

A 2% decline or increase in the interest rate relating to interest bearing securities excluding bills and bonds would result in an increase in profit before tax of R35,84m (2008: R35,66m) or a decrease in profit before tax of R35,84m (2008: R35,84m) respectively. A 2% was used during the current financial year taking into consideration the high possibility of reducing repo rate by 2% after year end and also that the total increase for the year is not expected to exceed 2%.The full impact of decrease or increase in instruments' individual prices would affect the company's profit or loss since these investments are in the company's capital portfolio.

A 2% increase in interest rates would expose the company to the risk of losing value in other bills and bonds by R7,76m (2008:R4,9m) while the decrease would expose the company to the risk of gaining value by R7,76m (2008:R4,9m).

The loans and receivables and trade and payables are not sensitive to interest rate fluctuations as they are expected to be settled within 0 to 3 months when they fall due.

5.1.2 Equity price risk

Investments in listed equities, which are carried on the balance sheet at fair value, have exposure to price risk, being a potential loss of market value resulting from adverse change in prices. Investments in marketable securities are valued at fair value and are therefore susceptible to market fluctuations. All of the company's investments are managed through five outsourced reputable investment managers. Each of these managers is given a mandate to ensure that market risk is mitigated through diversification and investing in reputable companies and institutions.

Investment decisions are considered by the Investment Committee for approval by the Board, which has ultimate responsibility for determining the investment portfolio's risk profile and the related investment decisions.

At 31 March 2009, the company had quoted ordinary share investments which have been disclosed at their fair values. A hypothetical 10% decline or increase in quoted investments would result in a decrease/ increase in profit before tax by R37m (2008: 10% R41,5m). A hypothetical 10% was used during the current financial year due to market conditions being less favourable than the previous financial year. The full impact of decrease or increase in instruments' individual prices would affect the company's profit or loss since these investments are in the company's capital portfolio. The table below clearly illustrates the impact of the assumptions used above.

	At 31 March 2009	At 31 March 2008
Quoted investments		
Effect on Profit before tax at 10% (fluctuation)	R37m	R41,5m
Effect on Profit before tax at 15% (fluctuation)	R55,5m	R62,2m
*Unquoted investments		
Effect on Profit before tax at 10% (fluctuation)	R15,8m	R2,2m
Effect on Profit before tax at 15% (fluctuation)	R23,7m	R3,3m

The unquoted investment is valued by determining Sasria's portion of the underlying investment that is held. The investment within the funds are fair valued using the discounted cashflow technique, refer Note 3.

5.1.3 Foreign currency risk

The company is not exposed to any foreign currency risk on its financial instruments or insurance contracts as it does not have any transactions that are denominated in a currency other than the Rand.

5.2 Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The key areas which give rise to credit risk exposure for the company are:

- reinsurers' share of insurance liabilities that have not yet been paid;
- reinsurers' share of claims already paid;
- amounts due from insurance contract holders;
- premiums and other amounts due from agent insurance companies; and
- amounts invested with investment managers.

The company structures the levels of credit risk it accepts by placing business with a variety of counterparties and thereby limiting its exposure to a single agent company or reinsurer. The company only conducts its business with reputable reinsurers rated above a certain level as shown in the ratings table above. The credit risk exposure to agent companies is managed by only conducting business with approved agents. Some of the credit risk is also mitigated through diversification geographically and across industry segments. Such risks are subject to an annual review.

The company does not have collateral, credit enhancements or renegotiated financial assets. There is no exposure to instruments that have been affected by credit crunch therefore no adjustments have been made in the valuation of financial instruments.

Analysis of credit quality of the company's financial assets

At 31 March 2009 Financial Assets	AAA R'000	AA R'000	A R'000	BBB R'000	Not rated R'000	Total R'000
Other bills and bonds	116 639	138 096	35 739	44 225	58 880	393 579
Insurance receivables	-	-	-	-	108 904	108 904
Loans and receivables					48 566	48 566
Reinsurance contracts	-	105 246		-		105 246
Cash and cash equivalents	110 221	1 088 015	337 472	-	256 377	1 792 085
	226 860	1 331 357	373 211	44 225	472 727	2 448 380

