sasria
covering the extraordinary

Vision & Mission...

VISION

To make Sasria Limited an eminent specialist insurer which provides cover against extraordinary risks for the benefit of our country and its people.

MISSION

In order to achieve our vision we will:

- Continuously improve the specialist skills of our staff;
- Introduce innovative products falling within the parameters of the Reinsurance of Material Damage and Losses Act;
- Serve our customers by providing top quality, affordable and innovative insurance products and services;
- Generate a mutually beneficial environment with our agent companies and intermediaries;
- Strive to achieve optimal investment returns;
- Strive to achieve optimal value for our stakeholders

Contents

Directors &
Administration
For the Year Ended 31 March 2008

SASRIA LIMITED
Registration number 1979/00287/06

DIRECTORS:
M.C. Ramaphosa (Chairperson)
N.V. Beyers (Deputy chairperson)
*M.P. Pule (resigned 31 December 2007)
*G. Matthee (Managing)
C.D. Da Silva
J.R.K. Du Preez
A.F. Julies
M. Lehutso-Phooko
S.S. Ntsaluba
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. Lehutso-Phooko
M.M.T. Ramano

HUMAN RESOURCES COMMITTEE:
C.D. Da Silva (Chairperson)
M. Lehutso-Phooko
S.S. Ntsaluba
M.C. Ramaphosa

INVESTMENT COMMITTEE:
M.M.T. Ramano (Chairperson)
J.R.K. Du Preez
A.F. Julies
S.S. Ntsaluba
M.C. Ramaphosa

COMPANY SECRETARY:
M.M. Sallie

AUDITORS:
PricewaterhouseCoopers Inc.
2 Eglin Road
Sunninghill
2157

BANKERS:
Nedbank
81 Main Street
Sunninghill
Johannesburg
2001

Board of Directors

Board of Directors

For the Year Ended 31 March 2008

M.C. Ramaphosa
Chairperson

N.V. Beyers
Deputy Chairperson

G. Matthee
Managing Director

C.D. Da Silva
Non-Executive Director

J.R.K. Du Preez
Non-Executive Director

A.F. Julies
Non-Executive Director

M. Lehutso-Phooko
Non-Executive Director

S.S. Ntsaluba
Non-Executive Director

M.M.T. Ramano
Non-Executive Director

M.A. Samie
Non-Executive Director

Chairperson's Report

For the Year Ended 31 March 2008

INTRODUCTION

Sasria Limited had an excellent year with premium growth of 14% for the period ended 31 March 2008. Notwithstanding a significant increase in the claims incurred for the year, the underwriting result was very pleasing.

Since 2004, the South African economy has been characterised by the strong growth momentum that continued in 2007, with GDP registering 5% or more for consecutive calendar years. This growth was mainly attributable to strong fixed investment growth and improved export performance, despite a slowdown in household expenditure. The robust growth was accompanied by a sharp acceleration in domestic price pressures, resulting in average CPIX rising to 6.5% in 2007. This was mainly caused by rising fuel, food and transportation costs.

The high inflation resulted in more interest rate hikes than had been expected. The South African Reserve Bank raised the repo rate by 200bps in 2007, adding another 50bps during April 2008.

Another key development seen in the last number of months has been the sharp weakening of the currency against US$ and other major currencies. Given the US$ weakness against the Euro, the rand's softness can be explained by domestic developments, most notably the funding of the large current account deficit, which remains a large risk factor to be funded by foreign capital inflows.

This will no doubt lead to some reduction in spend on short term insurance. Sasria will also be negatively impacted by this. The impact will be exacerbated by the fact that Sasria does not impose annual inflationary increases on its premiums. The last increase to premiums was implemented in 2003. Sasria still remains positive for a good underwriting year in these difficult circumstances.

However, we are excited about the future with the 2010 soccer world cup drawing nearer and major infrastructural projects estimated at more than R300 billion by the South African Government. Sasria will be investigating creative ways of developing new products to provide the required cover for all stakeholders within South Africa. This is being investigated and will be implemented without compromising our strict risk management and underwriting principles.

We are still in the process of ascertaining and monitoring our overall exposures including identification of our peak risk exposures. This will allow us to innovate our product offering through our ongoing improvement of risk management.

SHAREHOLDER

The Republic of South Africa, as represented by Mr. T. Manuel in his capacity as the Honourable Minister of Finance, is the sole shareholder of Sasria Limited.

The management agreement between Sasria and the Government that expired in the previous financial year will not be renewed. This agreement catered for the management of certain investments by Sasria on behalf of Government. A decision has been taken by the shareholder that these inport

vestments will be liquidated and the proceeds returned to the National Revenue fund. This process will be delayed by the illiquid nature of certain unlisted investments. The bulk of these funds will be paid to government within a 12 month period.

The management agreement also catered for a R 1 billion reinsurance guarantee. This guarantee will not be renewed, but has been replaced by conventional excess of loss reinsurance.

APPRECIATION

Sasria's success over the past years has only been made possible by the outstanding commitments 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 solid organisation.

I wish Mr. M.P. Pule, the outgoing Managing Director well for his future endeavours and thank him for his valuable contribution during his stay at Sasria. It is my pleasure to welcome Mr. G. Matthee as the acting Managing Director and wish him all the best.

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. In addition, I would like to thank our sole shareholder, the government and all other stakeholders for their support and contribution to the continued growth in the business.

I am confident that in the year ahead, Sasria will weather the storm in this challenging environment.

M.C. RAMAPHOSA
CHAIRPERSON

Managing Director's Report

For the Year Ended 31 March 2008

INTRODUCTION

It is a privilege to present our company's Annual Report for the year ended 31 March 2008. The company had an exceptional year with written premium growth of 14%. Investments also performed well considering the volatile year on the investment markets. Lower equity returns have been offset to some extent by higher yields on money market investments.

REINSURANCE PROGRAMME

The company continued with its reinsurance strategy of a quota share reinsurance agreement with a separate catastrophe / excess of loss program. For the 2007/2008 year, the quota share reinsurance program was reduced from a 40% to a 30% reinsurance program. This led to a significant reduction in the cost of reinsurance, without increasing the exposure of the company as additional excess of loss reinsurance was purchased.

INFORMATION TECHNOLOGY

Although our main IT Project was completed and implemented during the previous financial year, we are continuously refining and improving our information technology systems. The second phase of the project to acquire all relevant Sasria information from our agents and brokers is underway and a lot of progress has been made in this regard. This is a long term project which will take a number of years to complete.

INVESTMENTS

Our investments continued to perform satisfactorily with a total return of 9.3%. The bulk of these investments were very conservatively managed in money market investments. These investments will be kept fairly liquid until the markets recover and could then be invested in higher yielding instruments.

During the year under review, one of our investment managers was bought over by another. The two companies have merged into one entity, which resulted in the number of our investment managers reducing from seven to six.

RISK MANAGEMENT

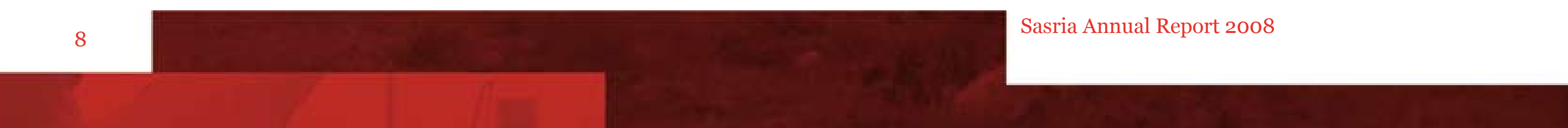
Sasria Limited understands and upholds the principles of Enterprise Risk Management. We have, together with our external consultants and the Audit and Risk Committee, embarked on a process of implementing revised risk management strategies. To date we have revised the terms of reference and produced a new policy framework. These important drivers of our risk mitigation process have been endorsed by our board and are currently being implemented and monitored.

