ANNUAL REPORT 2011

COVERING THE EXTRAORDINARY

CARBON FOOTPRINT

ENVIRONMENTAL CALCULATOR:

This Annual Report was printed on Cyclus Print and Cyclus Offset, in the interests of the environment. Cyclus Print and Cyclus Offset is a two-sided matt coated paper, with a non reflective surface and manufactured using 100% post consumer waste. By using Cyclus Print and Cyclus Offset rather than a non-recycled paper, Sasria has reduced its environmental impact by:

299
kg of landfill

100
kg of CO^2 of greenhouse gases

712
km travel in the average European car

7,686
litres of water

1,397
kWh of energy

485
kg of wood

Source: European BREF (data on virgin fibre paper). Carbon footprint data audited by the Carbon Neutral Company.

IN THE COMMUNITY

Sasria has been contributing 1% of its after tax profit to Socially Responsible Projects for the past 7 years, with the bulk of this money being utilised for the development of black actuaries through the South African Actuarial Development Program (SAADP).

70 students have graduated and 7 qualified as actuaries since inception, all graduates are employed on a full time basis within the financial sector.

In 2010, Sasria's Social Responsibility contribution was increased to 2% and the CSI initiatives were streamlined to focus on education and the youth.

Sasria has partnered with the University of Johannesburg in establishing a maths and science centre to upskill learners' and teachers maths and science skills. Sasria has also partnered with SCI-BONO Discovery Centre through the Gauteng Department of Education (GDE) in implementing some of the department's strategic priorities i.e. Gauteng Maths, Science and Technology Education Strategy and the Gauteng Provincial Literacy & Numeracy Strategy.

The projects with SCI-BONO are focused on providing extra maths and science classes through a mobile lab that reaches 26 schools in rotation. Extra maths and science classes are presented in the afternoons, weekends and holidays for about 12,000 Grade 12 learners.

sasria

COVERING THE EXTRAORDINARY

ANNUAL REPORT 2011

VISION AND MISSION

VISION:

To make Sasria Limited a leading African insurer covering extraordinary risks

MISSION:

The vision will be achieved by:

- Providing quality customer service
- Developing the skills of our employees
- Maintaining the current and establishing new strategic partnerships
- Providing innovative and relevant products
- Optimising shareholder value

DIRECTORS AND ADMINISTRATION

SASRIA LIMITED
Reg. No: 1979/00287/06

ADMINISTRATION:
Registered office:
47 Wierda Road West
Wierda Valley, Sandton
2196

Postal address:
PO Box 7380
Johannesburg
2000

AUDITOR:
PricewaterhouseCoopers Inc.
2 Eglin Road
Sunninghill, 2157

BANKERS:
Nedbank
81 Main Street
Johannesburg, 2001

DIRECTORS:
M.C. Ramaphosa (Chairperson)
P. Mabasa (Managing)* - *Resigned*
G. Matthee (Finance)* - *Resigned*
C.M. Masondo (Managing)*
K. Pepler (Finance)*
J.R.K. Du Preez
(Deputy Chairperson)
C.D. Da Silva
M.P. Lehutso-Phooko
M.A. Samie
C.H. Du Toit
B.J. Njenje
* Executive directors

AUDIT AND RISK COMMITTEE:
M.A. Samie (Chairperson)
J.R.K. Du Preez
M.P. Lehutso-Phooko
C.H. Du Toit

REMUNERATION AND NOMINATION COMMITTEE:
C.D. Da Silva (Chairperson)
M.P. Lehutso-Phooko
M.C. Ramaphosa

INVESTMENT COMMITTEE:
M.P. Lehutso-Phooko (Chairperson)
J.R.K. Du Preez
M.C. Ramaphosa
C.H. Du Toit

TECHNICAL COMMITTEE:
C.D. Da Silva (Chairperson)
M.A. Samie
J.R.K. Du Preez

COMPANY SECRETARY:
M.M. Sallie

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CHAIRPERSON'S REPORT

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CHAIRPERSON'S REPORT

FOR THE YEAR ENDED
31 MARCH 2011

Matamela Cyril Ramaphosa
Independent Non-Executive Chairperson

On behalf of the Board of Directors, I am proud to announce that Sasria has once more grown and delivered excellent financial results. For the first time, Sasria achieved over one billion rand of gross written premium. This level of premium represents a 28.7% annual growth, well up from the 18.8% growth of the previous year - a very satisfactory result in what remains an extremely challenging and uncertain economic environment.