At 31 March 2008 Financial Assets	AAA R'000	AA R'000	A R'000	BBB R'000	Not rated R'000	Total R'000
Government Bonds and semi government bonds	13 825	-	-	-	-	13 825
Other bills and bonds	42 958	127 152	28 280	-	47 013	245 403
Insurance receivables					101 047	101 047
Loans and receivables	-	-	-	-	1 220	1 220
Reinsurance contracts	-	18 111	57 640	-	22 999	98 750
Cash and cash equivalents	391 607	1 091 288	195 037	3 054	102 537	1 783 523
	448 390	1 236 551	280 957	3 054	274 816	2 243 768

The assets analysed above are based on external credit ratings obtained from various reputable external rating agencies. The ratings used above are based on the Standard and Poor's corporate rating. The rating scales are based on long-term investment horizons under the following broad investment grade definitions:

AAA Highest quality with minimal credit risk.

AA Very good quality and is subject to very low credit risk.

A Good quality with a low credit risk although certain conditions can affect the asset adversely than those rated AAA and AA.

BBB Medium quality with moderate credit risk.

Not rated

The insurance receivables that are due from policy holders amounting to R112 million (2008: R101 million) are not rated,

The company has an investment committee that reviews the credit risk on all the financial instruments and measurers are put in place to minimise the credit risk. In terms of the contracts with the investment management companies, no investments are to be made rated below BBB. The risk on our investments is further minimised through limiting the dependency of the company on any one investment manager and through requiring depth and breadth of resources and financial stability in respect of any investment manager appointed by the company.

5.3 Liquidity risk

The company is exposed to daily calls on its available cash resources mainly from claims arising from short-term insurance contracts. Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost.

The Board's investment committee sets limits on the minimum proportion of maturing funds available to meet such calls.

The majority of the company's investments are maintained in short term liquid investments that can be converted into cash at short notice without significant risk of changes in value and would be available to match liabilities which are short term in nature.

For the purposes of the maturity analysis below, financial instruments are presented on an undiscounted, contractual and worse case basis while insurance assets and liabilities are presented based on expected cash flows.

The following maturity analysis provides details on the expected settlement of the financial liabilities recognised at reporting date:

As at 31 March 2009

	Within 0 to 3 months R'000	3 months to 1 year R'000	1 to 2 years R'000	Total R'000
Deferred revenue	1 166	8 238	9 404	18 808
Insurance contracts	338 654	–	–	338 654
Trade and other payables	102 228	–	–	102 228
Total	442 048	8 238	9 040	459 690

As at 31 March 2008

	Within 0 to 3 months R'000	3 months to 1 year R'000	1 to 2 years R'000	Total R'000
Deferred revenue	1 031	7 219	8 250	16 500
Insurance contracts	242 030	–	79 771	321 801
Trade and other payables	87 378	–	–	87 378
Total	330 439	7 219	88 021	425 679

*The unearned premiums and the deferred revenue are being realised on a straight–line basis over the period of 2 years.

The following maturity analysis provides details on the expected maturities of the financial assets held at reporting date:

As at 31 March 2009

	Within 0 to 3 months R'000	3 months to 1 year R'000	1 to 2 years R'000	Total R'000
Held in associate	–	140 520	–	140 520
Financial assets at fair value through profit or loss	–	921 141	–	921 141
Loans and receivables	48 566	–	–	48 566
Insurance receivables	108 904	–	–	108 904
Reinsurance assets	105 246	–	–	105 246
Cash and cash equivalents	1 792 085	–	–	1 792 085
Total	2 054 801	1 061 661	–	3 116 462

As at 31 March 2008

	Within 0 to 3 months R'000	3 months to 1 year R'000	1 to 2 years R'000	Total R'000
Held in associate	–	72 800	–	72 800
Financial assets at fair value through profit or loss	–	696 166	–	696 166
Loans and receivables	1 220	–	–	1 220
Insurance receivables	101 047	–	–	101 047
Reinsurance assets	64 656	–	34 094	98 750
Cash and cash equivalents	1 783 523	–	–	1 783 523
Total	1 950 446	768 966	34 094	2 753 506

5.4 Operational risk

Operational risk arises as a result of inadequately controlled internal processes or systems. These risks are mitigated through a comprehensive system of internal controls, comprising policies and standards, procedures, systems and information to assist in achieving established objectives and goals. The company's management has the responsibility for the effective identification, management, monitoring and reporting of operational risks.

5.5 Capital Management

The amount of capital the company holds is an important measure used internally and by the market to assess the financial strength of the company and its ability to:

- Fund working capital and strategic requirements
- Protect policyholders by ensuring adequate assets are available to meet its obligations

The company defines its capital as share capital, statutory reserves and retained income.