The identified top twenty risks are being continuously updated. We acknowledge that risk management is both an ongoing process and a business imperative.

SOCIAL RESPONSIBILITY

Sasria continued to invest 5% of its assets through a black economic empowerment Investment Manager who has delivered excellent returns. Subsequent to year-end, a decision was taken by the Board to make a further investment through a socially responsible investment manager, thereby increasing the total allocation to just over 10% of Sasria's assets.

Sasria's social responsibility programme, used to finance black actuarial students, was supported with additional funding amounting to R 4,475,409. To date an amount of R 23 million has been utilised for the development of black actuaries. A number of students have already obtained their degrees and some are close to the full professional qualification.



r's Report

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 systems changes. Dialogue is continuing to ensure that these changes occur smoothly with the least disruption to daily interactions. We have also established industry forums to discuss Sasria related issues with both our Agent and Broker associations. These have been launched and promise to be of great help in our interactions and communication.

TRAINING

As a result of the reviews undertaken by our internal auditors at the agent companies, a lot of issues were highlighted, most important of which was the requirement for training on Sasria Regulations, Rules and Procedures. Our business operations department answered this call last year by arranging training for the companies that requested it. During the last 12 months the interest in training has grown immensely. Our business operations department has stepped up the frequency of the training. Training is seen as a valuable tool in not only clarifying the Sasria procedures, but has also opened new channels of communication with our stakeholders.

EXECUTIVE MANAGEMENT

During the year under review, Ms. Wendy Lopes, Executive Manager responsible for the business operations department, resigned. She was replaced subsequent to year-end by Ms. Thokozile Mahlangu.

Ms. Mahlangu joined Sasria in 2003 as Senior Claims Controller. In 2004 she was promoted to Claims Manager and is now a welcome addition to our executive team. The executive management team is responsible for the implementation of strategic objectives as set out by the Board of Directors.

THE FUTURE

We are in the process of changing / amending some of our processes and procedures to make it easier for our Agent Companies and intermediaries to do business with us. This will include amending some of our Regulations.

The Information Technology Department will embark on a project of linking Sasria and Agent Companies, intermediaries and clients via the internet. Possibilities are endless.

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 and all Sasria staff members for their tireless effort, input and patience.

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 product to the insuring public.

G. MATTHEE
ACTING MANAGING DIRECTOR

Report on Corporate Governance

For the Year Ended 31 March 2008

The code of corporate practices and conduct, as published by the King Committee in its reports 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 II Report on Corporate Governance South Africa 2002(King II) 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. 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.

(A) PUBLIC FINANCE AND MANAGEMENT ACT, 1999, AS AMENDED ("PFMA")

The PFMA focuses on financial management with related outputs and responsibilities.

The directors comply with their fiduciary duties as set out in the PFMA. Responsibilities of the Board as accounting officer in terms of the PFMA and associated treasury regulations include taking appropriate action to ensure:

- Economic, efficient, effective and transparent systems of financial and risk management and internal control, are in place;
- A system is maintained for properly evaluating all major capital projects prior to a final decision on each project;
- The implementation of appropriate and effective measures to prevent unauthorized, irregular, fruitless and wasteful expenditure not complying with legislation;
- Revenue due to Sasria is collected;
- The economic and efficient management of available working capital;
- The definition of objectives and the allocation of resources in an economic, efficient, effective and transparent manner;
- An appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective;
- The management, including the safeguarding, of all assets and for the management of the revenue, expenditure and liabilities of the public entity;
- Compliance with any tax, levy, duty, pension and audit commitments as required by legislation;
- Effective and appropriate disciplinary steps against any employee of the public entity who contravenes or fails to comply with a provision of the Act, commits an act which undermines the financial management and internal control system of the public entity, or makes or permits an irregular expenditure or a fruitless and wasteful expenditure; and
- The submission by the public entity of all reports, returns, notices and other information to Parliament and to the relevant executive authority or treasury, as may be required by this Act.

i) Audit

In line with the PFMA and King II Report requirements, internal audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. Internal audit has prepared and initiated a three year audit plan in consultation with the Audit Committee. This has been approved by the Board.

ii) Fraud prevention

In compliance with the PFMA, a fraud prevention plan is in place and has been approved by the Board. The intention of the plan is to minimize the risk and opportunity for fraud and irregularities.

iii) Shareholder compact

In terms of the treasury regulations issued in accordance with the PFMA, Sasria must, in consultation with its executive authority, conclude a shareholders compact documenting the mandated key performance measures and indicators to be attained by Sasria as agreed between the Board and the executive authority.

The 2008/2009 shareholders compact has been drafted and submitted to the executive authority and is currently under review.

(B) BOARD OF DIRECTORS

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 nine non-executive directors and one executive directors. Directors are appointed for a specific term by the Minister of Finance (in terms of the Conversion of Sasria Act) 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 2008 three board meetings were held and the attendance was as follows:

Director	29/5/2007	14/8/2007	19/3/2008
M.C. Ramaphosa (Chairperson)	Present	Apology	Present
N.V. Beyers (Deputy chairperson)	Apology	Present	Present
*M.P. Pule (resigned 31 December 2007)	Present	Present	----------
*G. Matthee (Managing)	Present	Present	Present
C.D. Da Silva	Present	Present	Present
J.R.K. Du Preez	Present	Present	Present
A.F. Julies	Present	Present	Apology
M. Lehutso-Phooko	Present	Apology	Present
S.S. Ntsaluba	Present	Present	Present
M.M.T. Ramano	Present	Present	Present
M.A. Samie	Present	Apology	Present

* - Executive directors

Report on Corporate Governance (contd.)

The board has established 3 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

Human resources committee

The company's human resources committee is composed of four non-executive directors who report to the board. This committee is responsible for determining directors and senior management'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. The committee has four members and met three times during the year as follows:

Name of member	29/05/2007	06/12/2007	19/03/2008
C.D. Da Silva (Chairperson)	Present	Present	Present
M.C. Ramaphosa	Present	Present	Present
S.S. Ntsaluba	Present	Apology	Present
M. Lehutso- Phooko	Present	Present	Present

Audit and risk committee

The Sasria audit and risk committee is composed of five 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	23/7/2007	27/9/2007	14/3/2008
M.A. Samie (Chairperson)	Present	Present	Present
M.M.T. Ramano	Present	Apology	Present
A.F. Julies	Present	Apology	Present
J.R.K. Du Preez	Apology	Present	Present
M. Lehutso-Phooko	Present	Present	Apology

The committee also ensures effective communication between the internal auditors, external auditors and the Board. Its terms of reference include the following:

- review the annual audit plan with the auditors, in particular the proposed audit scope and approach and the audit fee
- assess the work done to ensure the independence of the external auditors is retained;
- meet with external auditors to discuss their audit findings;
- consider internal audit reports;
- evaluate the role, independence and effectiveness of the internal audit function in the overall context of the company's risk management system;
- review the accounting policies adopted by the company and any proposed changes in accounting policies and practices;
- consider the adequacy of disclosures and the reasons for fluctuations in ratios reported in published documentation;
- review the effectiveness of financial management and the quality of internal accounting control systems and reports produced by financial management;
- review the company's compliance plan, with specific reference to the procedures for identifying regulatory risks and controlling their impact, as well as ensuring that the policy complies with relevant regulatory and legal requirements;
- monitor ethical conduct of executives and other senior officials; and
- review and make recommendations on 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 five 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.