Sasria's balance sheet was safe-guarded by our prudent reinsurance and investment strategy; strict financial discipline ensured effective control over costs. This meant we were in a strong position to manage this year's increased loss ratio, which was the result of a significant rise in both the number and value of claims and generally unfavourable investment conditions.

As a result of our prudent approach, we continue to be able to support South Africa's insurance industry by providing cover for special risks such as riots, strikes, political unrest, terrorist attacks, civil commotion, public disorder and labour disturbances and in so doing to benefit the people of South Africa. Our ability to deliver on our mandate by continuing to provide cover at reasonable rates has improved steadily year by year, as evidenced particularly this last year during the 2010 FIFA World Cup and beyond. We remain committed to delivering exceptionally on our mandate.

MARKET OVERVIEW

This year turned out to be a turbulent year for the world economy, characterised as it was by disasters, both man-made as in the Gulf of Mexico oil spill and natural ones including floods, earthquakes and, of course, the devastating tsunami in Japan. Such events were set against the backdrop of political strife in the Middle East and North Africa (MENA) and continued uncertainty over long-term recovery from the 2008-9 global economic downturn, and intensified by rising oil and food prices and the ongoing sovereign debt crisis in Europe. Nevertheless, the South African economy maintained a steady if modest level of growth, with rising prices offset to a degree by a strong rand and a relatively low interest rate environment.

On the upside, at the end of 2010, South Africa was invited to join BRIC (Brazil, Russia, India and China), a bloc of emerging economies with a combined GDP of R2 trillion. This will no doubt raise South Africa's profile and boost investment and trade opportunities. However, South Africa's participation in BRICS, as it has now been renamed, will see pressure increase on government to focus on economic growth targets and relative competitiveness by encouraging a leaner and more productive labour force, increasing infrastructure investment, improving service delivery and, most importantly, preserving and developing a business-friendly environment.

Before the economic downturn, emerging economies were becoming increasingly important on the world market, with BRIC economies in particular recording high growth rates combined with relative political stability. Investor attitudes towards the risk of doing business with BRIC countries were slowly relaxing, with certain European economies becoming regarded as relatively more risky than many economies in Asia or the Middle East. This paradigm shift may, however, turn out to have been short lived as recent events in the MENA have shifted the focus firmly back onto the political and economic risks associated with doing business in these regions of the world. The perception of a “domino effect” may still see some unravelling of the newly positive attitude towards doing business in emerging markets. In addition to which, it is clear that supply chain disruptions have become a renewed risk to be factored into the marketplace for some time to come, particularly bearing in mind the pivotal geographic position of MENA.

A re-assessment of political risk is already in evidence with investors withdrawing from MENA stock markets and moving their money to safer currencies. The SHUAA Capital Index for North Africa (an aggregate indicator of stock market performances in the region) dropped from a high of 2,155.4 on 15 January 2011 to 1,911.2 on 21 February, equivalent to a decline of 11.3%; the same index for the rest of the Middle East recorded similar declines.

Political protest and social unrest is, however, by no means confined to MENA; many European countries are suffering from rising unemployment and deep public sector cuts with consequent social protest and unrest, resulting in property damage by the demonstrators - in particular in countries with unmanageable government deficits and debt levels. In May 2010, the Eurozone countries and the IMF agreed to a €110 billion loan for Greece, conditional on harsh austerity measures, followed by similar bail-out packages for Ireland and Portugal.