Ordinary share capital in the business is 100 cents (2008: 100 cents).

A reserve in equity is made for the full amount of the contingency reserve as required by the provision of the Short-term Insurance Act of 1998. The reserve is calculated at 10% of net premiums written for short term insurance policies. Transfers to and from this reserve are treated as appropriations of retained earnings.

In addition to the contingency reserve, there is a solvency margin requirement in terms of the Short Term Insurance Act which is determined at 15% of net written premium as defined in the Act. Sasria's solvency margin has historically been above the statutory minimum of 15%. The statutory solvency margin is based on the company's capital, excluding intangible assets, prepaid expenses and non-approved reinsurance assets and liabilities.

An independent actuarial review was performed during July 2008 by Deloitte & Touche to advise on the capital requirements of Sasria Limited as at 31 March 2008. The results of the review suggested that the appropriate level of capacity required amounted to R10 billion. A decision was taken to maintain an appropriate level capital with the balance of the required capacity being made up of reinsurance.

6. Property, plant and equipment

	Computer equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Office equipment R'000	*Land and buildings R'000	Total R'000
At 31 March 2008						
Opening net book amount	626	183	117	76	–	1 002
Additions	162	–	–	–	31 000	31 162
Disposals	–	–	–	–	–	–
Depreciation charge	544	29	31	31	263	898
Closing net book amount	244	154	86	45	30 737	31 266
At 31 March 2008						
Cost	2 895	659	152	167	31 000	34 873
Accumulated depreciation	2 651	505	66	122	263	3 607
Net book amount	244	154	86	45	30 737	31 266
At 31 March 2009						
Opening net book amount	244	154	86	45	30 737	31 266
Additions	1 511	2 578	–	535	1 793	6 417
Disposals	–	–	–	–	–	–
Depreciation charge	226	206	31	96	1 207	1 766**
Closing net book amount	1 529	2 526	55	484	31 323	35 917
At 31 March 2009						
Cost	4 406	3 237	152	702	32 793	41 290
Accumulated depreciation	2 877	711	97	218	1 470	5 373
Net book amount	1 529	2 526	55	484	31 323	35 917

**Depreciation expense of R1, 766, 000 (2008: R898, 000) has been included in other operating expenses.
*The property is situated in Wierda Valley, 47 Wierda Road West, Sandton.

7. Intangible assets including intangible insurance asset

	Deferred acquisition cost R'000	Software development R'000	Total R'000
At 31 March 2008			
Opening net book amount	26 524	5 469	31 993
Additions	–	1 391	1 391
Movement in income statement (refer note 20)	2 097	–	2 097
Disposal	–	(12)	(12)
Amortisation charge	–	(2 356)	(2 356)
Closing net book amount	28 621	4 492	33 113
At 31 March 2008			
Cost	30 018	8 855	38 873
Accumulated amortisation and impairment	(1 397)	(4 363)	(5 760)
Net book amount	28 621	4 492	33 113
At 31 March 2009			
Opening net book amount	28 621	4 492	33 113
Additions	–	697	697
Movement in income statement (refer note 20)	3 893	–	3 893
Disposal	–	–	–
Amortisation charge	–	(3 068)	(3 068)
Closing net book amount	32 514	2 121	34 635
At 31 March 2009			
Cost	33 911	9 552	43 463
Accumulated amortisation and impairment	(1 397)	(7 431)	(8 828)
Net book amount	32 514	2 121	34 635

8. Investment in associate

	At 31 March 2009 R'000	At 31 March 2008 R'000
Cost of initial investment in Aloecap (private equity investment trust)	50 300	20 620
20% share of cumulative equity accounted earnings at the beginning of year	22 500	29 680
Subtotal	72 800	50 300
Add: Purchase of 20% additional investment	78 317	–
Subtotal	151 117	50 300
Share of equity accounted earnings/(loss) in current year	(10 597)	22 500
Cumulative fair value at end of year	140 520	72 800
Fair value per directors	140 520	72 800
Summarised financial information of the associate, which is unlisted, was as follows:		
Assets	351 300	475 270
Unrealised gain/(loss)	(23 120)	118 500
Income	2 252	7 271
Expenses	950	2 280
% Interest held	40%	20%

The investment in an associate represents a 40% interest in a private equity investment trust. The investment is accounted for by equity accounting for Sasria's 40% portion of the trust, which holds private equity unlisted investments, which are managed on a fair value basis. These investments are fair valued using discounted cash flow techniques. The trust holds no other investments other than the private equity investments and cash. The effect of equity accounting for the fair valued investments is the same as if the investments had been directly accounted for at fair value through profit and loss.