During the year, three meetings were held. The committee has five members and is chaired by Ms. M. M. Ramano:

Name of member	24/05/2007	28/08/2007	13/3/2008
M. M. T. Ramano (Chairperson)	Present	Apology	Present
S. S. Ntsaluba	Apology	Present	Apology
M. C. Ramaphosa	Present	Present	Present
A.F. Julies	Apology	Present	Present
J. R. K. Du Preez	Present	Present	Present

Report on Corporate Governance (contd.)

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 and insurance

Sasria has finalised the process of risk management with the framework, policies and procedures approved by the board during the year. The objective of Sasria's risk management is to minimize its business risk by safeguarding its assets and income earning capacity. The risk management philosophy is founded on the identification of risk and the introduction of the necessary control measures, in order to reduce the risks identified to the lowest level possible, and the procurement of insurance for those events that are severe in nature, although infrequent in occurrence, and which are usually beyond the control of management.

Business practices

Sasria has adopted a code of business ethics along the guidelines contained in the King reports.

(C) 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.

Unless otherwise stated above, Sasria complied with and continues to comply with the King reports.

Report of the
Audit & Risk Committee
For the Year Ended 31 March 2008

We are pleased to present our report for the year ended 31 March 2008.

AUDIT AND RISK COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The Audit and Risk Committee consists of the members listed hereunder and meets at least twice per annum as per its approved terms of reference. During the year, three meetings were held.

AUDIT AND RISK COMMITTEE RESPONSIBILITY

The Audit and Risk Committee reports that it has complied with its responsibilities arising from section 51 of the Public Finance and Management Act, 1999 and Treasury Regulation 27.1.7. and 27.1.10 The Audit and Risk Committee also reports that it has adopted appropriated formal terms of reference as its Audit and Risk Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

RISK MANAGEMENT

The Audit and Risk Committee has embarked on a process of implementing revised risk management strategies. To date, we have revised the terms of reference and produced a new policy framework. These important drivers of our risk mitigation 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 Chief Financial Officer.

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 COMMITTEE
12 AUGUST 2008

Directors' Responsibility & Approval of Annual Financial Statements

For the Year Ended 31 March 2008

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 judgements 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 18 to 61 were, in accordance with their responsibilities, approved by the directors and are signed on their behalf by:

M.C. RAMAPHOSA	G. MATTHEE
CHAIRPERSON	ACTING MANAGING DIRECTOR

COMPANY SECRETARY CERTIFICATE

In my capacity as company secretary, I hereby confirm, in terms of the Companies Act, 1973, that for the year ended 31 March 2008, 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 2008

Report of the Independent Auditors to the Shareholder of Sasria Limited

For the Year Ended 31 March 2008

We have audited the annual financial statements of Sasria Limited, which comprise the directors' report, the balance sheet as at 31 March 2008, the income statement, the statement of changes in equity, the cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 61.

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 controls 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 controls 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 controls. 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 the company as at 31 March 2008, and its financial performance and 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: VICTOR MUGUTO
CHARTERED ACCOUNTANT (SA)
REGISTERED AUDITOR
JOHANNESBURG
12 AUGUST 2008

2 Eglin Road
Sunninghill
2157

Directors' Report

For the Year Ended 31 March 2008

To the shareholder,

The directors present their report for the year ended 31 March 2008.

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 with 5% of Sasria's assets allocated to investments in line with its social responsibility policy. Given the risk profile of Sasria, the majority of the investments are in liquid instruments

PROCUREMENT PROCESS

Our procurement process is guided by our employment equity policy and is in-line with provisions of the Financial Sector Charter. The company's Transformation committee is actively involved in the tender process undertaken to either appoint the service providers or to reappoint the current 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 strikes. 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 prior year were as follows:

	Year ended 31 March 2008	**Year ended 31 March 2008**
- Political Riot	17.48%	32.70%
- Non Political Riot	33.57%	62.80%
- Labour disturbance	2.28%	2.30%
- Strike	46.67%	2.20%
	100.00%	100.00%

POST YEAR-END DEVELOPMENTS

There have not been any significant claims reported after year-end. There are however ongoing strikes and riots following desperation due to the high cost of food and fuel. Claims incurred may take a few 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.

Deloitte Actuarial Consultants have been appointed subsequent to year-end to determine Sasria's capital requirements. This will help determine whether there are excess reserves that could be declared as dividend to our shareholder in the new year.

The company is monitoring the performance of its equity investments taking into consideration the fact that the markets have been under pressure subsequent to the year end. The impact was assessed at less than 2% of the equity value. The impact on Sasria has not been material and the markets are already showing 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. WABANIE (LEGAL AND COMPLIANCE MANAGER)

COMPANY SECRETARY

M.M. SALLIE (Appointed 19 March 2008)

Registered office
PO Box 7380
Johannesburg
2000

Business address
47 Wierda Road West
Wierda Valley
Sandton

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The company adopted International Financial Reporting Standards for the first time during the period ended 31 March 2006. International Financial Reporting Standards have been applied in preparing the financial statements for the year ended 31 March 2008 and the comparative information presented in these financial statements for the year ended 31 March 2007.

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, and irregular, fruitless and wasteful expenditure as required by the Act.

Balance Sheet

For the Year Ended 31 March 2008

	Note	As at 31 March 2008	Restated* As at 31 March 2007
ASSETS		R'000	R'000
Property, plant and equipment	6	31,266	1,002
Intangible assets including intangible insurance assets	7	33,113	31,993
Investment in associate	8	72,800	50,300
Financial assets			
– at fair value through profit or loss	9	696,166	578,838
– loans and receivables	9	1,220	570
Deferred income tax	16	----	173
Reinsurance contracts	11	98,750	84,115
Insurance receivables	10	101,047	104,270
Cash and cash equivalents	12	1,783,523	1,552,129
Total assets		2,817,885	2,403,390
EQUITY			
Share capital	13	---	---
Statutory contingency reserve		38,676	24,316
Retained earnings		2,300,227	2,025,413
Total equity		2,338,903	2,049,729
LIABILITIES			
Deferred revenue	15	16,500	19,882
Deferred income tax	16	26,317	41,577
Insurance contracts	11	321,801	206,798
Current tax liability		26,985	21,937
Trade and other payables	14	87,379	63,467
Total liabilities		478,982	353,582
Total equity and liabilities		2,817,885	2,403,390

* As more fully disclosed in note 8, the 2007 figures have been restated to separate and reclassify investments held indirectly through the associate (private equity trust) from those that are directly held at fair value through profit and loss

The notes on pages 24 to 61 are an integral part of these financial statements.

Income **Statement**
For the Year Ended 31 March 2008

	Note	Year ended 31 March 2008 R'000	Restated* Year ended 31 March 2007 R'000
Gross insurance premium written	17	555,997	487,751
Insurance premiums ceded to reinsurers	17	(214,601)	(261,412)
Net insurance premium revenue		341,396	226,339
Change in gross unearned premium provision		(10,310)	(20,274)
Change in reinsurers' share of unearned premium provision		(10,162)	8,109
Net insurance premiums earned	17	320,924	214,174
Commission earned from reinsurers		116,916	99,069
Investment income	18	177,428	212,761
Net income		637,768	526,004
Gross insurance claims and loss adjustment expenses	19	(119,020)	4,791
Claims and loss adjustment expenses recovered from reinsurers	19	29,079	(5,901)
Net insurance claims		(89,941)	(1,110)
Expenses for the acquisition of insurance contracts	20	(108,971)	(94,252)
Expenses for marketing and administration	21	(34,337)	(32,772)
Total expenses		**(143,308)**	**(127,024)**
Results of operating activities		382,019	397,870
Share of profit of associate	8	22,500	2,380
Profit before tax		**404,519**	**400,250**
Income tax expense	23	(115,345)	(109,616)
Profit for the year attributable to ordinary shareholder		**289,174**	**290,634**

* As more fully disclosed in note 8, the 2007 figures have been restated to reclassify the share of profits on those investments held indirectly through the associate (private equity trust) and separate them, from the fair value gains on other investments which are held directly at fair value through profit and loss.