Although for the time being few parallels can be drawn with the autocratic regimes of Egypt, Tunisia, Libya, Bahrain and the Yemen with their regime changing mass protests and revolts, and the sovereign debt crises plaguing Europe, there are warning lights across southern Africa. The food riots and strikes in Mozambique were a populist response to sharp increases in water and electricity rates, and in particular to the government's announcement that bread prices would climb by 25% in September 2010. Such populist action was echoed by the recent mass protest action in Swaziland and the unprecedented display of popular militancy in Botswana, where almost 100 000 public servants went on strike in April 2011.

In contrast, South Africa's successful hosting of the 2010 FIFA World Cup proved our ability to undertake and implement countrywide projects and enterprises on a grand scale. South Africa showcased itself as a destination not just for tourists but also for foreign investment, illustrating just how far South Africa has come in terms of its economic development and political stability since the days of division and unrest out of which Sasria was born. We have much to be proud of. However, despite the generally positive mood engendered by World Cup success and the legacy of improved infrastructure, for many in South Africa, increasing expectations still contrast starkly with the harshness of day-to-day life and towards the latter part of 2010, reality set in as South Africa was crippled by weeks of public service unrest, numerous labour unrest and service delivery protest.

South Africa has experienced escalating protests and protracted wage negotiations which have a negative impact on the economy through extensive damage caused to property and the cost of interruptions to business. More concerning domestically, perhaps, is that such protests reflect mounting discontent at the level of service delivery in certain areas coupled to the ever-present rumblings about corruption and the perception of increasing rather than decreasing social inequality, despite government's focus on job creation.

All of this, of course, has implications for South Africa and for Sasria's strategy going forward. Historically, over 80% of Sasria claims resulted from political and non-political riots, but since 2008, Sasria has experienced a steady decrease in such claims. On the other hand, strike-related claims have increased significantly since 2006; strike-related claims now account for over 70% of Sasria claims. Elections also have an impact on Sasria claims as there tends to be an increase in service delivery riots prior to elections. These riots result in an increase in material damage claims although their total rand value tends to be marginal.

STRATEGY

In the light of events in other emerging markets such as MENA, it is important to understand how the world is reassessing political risk and the implications for the insurance industry as a whole. As the sole provider of insurance against political risk in South Africa, Sasria must both anticipate and be ready to adapt to the changing world. By enhancing its relationships in the global and local insurance market, Sasria will build a better understanding of what the people of South Africa need, which in turn will assist in creating new products and additional distribution channels.

Sasria's overall strategy is to take advantage of market opportunities while still providing relevant solutions to industry and consumer requirements in terms of special risk insurance. To this end, Sasria has adopted a customer - centric approach and is set to actively engage the industry through various platforms to better appreciate industry needs and determine where Sasria can add additional value.

BOARD OF DIRECTORS

In the year under review, the following executive directors resigned:

- Ms P. Mabasa
- Mr G. Matthee

Mrs Karen Pepler was appointed as acting Management Executive from 27 April 2010. However, it is my pleasure to now confirm the following appointments to the Board of Directors of Sasria Limited:

- Mr Cedrick Masondo - Managing Director
- Mrs Karen Pepler - Financial Director

I believe they will both bring valuable experience and expertise to Sasria and I wish them every success in their new roles.

SHAREHOLDER

The Republic of South Africa remains the sole shareholder in Sasria Limited, represented by the Minister of Finance, Mr Pravin Gordon, with whom Sasria continues to enjoy an excellent working relationship. Mr C. H. Du Toit represents the National Treasury on the Sasria Board of Directors.

TRANSFORMATION

Sasria's transformation policy subscribes to the Business Equity of extending its business activities to support the business of designated groups through preferential procurement and enterprise development. At Sasria, all levels of the Company reflect the country's demographics, with both the Board and executive management showing an equal gender split. Training, skills transfer and mentorship are important pillars of the effort to ensure Sasria continues to represent South Africa's people in both its structure and functioning.