	At 31 March 2009 R'000	At 31 March 2008 R'000
Investment at fair value through profit or loss	140 520	(72 800)
Investment in associate	140 520	(72 800)
Income statement		
Investment income	(10 597)	(22 500)
Share of profit/(loss) of associate	(10 597)	(22 500)

9. Financial assets

The company's financial assets are summarised below by measurement category in the table below.

	At 31 March 2009	At 31 March 2008
Fair value through profit or loss	921 141	696 166
Loans and receivables	48 566	1 220
Total financial assets	969 707	697 386

The assets classified as held at fair value through profit or loss are detailed in the tables below.

Financial assets held at fair value through profit or loss		
Equity securities		
– Listed and quoted	369 838	414 685
– Unlisted and unquoted	17 929	22 253
Property development fund		
– Unlisted and unquoted	139 795	–
Quoted in an active market		
Debt securities – fixed interest rate:		
– Government and semi-government bonds	–	13 825
– Other bills and bonds	393 579	245 403
Total financial assets at fair value through profit or loss	921 141	696 166

All the above assets have been designated by the company as held at fair value through profit or loss and are classified as current assets.

Loans and receivables		
– Loans and receivables	48 566	1 220
Total loans and receivables	48 566	1 220

The above balances are receivable within twelve months. Fair values therefore largely approximate carrying values.

10. Insurance receivables

	31 March 2009 Gross Impairment	31 March 2008 Gross Impairment
– Profit commission	42 753	43 906
– Outstanding premiums	66 151	57 141
Total insurance receivables	108 904	101 047

			31 March 2009 Gross Impairment	31 March 2008 Gross Impairment
The trade receivables due from agents at reporting date was:				
Not past due	54 703	–	–	50 777
Past due	11 448	–	–	6 364
	66 151	–	57 141	–

The outstanding premiums have been received after year end therefore the company does not deem it necessary to provide for impairment.

11. INSURANCE LIABILITIES AND REINSURANCE ASSETS

	At 31 March 2009 R'000	At 31 March 2008 R'000
Gross		
Outstanding claims	142 749	162 258
Claims incurred but not reported	33 064	16 680
Outstanding claims, including claims incurred but not reported	175 813	178 938
Unearned premiums	162 841	142 863
Total insurance liabilities, gross	338 654	321 801
Recoverable from reinsurers		
Outstanding claims	42 832	48 677
Claims incurred but not reported	13 562	7 214
Outstanding claims, including claims incurred but not reported	56 394	55 891
Unearned premiums	48 852	42 859
Total reinsurers' share of insurance liabilities	105 246	98 750
Net		
Outstanding claims	99 918	113 581
Claims incurred but not reported	19 502	9 466
Outstanding claims, including claims incurred but not reported	119 419	123 047
Unearned premiums	113 989	100 004
Total insurance liabilities, net	233 408	223 051

The gross claims reported loss adjustment expense and the liability for claims incurred but not yet reported are net of expected recoveries from salvage and subrogation. The amounts for salvage and subrogation at the end of March 2009 and March 2008 are not material.

Movements in insurance liabilities and reinsurance assets

The movements for the year are summarised below:

	Gross R'000	Reinsurance R'000	Net R'000
a) Outstanding claims, including claims incurred but not reported			
At 31 March 2008			
Balance at beginning of the year	74 245	31 096	43 149
Less: claims paid relating to the prior years	(10 655)	(3 196)	(7 459)
Change in prior year estimate	15 033	(2 103)	17 136
Claims incurred during the year	83 635	22 880	60 755
Claims incurred but not reported	16 680	7 214	9 466
Balance at end of the year	178 938	55 891	123 047
At 31 March 2009			
Balance at beginning of the year	178 938	55 891	123 047
Less: claims paid relating to the prior years	(11 074)	(3 322)	(7 752)
Change in prior year estimate	(67 100)	(22 333)	(44 767)
Claims incurred during the year	41 985	12 595	29 390
Claims incurred but not reported	33 064	13 562	19 502
Balance at end of the year	175 813	56 393	119 420
b) Provision for unearned premiums			
At 31 March 2008			
Balance at beginning of the year	132 553	53 021	79 532
Premiums written during the year	555 997	166 799	389 198
Less: Premiums earned during the year	545 687	163 706	381 981
Effect of change in treaties	–	13 255	13 255
Balance at end of the year	142 863	42 859	100 004
At 31 March 2009			
Balance at beginning of the year	142 863	42 859	100 004
Premiums written during the year	661 288	198 386	462 902
Less: Premiums earned during the year	641 311	178 686	462 625
Balance at end of the year	162 840	62 559	100 281