The notes on pages 24 to 61 are an integral part of these financial statements.

Statement of Changes in Equity

For the Year Ended 31 March 2008

	Note	Share capital	Statutory contingency reserve	Retained earnings	Total
		R'000	R'000	R'000	R'000
As at 31 March 2006		---	30,115	1,728,980	1,759,095
Profit for the year			---	290,634	290,634
Transfer from contingency reserve			(5,799)	5,799	---
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

Cash Flow Statement

For the Year Ended 31 March 2008

	Note	Year ended 31 March 2008 R'000	Year ended 31 March 2007 R'000
Cash generated from operations	26	318,614	127,043
Dividends received	18	8,219	12,398
Interest received	18	191,709	202,743
Income tax paid		(125,385)	(103,833)
Net cash from operating activities		393,157	238,351
Cash flows from investing activities			
Purchases of property, plant and equipment	6	(31,162)	(186)
Purchases relating to intangible assets	7	(6,870)	(1,920)
Proceeds from sale of property, plant and equipment		---	---
Purchase of investments		(123,731)	(119,599)
Acquisition of associates		-------	(11,120)
Net cash used in investing activities		(161,763)	(132,825)
Net increase in cash and cash equivalents		231,394	105,526
Cash and cash equivalents at beginning of year		1,552,129	1,446,603
Cash and cash equivalents at end of year	12	1,783,523	1,552,129

The notes on pages 24 to 61 are an integral part of these financial statements.

Notes to the Annual Financial Statements

For the Year Ended 31 March 2008

1. GENERAL INFORMATION

Sasria Limited underwrites short-term insurance risks generally not covered by a traditional insurance company. 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;

These products are offered only to the domestic market. The company employs 28 people.

Sasria is a limited liability company incorporated and domiciled in South Africa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.
These financial statements 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 2008.

2.1 BASIS OF PRESENTATION

These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, in accordance with International Financial Reporting Standards and the Companies Act, No. 61 of 1973, as amended, in South Africa.

All amounts in the notes are shown in thousands of South African Rand rounded to the nearest thousand, unless otherwise stated.

Adoption of IFRS and changes in accounting policies

The following new or revised IFRS's and interpretations are applied in the current year's financial statements:

- IFRS 7 *Financial Instruments: Disclosures* which is effective for years commencing on or after 1 January 2007. The standard deals with the disclosure of financial instruments and the related qualitative and quantitative risks. The statement therefore does not impact the results of the company but does impact the format and extent of disclosure related to financial instruments. Comparative information has been provided where applicable.

- IFRS 4 amendments following from IFRS 7: This does not have a significant impact on the classification and valuation of the company's financial instruments or insurance liabilities but rather defines the disclosure required to explain the risk management procedures applied by the company.

- Amendment to IAS 1 *Presentation of Financial Statements* effective for years commencing on or after 1 January 2007, regarding capital disclosures which requires specific disclosures regarding an entity's objectives, policies and processes for managing capital.

- IFRIC 8 *Scope of IFRS 2*. This interpretation must be applied to all annual periods commencing on or after 1 May 2006. This interpretation does not have any impact on the company's financial statements.

- IFRIC 9 *Reassessment of Embedded Derivatives*. This interpretation must be applied to annual periods commencing on or after 1 June 2006. This interpretation does not have any impact on the company's financial statements.

- IFRIC 10 *Interim Financial Reporting and Impairment*. This interpretation must be applied to annual periods commencing on or after 1 November 2006. This interpretation does not have impact on the company's financial statements.

- IFRIC 11, IFRS 2 *Group and Treasury Share Transactions*. This interpretation must be applied to annual periods commencing on or after 1 March 2007. This interpretation will not be applicable to the company.

The following new or revised IFRS's and interpretations were issued but not yet effective in the current year's financial statements. Only IAS 1 will be applicable to the company's operations.

- IAS 1 *Presentation of Financial Statements* (Revised 2007). This standard must be applied to all annual periods commencing on or after 1 January 2009. This amendment requires that an entity must present all non-owner changes in equity either in one statement of comprehensive income or in two statements; a separate income statement and a statement of comprehensive income. All owner changes in equity are recognised in a statement of changes in equity.

- IAS 23 *Borrowing Costs*. This standard must be applied to all annual periods commencing on or after 1 January 2009. The standard has eliminated the option of immediate recognition of borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying asset, as an expense. The standard will not be applicable to the company.

- IFRS 3 *Business Combinations and related revisions to IAS 27 Consolidated and separate financial statements effective for the business combinations on or after 1 July 2009.* It mainly deals with the accounting for business combinations and the definitions of control, accounting for non controlling interest and changes in ownership. The standard will not be applicable to the company.

- IFRS 8 *Operating Segments*. This standard must be applied to all annual periods commencing on or after 1 January 2009 and will supersede IAS 14 *Segment Reporting*. The standard requires an entity to report financial and descriptive information about its reportable segments based on information provided to key management. The financial information should be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. The standard will not be applicable to the company.

- IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. This interpretation must be applied to all annual periods commencing on or after 1 January 2008. IFRIC 14 provides general guidance on how to assess the limit in IAS 19 *Employee Benefits* on the amount of the surplus that can be recognised as an asset. It also explains how the pension fund's asset or liability may be affected when there is a statutory or contractual minimum funding requirement. The interpretation will not be applicable to the company.

- IFRIC 12 *Service Concession Arrangements*. This interpretation must be applied to all annual periods commencing on or after 1 January 2008. Service concession arrangements are arrangements whereby a government or other body grants contracts for

Note to the Annual Financial Statements (contd.)

the supply of public services such as roads, energy distribution, prisons or hospitals to private operators. The objective of this IFRIC is to clarify how certain aspects of existing IASB literature are to be applied to service concession arrangements. The interpretation will not be applicable to the company.

- IFRIC 13 *Customer Loyalty Programmes*. This interpretation must be applied to all annual periods commencing on or after 1 July 2008. The interpretation addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits. The interpretation will not be applicable to the company.

- IFRIC 15 *Agreements for the Construction of Real Estate*. The interpretation addresses the accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This interpretation is effective for annual periods beginning on or after 1 January 2009. This interpretation will not be applicable to the company.

- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*. The interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and wishes to qualify for hedge accounting in accordance with IAS 39. This interpretation is effective for annual periods beginning on or after 1 October 2008. This interpretation will not be applicable to the company.

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 the software development team's employee costs and 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 recognized 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. The company's investment strategy is to invest in equity and debt securities and short term deposits and to evaluate them with reference to their fair values.

(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 substantially all the risks and rewards of ownership, have been transferred.

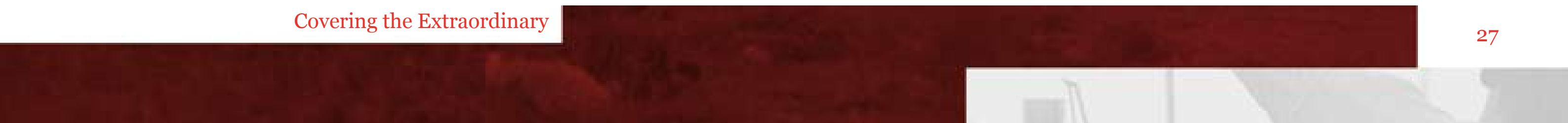
2.4.3 Measurement

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.