In line with our corporate responsibility to redress imbalances of the past, Sasria adheres to the principles of BEE in procuring goods and services and enterprise development, addressing BEE through professional appointments, social responsibility programmes, skills development programmes, enterprise development and preferential procurement. Sasria also gives preference to historically disadvantaged candidates, while always ensuring this is done within a framework of sound business and procurement principles. We were exceptionally proud to have been awarded the prestigious Metropolitan Oliver Empowerment Award in the Government Agency and Parastatal Category in 2010 in recognition of our progress in this area.

CORPORATE GOVERNANCE

Sasria remains committed to good corporate governance and to operating at the highest level of integrity. The structure of the Board reflects this and several sub-committees are now in place to provide appropriate checks and balances and to ensure best practice governance throughout the Company; these sub-committees include the Audit and Risk Committee, the Remuneration and Nomination Committee, the Investment Committee and the Technical Committee. Sasria also adheres to the governance requirements set out in the King reports and the Public Finance Management Act 1 of 1999.

APPRECIATION

I would like to express my grateful appreciation to the Sasria Management and all Sasria employees for their contribution during a difficult year.

I extend a personal note of thanks to all the Non-executive Directors for their invaluable commitment, support, contribution, guidance and encouragement throughout the past year.

On behalf of us all, I offer a sincere thank you to the agents and brokers who continue to market and sell our products. Their support remains pivotal to our success.

Finally, I would like to thank our sole shareholder, the government of the Republic of South Africa, for its support and commitment over many years.

I am confident that Sasria will prosper in the year ahead and that it will continue to make an important contribution to our country's stability, growth and development.

M.C. RAMAPHOSA

Chairperson

BOARD OF DIRECTORS

Bulelwa Jeanie Njenje* (52)
Independent Non-Executive Director
Dip. General Nursing (Mount Coke Hospital); Dip. in Midwifery(Frere College of Nursing); Dip. in Family Planning (Cecilia Makhiwane Hospital); Dip. in Health Education (Leeds Polytechnic); Masters in Education for Primary Health Care (Manchester University); Dip. in Human Resource Management (UNISA).

Appointed: August 2009

Matamela Cyril Ramaphosa* (58)
Independent Non-Executive Chairperson
BProc (UNISA).

Appointed: October 1998

Caroline Dey Da Silva* (46)
Independent Non-Executive Director
BA (University of Natal); Post Graduate Diploma in Management Practice (University of Cape Town).

Appointed: April 2002

* See Annexure 1 for list of other directorships.

Mohamed Adam Samie* (59)
Independent Non-Executive Director
FCII (UK); BCom (UNISA); FIISA; AIRMSA (UCT); PMD (UCT); MBA (UCT).

Appointed to the Board: April 2002

Juliette Rachel Kathleen Du Preez* (58)
Independent Non-Executive Director
CAIB (SA) Bankers Diploma; BCom (UNISA); PMD (Harvard); PED (IMD-Switzerland).

Appointed to the Board: June 2006

Charl Higgo Du Toit* (60)
Independent Non-Executive Director
BCom (Economics) (University of Pretoria); BCom (Hons) (Economics) (University of Pretoria); BProc (UNISA).

Appointed to the Board: August 2009

Moleboheng Pauline Lehutso-Phooko (48)
Independent Non-Executive Director
BA (National University of Lesotho) MA (University of Ghana).

Appointed to the Board: June 2006

* See Annexure 1 for list of other directorships.

MANAGING EXECUTIVE'S REPORT

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MANAGING EXECUTIVE'S REPORT

Karen Pepler

Acting Managing Executive

The insurance industry in South Africa has been affected by both the recent international financial crisis and the local socio-economic environment. Economic growth has been low and this has had a direct impact on all classes of business. The effect on the insurance industry has been seen in the consumer scaling down on levels of insurance cover or even foregoing cover altogether.