These provisions represent the liability for short term insurance contracts for which the company's obligations are not expired at year-end.

Short-term insurance contracts – assumptions, change in assumptions and sensitivity

(a) Process used to decide on assumptions

Underwriting insurance risks incorporate unpredictability and the company recognises that it is impossible to predict future claims payable under existing insurance contracts with absolute certainty. To this end, the company has over time, developed a methodology that is aimed at establishing insurance provisions that have a reasonable likelihood of being adequate to settle all its insurance obligations.

11.1 Claim provisions

The company's outstanding claims provisions include notified claims as well as incurred but not yet reported claims. Due to the short-tail nature of the business, it is not considered necessary to discount any of the claims provisions.

Notified claims

Each notified claim is assessed on a separate, case by case basis with due regard to the specific circumstances, information available from the insured and/or loss adjuster and past experience with similar claims.

The company employs staff experienced in claims handling and rigorously applies standardised policies and procedures around claims assessment. The provision for each notified claim includes an estimate of the associated claims handling costs but excludes Value Added Tax.

The ultimate cost of the reported claims may vary as a result of future developments or better information becoming available about the current circumstances. Case estimates are therefore reviewed and updated if new information becomes available.

Claims incurred but not yet reported (IBNR)

The company's IBNR is calculated as a percentage of premiums written. The company's claims experience is analysed to determine an appropriate IBNR percentage.

The provision for the notified claims and IBNR are initially estimated at a gross level. A separate calculation is then carried out to determine the estimated reinsurance recoveries. The calculation of the reinsurance recoveries considers the type of the risk underwritten, which year the gross claim occurred and therefore under which reinsurance programme the recovery will be made, the size of the claim and whether or not the claim was an isolated incident or forms part of a catastrophe reinsurance claim A liability adequacy test was performed where the net insurance premiums were compared to the claims incurred and no additional reserves are required.

11.2 Assumptions

The assumptions that have the greatest effect on the measurement of insurance contract provisions relate to the percentage used to estimate IBNR. The percentage is applied to premiums written. The larger the IBNR percentage applied the longer the expected period between the date of loss and the claims being reported and/or the severity of the estimated claims.

11.3 Changes in assumptions and sensitivity analysis

The reasonableness of the estimation process is tested by management and reviewed on an annual basis. The source data used in the estimation process is the past 5 years of claims experience. The company believes that the liability for claims carried at period-end is adequate.

As part of the process of estimating the provision for outstanding claims, the company prepares a sensitivity analysis. The analysis provides an indication of the adequacy of the company's claims estimation process. During the current financial period an analysis was done to determine the sensitivity of profit assuming an additional 25% in outstanding claims including IBNR. The gross impact on profit before tax would be a reduction of R43,95m (2008 R44,73 million).The net impact after reinsurance on profit before tax would be R29,87 million (2008: R30,76 million).

Due to there being no specific claims trends, an assumption of 25% was used.

Another analysis was done to determine the impact of inflation and the slowdown in property prices. Assuming inflation of 8% on insured values, the increased cost of claims would be to impact the profit before tax with a reduction of R4,9 million (2008: R7,02 million).

The development of insurance liabilities provides a measure of the company's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the company's estimate of the movement of claims outstanding for each loss year has changed at successive year-ends. The bottom half of the table reflects the net movement in outstanding claims. A breakdown of the utilisation of the respective IBNR provisions is provided. The utilisation of IBNR has increased, due mainly to more claims being reported in 2009 and that prompted the increase in the IBNR provision from 3% to 5%.The IBNR is based on the best estimate assumption by using the claims and assuming that the past experience reflect the future. The change in the utilisation of IBNR has increased the provision from R9,4 million in 2008 to R 19,5 million.