Note to the Annual Financial Statements (contd.)

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 internal and 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 directors believe that that the gross provisions for claims and the related reinsurance recoveries represent the best estimate based on currently available information. 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 on page 29. 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 recognized 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

Commissions paid to intermediaries are accounted for over the risk period of the policy to which they relate. 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 commissions receivable should be taken into account when they are likely to be realized, and are measurable.

Salvage reimbursements

Some insurance contracts permit the company to sell (usually damaged) property acquired in settling a claim (i.e., Salvage). The company may also have the right to pursue third parties for payment of some or all costs (i.e. 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 or 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.

Note to the Annual Financial Statements (contd.)

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 employees the benefits relating to employee 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 recognized within investment income in the income statement. Refer to note 18.

Dividends are recognized 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 capitalization 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 recognized 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 recognized 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 are based on historical experience and various factors that may be relevant at the time. Actual results may subsequently be different to the estimates.

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

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 for 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. The growing complexity and dynamism of the environment in which we operate means that there are natural limits, however. 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.

Note to the Annual Financial Statements (contd.)

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), 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. Subsequent changes to these estimates would result in changes to fair values. Sasria accounts for its share of those fair value movements as described in 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.

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 include 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.

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.

4.2 Limiting exposure to insurance risk

Due to the business model followed by Sasria, in that no individual underwriting is performed, the company relies on the agent companies for its underwriting. Sasria offers cover on a non-refusable basis. The premium rates that the agent companies use are set by Sasria in underwriting guidelines. These premiums are a fixed percentage of the value insured. 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 is limited to R300 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 result 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	2007 / 2008	2006 / 2007
	%	%
Engineering	3.28	3.54
Fire	73.65	73.12
Transportation	0.81	0.71
Motor	21.87	22.44
Guarantee	0 .39	0. 19
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	2007 / 2008	2006 / 2007
	%	%
Personal policies	33.56	34.90
Commercial policies	66.44	65.10
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 split between annual and monthly premiums written is as follows:

Split by type of policy	2007 / 2008	2006 / 2007
	%	%
Annual policies	54.38	58.60
Monthly policies	45.62	41.40
Total policies	**100.00**	**100.00**

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.

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 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+
At 31 March 2007		
Reinsurer	**% of total cover provided**	**Standard & Poor's rating**
Munich Re of Africa	35%	A-
Swiss Re of Africa	27.5%	A
Talbot Re (UK)	8%	A+
Odyssey Re (France)	8%	A-
Amlin Re (UK)	6%	A+

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

4.5 Claims management

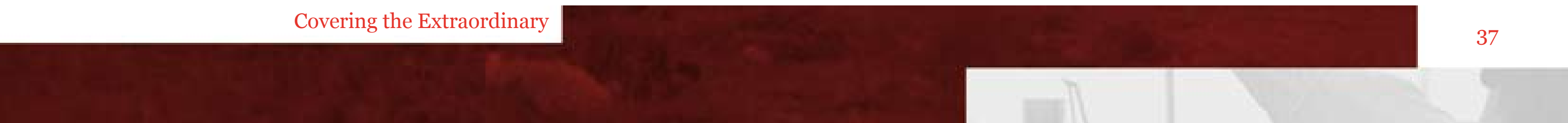
The outstanding claims are monitored on a monthly basis by management. All individual claims with an estimate exceeding R250,000 are individually reviewed by executive management. The claims department monitors most of the media on a daily basis to consider all events likely to result in claims against the company. The outstanding claims provision is monitored on a monthly basis by management. 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	**2008 R'000**	**2007 R'000**
Quoted equity securities	436,938	351,953
Total equity securities	**436,938**	**351,953**
Government and semi government bonds (Fixed rate)	13,825	13,500
Other bills and bonds (Fixed rate)	245,403	213,385
Total financial assets at fair value through income	**696,166**	**575,838**
Insurance receivables	101,047	104,270
Other loans and receivables	1,220	570
Total loans and receivables including insurance receivables	**102,267**	**104,840**
Reinsurance assets	98,750	84,115
Cash and cash equivalents	1,783,523	1,552,129
Total financial and insurance assets	**2,680,706**	**2,319,922**



Financial and insurance liabilities	2008 R'000	2007 R'000
Deferred revenue	16,500	19,882
Insurance contracts	321,801	206,798
Trade and other payables	87,379	63,467
Total financial and insurance liabilities	**442,180**	**310,029**

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 Government bonds and other 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 hypothetical 1% decline or increase in the interest rate relating to interest bearing securities excluding Government bonds and other bills and bonds would result in an increase in profit before tax of R17,8m (2007: R15,5m) or a decrease in profit before tax of R17,8m.(2007: R15,5m) respectively. A hypothetical 1% was used during the current financial year taking into consideration the interest rate hikes by the South African Reserve Bank which raised the repo rate by a cumulative 2,5%. 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 1% increase in interest rates would expose the company to the risk of losing value in Government bonds and other bills and bonds by R2.59m (2007:R2,27m) while the decrease would expose the company to the risk of gaining value by R2,88m (2007:R2,52m).

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

Investment in listed equities, which are carried on the balance sheet at fair value, has exposure to price risk, being a potential loss of market value resulting from adverse changes 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 six 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 made by the Board's Investment Committee, which has ultimate responsibility for determining the investment portfolio's risk profile and the related investment decisions.

At 31 March 2008, the company had both 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 R43,69m(2007: 15% R52.8m). 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 impact of the assumptions used above.

Quoted investments	At 31 March 2008	At 31 March 2007
Effect on Profit before tax at 10% fluctuation	R43,694m	R35,2m
Effect on Profit before tax at 15% fluctuation	R65,54m	R52,8m

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 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 limits on 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.

Reinsurance is used to manage insurance risk. This does not, however, discharge the company's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the company remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis, along with their external ratings as indicated above.

The credit risk relating to our investment managers are minimised by only investing through managers that have been approved by the Investment Committee after being screened and recommended by our investment consultants. Ratings received from reputable rating agencies are considered before any appointments are made.

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.

Note to the Annual Financial Statements (contd.)

Analysis of credit quality of the company's financial assets excluding all equity securities

In Thousands

At 31 March 2008	AAA	AA	A	BBB	Not rated	Total
Financial Assets						
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**

In Thousands

At 31 March 2007	AAA	AA	A	BBB	Not rated	Total
Financial Assets						
Government Bonds and semi government bonds	13,500	-	-	-	-	13,500
Other bills and bonds	41,204	126,903	28,181	-	17,097	213,385
Insurance receivables					104,270	104,270
Loans and receivables	-	-	-	-	570	570
Reinsurance contracts	-	11,776	59,301	-	13,038	84,115
Cash and cash equivalents	284,343	995,868	194,472	10,867	66,579	1,552,129
	339,047	**1,134,547**	**281,954**	**10,867**	**201,554**	**1,967,969**

The assets analysed above are based on external credit ratings obtained from various reputable external rating agencies, mainly the Standard and Poor 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 company has an investment committee that reviews the credit risk on all the financial instruments and measurers are put in place to minimize 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.

The insurance receivables that are due from policy holders amounting R101 million (2007: R104 million) are not rated,

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 with insignificant 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 2008

	Within 0 to 3 months	3 months to 1 year	1 to 2 years	Total
	R'000	**R'000**	**R'000**	**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**

As at 31 March 2007

	Within 0 to 3 months	3 months to 1 year	1 to 2 years	Total
	R'000	**R'000**	**R'000**	**R'000**
Deferred revenue	1,243	8,698	9,941	19,882
Insurance contracts	135,400	-	71,398	206,798
Trade and other payables	63,467	-	-	63,467
Total	**200,110**	**8,698**	**81,339**	**290,147**

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

Note to the Annual Financial Statements (contd.)