Reporting year	31 December 2003 R'000	31 December 2004 R'000	31 March 2006 R'000	31 March 2007 R'000	31 March 2008 R'000	31 March 2009 R'000
IBNR – gross claims						
Claims reported after year-end:						
– One year after year-end	7 781	892	9 920	22 315	22 744	21 862
– Two years after year-end	–	8	–	39	–	–
– Greater than three years after year-end	–	–	–	–	–	–
Total	7 781	892	9 920	22 354	22 744	21 862
IBNR provision	15 032	17 104	21 808	7 917	16 679	33 064
Utilisation of IBNR	51 76%	5 21%	45.49%	282 37%	170 09%	66 12%
IBNR – net claims						
Claims reported after year-end:						
– One year after year-end	3 891	446	5 952	13 389	15 920	15 303
– Two years after year-end	–	4	–	23		–
– Greater than three years after year-end	–	–	–	–	–	–
Total	3 891	450	5 952	13 412	15 920	15 303
IBNR provision	7 516	8 629	13 085	4 750	9 466	19 502
Utilisation of IBNR	51 76%	5 21%	45.49%	282 37%	168%	78.47%

The company continues to benefit from reinsurance programmes that were purchased in prior years and included proportional cover supplemented by excess of loss reinsurance cover. The reinsurers' share of claims liabilities is estimated at the gross amount of all the claims incurred and IBNR and the amount is tested for impairment annually and if there is objective evidence of impairment the amount is written down to the recoverable amount.

	At 31 March 2009 R'000	At 31 March 2008 R'000

12. Cash and cash equivalents

Cash and cash equivalents comprise of short term deposits and cash on call	1 581 076	1 569 135
Fixed Deposits	255 483	33 127
Call Account	147 175	212 367
Money market	1 178 418	1 323 641
Bank and cash balances	211 009	214 388
	1 792 085	1 783 523

The effective interest rate on short-term bank deposits with maturities of less than three months ranges between 6,00% and 8,00% (2008: 8,00% and 10,5%). The effective interest rate on current accounts at the balance sheet date averaged between 10,25% and 8,75% (2008: 5,25% and 7,25%)

13. Share capital

Authorised		
1 ordinary share of 100 cents	–	–
Issued		
1 ordinary share of 100 cents	–	–

The issued share capital consists of one ordinary share with a par value of 100 cents, and is unchanged from the previous financial year. The share is fully paid for.

14. Trade and other payables

Trade payables and accrued expenses	68 496	33 427
Amounts due to reinsurers	33 732	53 952
Total	102 228	87 379

All trade and other payables are current liabilities. Fair values therefore largely approximate carrying values.

15. Deferred revenue

Balance at beginning of year	16 500	19 882
Movement in income statement	2 308	(3 382)
Balance at end of year	18 808	16 500

	At 31 March 2009 R'000	At 31 March 2008 R'000

16. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The gross movement on the deferred income tax account is as follows:

	At 31 March 2009 R'000	At 31 March 2008 R'000
At beginning of year	26 317	41 404
Income statement charge/(credit)	(23 537)	(15 087)
At 31 March 2009	2 779	26 317

The movement in deferred tax assets and liabilities during the year is as follows:

(a) Deferred tax assets

	Provisions R'000	Operating leases R'000	Total R'000
At 1 April 2007	(114)	(59)	(173)
Charged/(credited) to the income Statement	454	10	464
Corporate tax adjustment	13	2	11
At 31 March 2008	353	(47)	306
Charged/(credited) to the income statement	97	53	150
At 31 March 2009	450	6	456

(b) Deferred tax liabilities

	DAC and other intangible assets R'000	Unrealised appreciation of investments R'000	Total R'000
At 1 April 2007	(882)	42 459	41 577
Charged/(credited) to the income statement	1 767	(18 229)	(16 462)
Corporate tax adjustment	31	865	896
At 31 March 2008	916	25 095	26 011
Charged/(credited) to the income statement	(1 593)	(22 095)	(23 688)
At 31 March 2009	(677)	3 000	2 323

	Year ended 31 March 2009 R'000	Year ended 31 March 2008 R'000
17. Net insurance premium revenue		
Insurance contracts		
– Premium written	661 288	555 997
– Change in unearned premium provision	(19 978)	(10 310)
Premium revenue arising from insurance contracts	641 310	545 687
Reinsurance contract		
– Premium ceded	271 247	214 601
– Change in unearned premium provision	(5 993)	10 162
Premium revenue ceded to reinsurers	265 254	224 763
Net insurance premium revenue	376 056	320 924

An excess of loss reinsurance cover was purchased for 2009 at a cost of R 72,860,725 (2008: R 73,655,715). There were no events in either 2009 or 2008 that prompted losses of sufficient size to trigger a recovery from these contracts.