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

As at 31 March 2008

	Within 0 to 3 months	3 months to 1 year	1 to 2 years	Total
	R'000	**R'000**	**R'000**	**R'000**
Held through 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**

As at 31 March 2007

	Within 0 to 3 months	3 months to 1 year	1 to 2 years	Total
	R'000	**R'000**	**R'000**	**R'000**
Held through associate	-	50,300	-	50,300
Financial assets at fair value through profit or loss	-	578,838	-	578,838
Loans and receivables	570			570
Insurance receivables	104,270			104,270
Reinsurance assets	55,074		29,041	84,115
Cash and cash equivalents	1,552,129			1,552,129
Total	**1,721,043**	**629,138**	**29,041**	**2,370,222**

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 100cents (2007: 100cents).

Based on a 2003 actuarial report, conducted to determine the capital requirements of the company to cover claims due to catastrophic events, the company has not distributed any of its retained earnings during the last four years. The assessment to determine the capital requirements of the company is done on a 5 yearly basis. The last assessment done in 2003 had indicated that the company needed to maintain capital amounting to R1, 5bn net of liabilities to cover catastrophic claims. The target has been reached and the company is currently conducting the next assessment to determine the capital adequacy of the company.

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.

The company's statutory solvency margin of 682% (2007: 906%) represents shareholders funds expressed as a percentage of net insurance premium revenue.

6. PROPERTY, PLANT AND EQUIPMENT

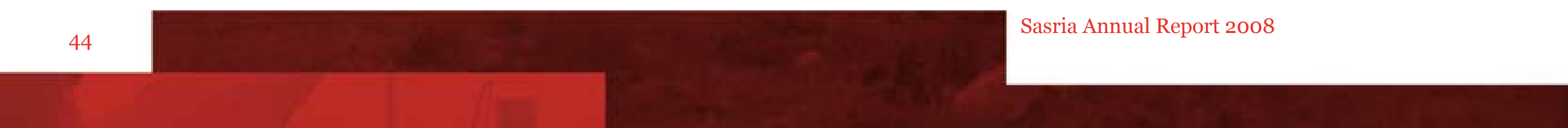
	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Land and buildings	Total
	R'000	R'000	R'000	R'000	R'000	R'000
At 31 March 2007						
Opening net book amount	1,046	205	148	79	----	1,478
Additions	151	6	----	29	----	186
Disposals	----	----	----	----	----	----
Depreciation charge	571	28	31	32	----	662
Closing net book amount	**626**	**183**	**117**	**76**	**----**	**1,002**
At 31 March 2007						
Cost	2,733	659	152	167	----	3,711
Accumulated depreciation	2,107	476	35	91	----	2,709
Net book amount	626	183	117	76	----	1,002
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**

Depreciation expense of R898, 000 (2007: R662,000) has been included in other operating expenses.
The addition to land and buildings was an office block purchased in December 2007 with the view to utilise as the administrative offices of the company. The property is situated in Wierda Valley, 47 Wierda Road West, Sandton.

Note to the Annual Financial Statements (contd.)

7. INTANGIBLE ASSETS INCLUDING INTANGIBLE INSURANCE ASSET

	Deferred acquisition cost	Software development	Total
	R'000	R'000	R'000
At 31 March 2007			
Opening net book amount	22,476	6,565	29,041
Additions	----	913	913
Movement in income statement (refer note 20)	4,048	---	4,048
Amortisation charge	-------	(2,009)	(2,009)
Closing net book amount	**26,524**	**5,469**	**31,993**
At 31 March 2007			
Cost	27,921	7,478	35,399
Accumulated amortisation and impairment	(1,397)	(2,009)	(3,406)
Net book amount	**26,524**	**5,469**	**31,993**
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**



8. INVESTMENT IN ASSOCIATE (RECLASSIFICATION)

	At 31 March 2008 R'000	At 31 March 2007 R'000
Cost of initial investment in Aloecap (private equity investment trust)	20,620	9,500
20% share of cumulative equity accounted earnings at the beginning of year	29,680	27,300
Add: Purchase of investment in current year	---	11,120
Subtotal	**50,300**	**47,920**
20% share of equity accounted earnings in current year	22,500	2,380
Carrying amount at end of year	**72,800**	**50,300**
Fair value per directors	**72,800**	**50,300**

Summarised financial information of the associate, which is unlisted, was as follows:

	At 31 March 2008 R'000	At 31 March 2007 R'000
Assets	364,000	251,500
Liabilities	---	---
Income	121,880	13,955
Expenses	5,700	6,750
% Interest held	20%	20%

The investment in an associate represents a 20% interest in a private equity investment trust. The investment is accounted for by equity accounting for Sasria's 20% 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.

Note to the Annual Financial Statements (contd.)

Previously these investments were accounted for as part of the investments carried at fair value through profit and loss. The reclassification in the current year has been made to separately account for the trust through which the investments are carried. The comparatives have been restated accordingly. The figures in the balance sheet and income statement have been reclassified as follows:

	At 31 March 2008 R'000	At 31 March 2007 R'000
Reclassification:		
Balance sheet		
Investment at fair value through profit or loss	(72,800)	(50,300)
Investment in associate	72,800	50,300
Income statement		
Investment income	(22,500)	(2,380)
Share of profit of associate	22,500	2,380

9. FINANCIAL ASSETS

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

	At 31 March 2008 R'000	At 31 March 2007 R'000
Fair value through profit or loss	696,166	578,838
Loans and receivables	1,220	570
Total financial assets	697,386	579,408

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	At 31 March 2008	At 31 March 2007
Equity securities:	R'000	R'000
Listed and quoted	436,938	351,953
Quoted in an active market		
Debt securities – fixed interest rate:		
Government and semi-government bonds	13,825	13,500
Other bills and bonds	245,403	213,385
	259,228	226,885
Total financial assets at fair value through profit or loss	**696,166**	**578,838**

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

	At 31 March 2008 R'000	At 31 March 2007 R'000
prepayments	1,220	570
Total loans and receivables	**1,220**	**570**

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

10. INSURANCE RECEIVABLES

	At 31 March 2008 R'000	At 31 March 2007 R'000
Profit commission	43,906	28,747
Outstanding premiums	57,141	75,523
Total insurance receivables	**101,047**	**104,270**

		At 31 March 2008		At 31 March 2007
	Gross	Impairment	Gross	Impairment
The trade receivables due from agents at reporting date was:				
Not past due	50,777	-----	45,991	-----
Past due 0 - 30 days	6,364	-----	29,601	-----
	57,141	**------**	**75,592**	**-------**

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

Gross	**At 31 March 2008 R'000**	**At 31 March 2007 R'000**
Outstanding claims	162,258	64,002
Claims incurred but not reported	16,680	10,243
Outstanding claims, including claims incurred but not reported	178,938	74,245
Unearned premiums	142,863	132,553
Total insurance liabilities, gross	**321,801**	**206,798**
Recoverable from reinsurers		
Outstanding claims	48,677	25,601
Claims incurred but not reported	7,214	5,493
Outstanding claims, including claims incurred but not reported	55,891	31,094
Unearned premiums	42,859	53,021
Total reinsurers' share of insurance liabilities	**98,750**	**84,115**
Net		
Outstanding claims	113,581	38,401
Claims incurred but not reported	9,466	4,750
Outstanding claims, including claims incurred but not reported	123,047	43,151
Unearned premiums	100,004	79,532
Total insurance liabilities, net	**223,051**	**122,683**

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 2008 and March 2007 are not material.

Movements in insurance liabilities and reinsurance assets

The movements for the year are summarised below:

a) Outstanding claims, including claims incurred but not reported	Gross	Reinsurance	Net
At 31 March 2007	**R'000**	**R'000**	**R'000**
Balance at beginning of the year	173,430	74,754	98,676
Less: claims paid relating to the prior years	(91,769)	(36,708)	(55,061)
Change in prior year estimate	6,731	2,693	4,038
Claims incurred during the year	(24,390)	(15,138)	(9,252)
Claims incurred but not reported	10,243	5,493	4,750
Balance at end of the year	**74,245**	**31,096**	**43,151**
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**

b) Provision for unearned premiums	Gross	Reinsurance	Net
At 31 March 2007	**R'000**	**R'000**	**R'000**
Balance at beginning of the year	112,279	44,912	67,367
Premiums written during the year	487,751	195,100	292,651
Less: Premiums earned during the year	467,477	186,991	280,486
Balance at end of the year	**132,553**	**53,021**	**79,532**
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	0	13,255	13,255
Balance at end of the year	**142,863**	**42,859**	**100,004**

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

Note to the Annual Financial Statements (contd.)

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 R44, 73 million (2007 R18,56 million).The net impact after reinsurance on profit before tax would be R30,76m (2007: R10,79m).

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 10% on insured values, the increased cost of claims would be to impact the profit before tax with a reduction of R7,02m (2007: R450,200)

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 2007 and that prompted the increase in the IBNR provision from 2,1% to 3%.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 R4,8 million in 2007 to R9,4 million.

IBNR – gross claims

Reporting year	31 Dec 2002	31 Dec 2003	31 Dec 2004	31 March 2006	31 March 2007	31 March 2008
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Claims reported after year-end:						
- One year after year-end	3,331	7,781	892	9,920	22,315	8,164
- Two years after year-end	11	0	8	0	39	0
- Greater than three years after year-end	174	0	0	0	0	0
- Total	3,516	7,781	892	9,920	22,354	8,164
IBNR provision	13,938	15,032	17,104	21,808	7,917	13,372
Utilisation of IBNR	25,22%	51,76%	5,21%	45.49%	282,37%	60,37%

Note to the Annual Financial Statements (contd.)

IBNR – net claims

Reporting year	31 Dec 2002	31 Dec 2003	31 Dec 2004	31 March 2006	31 March 2007	31 March 2008
	R'000	R'000	R'000	R'000	R'000	R'000
Claims reported after year-end:						
- One year after year-end	1,666	3,891	446	5,952	13,389	5,715
- Two years after year-end	6	0	4	0	23	0
- Greater than three years after year-end	0	0	0	0	0	0
- Total	1,666	3,891	450	5,952	13,412	5,715
IBNR provision	6,604	7,516	8,629	13,085	4,750	9,466
Utilisation of IBNR	25.22%	51,76%	5,21%	45.49%	282,37%	60,37%%

The company continues to benefit from reinsurance programmes that were purchased in prior years and include 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.

12. CASH AND CASH EQUIVALENTS

	At 31 March 2008	At 31 March 2007
Cash and cash equivalents comprise of	R'000	R'000
Short term deposits and cash on call	1,569,135	1,432,003
Fixed Deposits	33,127	20,055
Call Account	212,367	188,285
Money market	1,323,641	1,223,663
Bank and cash balances	214,388	120,126
	1,783,523	**1,552,129**

The effective interest rate on short-term bank deposits with maturities of less than three months ranges between 8.00% and 10.5% (2007: 6.00% and 8.00%). The effective interest rate on current accounts at the balance sheet date averaged between 7.25% and 9.25% (2007: 5.25% and 7.25%).

13. SHARE CAPITAL

	At 31 March 2008	At 31 March 2007
Authorised	**R'000**	**R'000**
1 ordinary share of 100 cents	0	0
Issued		
1 ordinary share of 100 cents	0	0

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

	At 31 March 2008	At 31 March 2007
	R'000	**R'000**
Trade payables and accrued expenses	33,427	18,423
Amounts due to reinsurers	53,952	45,044
Total	**87,379**	**63,467**

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

15. DEFERRED REVENUE

	At 31 March 2008	At 31 March 2007
	R'000	**R'000**
Balance at beginning of year	19,882	16,481
Movement in income statement	(3,382)	3,041
Balance at end of year	**16,500**	**19,882**

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 2008	At 31 March 2007
	R'000	R'000
At beginning of year	41,404	32,817
Income statement charge/(credit)	(15,087)	8,587
At end of year	26,317	41,404

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

(a) Deferred tax assets

	Provisions	Operating leases	Total
	R'000	R'000	R'000
At 1 April 2006	(72)	(42)	(114)
Charged/(credited) to the income Statement	(42)	(17)	(59)
At 31 March 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

(b) Deferred tax liabilities

	DAC and other intangible assets	Unrealised appreciation of investments	Total
	R'000	R'000	R'000
At 1 April 2006	1,634	31,297	32,931
Charged/(credited) to the income statement	(2,516)	11,162	8,646
At 31 March 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

17. NET INSURANCE PREMIUM REVENUE

	Year ended 31 March 2008	Year ended 31 March 2007
Insurance contracts	**R'000**	**R'000**
Premium written	555,997	487,751
Change in unearned premium provision	(10,310)	(20,274)
Premium revenue arising from insurance contracts	545,687	467,477
Reinsurance contract		
Premium ceded	214,601	261,412
Change in unearned premium provision	10,162	(8,109)
Premium revenue ceded to reinsurers	224,763	253,303
Net insurance premium revenue	**320,924**	**214,174**

An excess of loss reinsurance cover was purchased for 2008 at a cost of R 73,655,715 (2007: R 80,999,392). There were no events in either 2008 or 2007 that prompted losses of sufficient size to trigger a recovery from these contracts.

18. INVESTMENT INCOME

	Year ended 31 March 2008	Year ended 31 March 2007
Investment income on cash and cash equivalents:	**R'000**	**R'000**
Interest income	196,497	137,030
Investment income on financial assets held at fair value through income:		
Net fair value gains:		
-dividend income	8,219	12,398
-unrealised net fair value (loss)/gain	(61,623)	27,271
-realised net fair value gains	34,335	36,062
	177,428	**212,761**

19. INSURANCE CLAIMS AND LOSS ADJUSTMENT EXPENSES

	Year ended 31 March 2008	Year ended 31 March 2007
Gross	**R'000**	**R'000**
Claims paid	(14,326)	(94,394)
Movement in outstanding claims and IBNR	(104,694)	99,185
	(119,020)	**4,791**
Reinsurers share		
Claims paid	4,281	37,760
Movement in outstanding claims and IBNR	24,798	(43,661)
	29,079	**(5,901)**

Note to the Annual Financial Statements (contd.)

20. EXPENSES FOR THE ACQUISITION OF INSURANCE CONTRACTS

	Year ended 31 March 2008 R'000	Year ended 31 March 2007 R'000
Gross commission paid	(111,068)	(98,300)
Movement in deferred acquisition cost	2,097	4,048
	(108,971)	**(94,252)**

21. EXPENSES FOR MARKETING AND ADMINISTRATION

Operating expenses are stated after charging:	Year ended 31 March 2008 R'000	Year ended 31 March 2007 R'000
Amortisation of software development cost	2,356	2,009
Advertising expenses	874	713
Auditors remuneration	780	526
Audit fees – Current year	641	413
Audit fees – Prior year underprovision	139	113
Computer expenses	936	966
Consulting fees	919	257
Depreciation	897	662
Directors fees	425	508
Financial services board levies	188	163
Insurances	238	34
Investment administration expenses	9,789	8,522
Maintenance	149	134
Operating lease rentals	1,909	1,988
Other expenses	558	207
Printing and Stationery	850	335
Loss on disposal of fixed assets	5	--
Regional Services Council levy	--	49
Salaries	10,945	10,371
Social responsibility allocation	2,893	2,862
Subscriptions	298	224
Telephone	193	180
Training and seminars	235	263
Travelling expenses	280	346
*VAT adjustment	(1,381)	1,453
	34,337	**32,772**

* As a consequence of the fact that VAT is paid on a cash basis, timing differences arise between VAT due on premiums written and premiums received.