18. Investment income

Investment income on cash and cash equivalents:		
– interest income	263 866	195 559
Investment income on financial assets held at fair value through income:		
– dividend income	18 915	8 219
– unrealised net fair value loss	(67 664)	(61 623)
– realised net fair value gains	7 201	34 335
	222 318	176 490

19. Insurance claims and loss adjustment expenses

Gross		
Claims paid	(61 472)	(14 326)
Movement in outstanding claims and IBNR	3 146	(104 694)
	(58 326)	(119 020)
Reinsurers share		
Claims paid	18 442	4 281
Movement in outstanding claims and IBNR	502	24 798
	18 944	29 079

	Year ended 31 March 2009 R'000	Year ended 31 March 2008 R'000
20. Expenses for the acquisition of insurance contracts		
Gross commission paid	(131 175)	(111 068)
Movement in deferred acquisition cost	3 893	2 097
	127 282	(108 971)

21. Profit before tax		
Profit before tax includes:		
Amortisation of software development cost	3 068	2 356
Advertising expenses	1 124	874
Auditors remuneration	723	780
Audit fees – Statutory audit	618	641
Prior year underprovision	105	139
Depreciation	1 766	897
Non-executive Directors fees	1 350	425
Investment administration expenses	8 627	9 789
Salaries	18 722	10 945
Social responsibility allocation	3 640	2 893

22. Employee benefit expense		
Wages and salaries	15 444	8 379
Car allowance	776	605
Pension costs – defined contribution plans	1 833	1 454
Medical aid costs	669	507
	18 722	10 945
Number of employees	35	28

	Year ended 31 March 2009 R'000	Year ended 31 March 2008 R'000
23. Income tax expense		
Current taxation		
– Current year normal tax	154 318	130 432
	154 318	130 432
Deferred tax	(23 537)	(15 087)
	130 781	115 345
Reconciliation of taxation:		
Profit before tax	483 000	404 519
Tax calculated at South African normal taxation rate of 28%	135 240	117 311
Effects of:		
– Income not subject to tax:		
– dividend income	(5 296)	(2 384)
– Other expenses not allowable for tax purposes	578	1 726
– Vat adjustment	259	(401)
– Tax rate adjustment	–	(907)
Tax charge for the period	130 781	115 345
Effective rate	27.07%	28.51%

24. Related-party transactions and balances

The company is 100% owned by its shareholder, the Government of the Republic of South Africa, represented by the National Treasury.

Sasria is a schedule 3b public entity in terms of the Public Finance Management Act, 1999, as amended. The related party disclosure is in terms of the requirements of IAS 24 Related Parties Disclosures and the specific guidance given by the South African Institute of Chartered Accountants.

The related parties of Sasria consist mainly of government departments, state-owned enterprises, and other public entities in the national sphere of government and key management personnel of Sasria or its shareholder and close family members of these related parties. The list of public entities in the national sphere of government was provided by National Treasury on their website www.treasury.gov.za. They also provided the names of subsidiaries of public entities.

The comparative information has been based on the list of public entities and their subsidiaries effective at 31 March 2009.

Sasria Limited owns 40% of the Aloecap investment trust and Gerhardt Matthee (Financial Director of Sasria Limited) is the member of the board of trustees; while Aloecap is one of our investment managers.

During the previous year, Futuregrowth was disclosed as a related party to Sasria Limited due to one of our directors being a director of Wiphold that has a controlling stake on Futuregrowth; the relationship is no longer there as Wiphold has sold the shareholding on Futuregrowth.

Phyllis Mabasa (Managing director of Sasria Limited) and Gerhardt Matthee are directors of South African Actuaries Development Programme (SAADP) which is part of our social responsibility programme.

The following transactions were carried out with related parties:

Sales of goods and services

Shareholder, including government departments

Sasria does not make any direct sales to related parties. All sales are made indirectly through the agent companies and passed on to Sasria in total through a bordereaux without disclosing the identities of the individual insureds. Sasria would only interact with individual insureds in the event of a claim being presented through the agent companies.

Goods and services are sold to related parties on an arm's length basis at market related prices.

Dividend payment before secondary tax on companies

No dividends have been paid to the shareholder in the last 3 years.

	Year ended 31 March 2009 R'000	Year ended 31 March 2008 R'000
Purchase of goods and services		
Shareholder, including government departments	590	144
Goods and services are bought from related parties on an arm's length basis at market related prices.		
Interest received		
Shareholder, including government departments	–	1 320
Key management* compensation		
Salaries and other short-term employee benefits	5 537	3 651
There were no existing/outstanding loans.		
*Includes executive and non executive directors		
Year end balances arising from transactions		
There was no year-end balance receivable from related parties		
Payables to related parties		
Shareholder, including government departments	23 595	13
Indirect transactions – balance sheet assets at fair value		
Government bonds		
Opening balance	13 825	13 500
Movement during the year	(13 825)	325
Closing balance	–	13 825

*The movement includes additions, disposals and interest received.

25. Directors emoluments

	Salary/fees R'000	Bonus R'000	Contributions R'000	Car allowance R'000	Total R'000
Non-executive directors					
N.V. Beyers	74	–	–	–	74
C.D. Da Silva	158	–	–	–	158
J.R.K. Du Preez	158	–	–	–	158
A.F. Julies*	157	–	–	–	157
M.P. Lehutso-Phooko	152	–	–	–	152
S.S. Ntsaluba	71	–	–	–	71
M.C. Ramaphosa	206	–	–	–	206
M.M.T. Ramano	201	–	–	–	201
M.A. Samie	173	–	–	–	173
	1 350	–	–	–	1 350
Executive directors					
P. Mabasa**	627	125	89	32	874
G. Matthee	932	1 103	194	64	2 294
	1 559	1 228	283	96	3 168
Executive managers	995	1 108	167	100	2 370

*Fees paid to National Treasury.
**Appointed 01 October 2008.

	Year ended 31 March 2009 R'000	Year ended 31 March 2008 R'000
26. Cash generated from operations		
Profit before tax	483 000	404 519
Adjustment for:		
Investment income	(222 318)	(176 490)
Other Income	(1 752)	(938)
Share of profit/(loss) of associate	10 597	(22 500)
Depreciation	1 766	898
Amortisation of intangible	3 068	2 355
Loss on disposal of fixed assets	–	5
(Decrease)/increase in net technical provisions	10 357	100 368
Operating profit before working capital changes	284 718	308 218
Decrease/(Increase) in outstanding premiums	(9 010)	18 382
Decrease/(Increase) in receivables and prepayments	(13 006)	(31 898)
(Decrease)/Increase in payables	35 069	15 004
Increase/(decrease) in amount due to reinsurers	(20 219)	8 908
	277 552	318 614

The company classifies the cash flows for the purchase and disposal of financial assets in its operating cash flows, as the purchases are funded from the cash flows associated with the origination of insurance contracts, net of the cash flows for payments of insurance benefits and claims.

27. Operating lease commitments

The company leases its office under a non-cancellable operating lease agreement.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

No later than 1 year	–	1 752
Later than 1 year and no later than 5 years	–	905
	–	2 657

28. Capital commitments

There was no capital commitment authorised at the balance sheet date.

2000

2001

Pretoria Station destroyed by fire in February 2001.

2002

22 November

A bomb explodes at the Grand Central Airport in Midrand, Gauteng.

2003

Pretoria station fire incident.

2004

Public service workers strike.

South African Airways, Pick n Pay, Shoprite workers strike brings South Africa to a standstill.

2005

Two months long security guards strike results in Metrorail business interruptions and vandalism and burning of coaches.

Khutsong riots results in blocking of roads and destruction of Municipality property.

2006

Public service workers strikes affect service delivery.

2007

Xenophobic attacks results in damages to individual and corporate property.

2008

The Bus Rapid Transit route protests by Taxi Association coincide with the April 2009 elections, resulting in damages to property.

2009

On June16th, bricks carried a message of freedom, equality, revolution.
Because of the sacrifices of 1976, the youth of today has a more peaceful means of building our nation.
We are proud to be born of that movement. And proud supporters of freedom for over 30 years.

Kids are known to make demands. Always wanting the latest electronics, clothes and shoes.
On June 16 we commemorate Youth Day. And remember those kids who had nothing but courage.


It takes a big man to walk in these shoes.

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