22. EMPLOYEE BENEFIT EXPENSE

	Year ended 31 March 2008 R'000	Year ended 31 March 2007 R'000
Wages and salaries	8,379	8,010
Car allowance	605	538
Pension costs – defined contribution plans	1,454	1,384
Medical aid costs	507	439
	10,945	**10,371**
Number of employees	28	26

23. INCOME TAX EXPENSE

	Year ended 31 March 2008	Year ended 31 March 2007
Current taxation	R'000	R'000
- Current year normal tax	130,432	101,513
- Prior year overprovision	---	(484)
	130,432	101,029
Deferred tax	(15,087)	8,587
	115,345	**109,616**

Reconciliation of taxation:

Profit before tax	404,519	400,250
Tax calculated at South African normal taxation rate of 29%	117,311	116,073
Effects of:		
Income not subject to tax :		
- dividend income	(2,384)	(3,595)
Prior year overprovision	0	(484)
Other expenses not allowable for tax purposes	1,726	(2,799)
Vat adjustment	(401)	421
Tax rate adjustment	(907)	0
Tax charge for the period	**115,345**	**109,616**
Effective rate	28.51%	27.4%

Note to the Annual Financial Statements (contd.)

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, 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 2008.

During the last financial year Alexander Forbes Asset Management Consultants were appointed to assist Executive Management to look after assets of the company. Our Chairperson did disclose his interest as a Shareholder and Chairperson of the Alexander Forbes South African operations.

Futuregrowth, being one of our investment managers, is regarded as a related party to the company due to the relationship created by one of our directors who is also a director of Wiphold group which has a controlling shareholding in Futuregrowth.

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.

Purchase of goods and services

	Year ended 31 March 2008 R'000	Year ended 31 March 2007 R'000
Shareholder, including government departments	144	178

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

Interest received

	Year ended 31 March 2008 R'000	Year ended 31 March 2007 R'000
Shareholder, including government departments	1,320	1,060

Key management* compensation

	Year ended 31 March 2008 R'000	Year ended 31 March 2007 R'000
Salaries and other short-term employee benefits	3,651	4,500

**Key Management consists of 4 executive committee members who were there during the year. The two executive members resigned during the current financial year.*

There were no existing/outstanding loans.

Year end balances arising from transactions

There was no year end balance receivable from related parties

Payables to related parties

	Year ended 31 March 2008 R'000	Year ended 31 March 2007 R'000
Shareholder, including government departments	13	6

Purchase transactions with related parties are at arm's length with payment terms of 30 days from invoice date.

Indirect transactions – balance sheet assets at fair value

	Year ended 31 March 2008 R'000	Year ended 31 March 2007 R'000
Government bonds		
Opening balance	13,500	29,216
Movement during the year	325	(15,716)
Closing balance	**13,825**	**13,500**

*The movement includes additions, disposals and interest received.

Note to the Annual Financial Statements (contd.)

25. DIRECTORS EMOLUMENTS

	Salary/fees	Bonus	Contributions	Car allowance	Total
Non-executive directors	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
N.V. Beyers	28	0	0	0	28
C.D. Da Silva	57	0	0	0	57
J. Du Preez	75	0	0	0	75
A.F. Julies*	70	0	0	0	70
M. Lehutso-Phooko	75	0	0	0	75
S.S. Ntsaluba	66	0	0	0	66
M.C. Ramaphosa	142	0	0	0	142
M.M.T. Ramano	70	0	0	0	70
M.A. Samie	79	0	0	0	79
Executive directors					
G. Matthee	764	169	164	64	1,161
M.P. Pule**	1,038	432	148	48	1,666
	2,464	**601**	**312**	**112**	**3,489**
Executive managers	560	120	97	47	824

* Fees paid to National Treasury.

** Resigned 31/12/2007

26. CASH GENERATED FROM OPERATIONS

	Year ended 31 March 2008 R'000	Year ended 31 March 2007 R'000
Underwriting surplus for the period	204,592	185,108
Adjustment for:		
Depreciation	3,253	2,672
Loss on disposal of fixed assets	5	0
(Decrease)/increase in net technical provisions	100,368	(43,360)
Operating profit before working capital changes	308,218	144,420
Decrease/(Increase) in outstanding premiums	18,382	(14,521)
Decrease/(Increase) in receivables and prepayments	(31,898)	3,203
(Decrease)/Increase in payables	15,004	(14,783)
Increase/(decrease) in amount due to reinsurers	8,908	8,724
	318,614	**127,043**

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:

	At 31 March 2008	At 31 March 2007
	R'000	**R'000**
No later than 1 year	1,752	1,637
Later than 1 year and no later than 5 years	905	2,657
	2,657	**4,294**

28. CAPITAL COMMITMENTS

Capital expenditure authorised at the balance sheet date but not yet contracted for is as follows:

	At 31 March 2008	At 31 March 2007
Authorised	**R'000**	**R'000**
Office building	---	35,000
	---	**35,000**

Directors & Staff
of Sasria Limited

For the Year Ended 31 March 2008

One Team One Goal...

Doing it for the Country.

Executive Management

For the Year Ended 31 March 2008

G. Matthee
Managing Director

N. Wabanie
Executive Manager
Legal / Compliance Manager

T.C. Mahlangu
Executive Manager
Business Operation Department

Managers
For the Year Ended 31 March 2008

L.D. Mulder
I.T. Manager

M.M. Sallie
Company Secretary

T.W. Motshoane
Internal Audit Manager

D. Parbhoo
Claims Manager

Notes

Notes

The Photograph Representing the Day that Changed South African History **Forever.**

It was supposed to be a non-violent march, but the children were told to break it up, to disperse.

Instead they began to sing... Nkosi Sikelele.

The terrifying moments that followed will rightfully remain in the hearts and the memories of many. Five hundred people were killed as they protested over the compulsory requirement of Afrikaans as a medium of instruction in all township schools.

Mr. Sam Nzima's photograph of the dying Hector Pieterson being carried by a fellow student has been published around the world. It has been significant, and inadvertently it has come to represent the tragedy of that historic day. Pure heartbreak, changing South African history forever, sparked by months of clashes between police, schoolchildren and protesters – however was not in vain.

When you visit the Hector Pieterson Museum in Orlando West, Soweto, you'll see Mr. Nzima's legendary photograph showing the unconscious Hector being carried by Makhubo, with Hector's sister - now Antoinette Sithole - running alongside him. Hector's family today, does not have a solitary photograph of their well-known son. After 16 June, Hector's family was approached by various journalists all wanting pictures of him. Photographs were handed over with the promise that they would be returned - but they never were. More than thirty years on, the search for these borrowed photographs continues.

The museum, which opened on 16 June 2002, follows the history leading to the build-up to 16 June 1976; initially with the way pressure and tension were building among Soweto's school children, with one school after another going out to voice their disapproval. The museum stands only two blocks from where Hector was shot, today there are enlarged photographs of marching children, all carrying posters and banners and protesting.

Sasria too was born because of the events of 16th June 1976.

It is for this reason that Sasria wish to acknowledge the Pieterson family, the contribution of the Hector Pieterson Museum and the remarkable vocation of Mr. Nzima.