In addition to global economic meltdown, the world has seen an increase in natural and man-made disasters. The last quarter of 2010 and first quarter of 2011 can be described as periods of disaster. Such disasters have had a significant and negative impact on reinsurance premium and availability of reinsurance capacity, which affects Sasria directly because reinsurance is our biggest expense.

FOR THE YEAR ENDED

31 MARCH 2011

MANAGING EXECUTIVE'S REPORT

However, despite economic problems, disasters and an unprecedented increase in Sasria-related claims, 2010/2011 was a successful year. We increased our premium, achieved good profits and managed our costs, leaving our balance sheet further enhanced.

Sasria's 5-year (2009-2014) strategy is based on the following objectives:

1. *Optimise shareholder value through increased net income by increasing net written premium, maximising investment returns and managing expenses.*

   Our premium has increased from R660 million to R1 billion over the last 3 years, which is an average growth of 21.8% per year, while our net profit has increased from R483 million to R616 million over the same period.

2. *Establish a broader customer base by enhancing current products, developing new products and maximising the Sasria brand and product awareness.*

   We have improved our current products and introduced a new product into the market with a loss limit of R1 billion. We have also launched various initiatives to maximise the Sasria Brand and raise product awareness We have also launched various initiatives to maximise the Sasria brand and raise product awareness in our domestic market. In addition, we are looking to leverage our expertise in the South African market by providing consulting and support services beyond our borders to neighbouring African countries.

3. *Integrate and align our processes.*

   In 2010/11, we initiated a business re-engineering process to optimise our efficiency. We completed the "as-is" high-level process documentation phase in 2010 and will continue with the project during 2011/2012.

4. *Invest in human capital development.*

   We carried out a capability assessment from which gaps were identified as well as areas of development. Our organisational structure was realigned to ensure our 5-year strategic objectives are achieved.

5. *Develop a customer-centric culture.*

   During the year we adopted this objective as part of our strategy. A customer-centric culture will be our main focus in the coming year as our aim is to provide superior customer service to both internal and external stakeholders and to meet and exceed- industry benchmarks.

Sasria's overall strategy for 2011/2012 year is to take advantage of market opportunities while still providing relevant business solutions to meet industry needs and requirements.

Sasria recently participated in a State Owned Entity (SOE) review process and our conclusion was that we are fulfilling our mandate and contributing to the New Growth Path of Government.

FINANCIAL AND OPERATIONAL RESULTS

Basis of Reporting

The financial statements for the year ended 31 March 2011 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee effective as at 31 March 2011.

There were no changes to the accounting policies during the period and the financial statements therefore provide comprehensive information regarding the company's assets, liabilities, income and expenditure. In addition, detailed background has been provided on the recognition and measurement of insurance contracts and insurance and financial risks.

Financial Overview

The company's profit before tax decreased by 11.9% compared to last year. This decrease was largely due to a significant increase in claims received and lower than expected investment income. The increase in claims was mainly attributable to a marked increase in strike-related damage. The decrease in investment income was primarily caused by reduced interest rates because

Table 1: Extracts from the statement of comprehensive income: comparison 2009-2011

Statement of comprehensive income For the year ended 31 March	2011 R'000	2011 % Change	2010 R'000	2010 % Change	2009 R'000
Gross insurance premium written	1,010,915	28.7	785, 548	18.8	661,288
Insurance premiums ceded to reinsurers	(407,646)	23.2	(330,990)	22.0	(271,247)
Investment income	296,789	(21.3)	377,103	69.6	222,318
Net insurance claims	(167,151)	3,523.8	(4,613)	(88.3)	(39,382)
Share of profit / (loss) of associate	9,200	(133.8)	(27,200)	156.7	(10,597)
Profit before tax	616,204	(11.9)	699,317	44.8	482,999

Table 2: Extracts from the statement of financial position: comparison 2009-2011

Statement of financial income For the year ended 31 March	2011 R'000	2011 % Change	2010 R'000	2010 % Change	2009 R'000
Total assets	4,115,383	11.5	3,691,993	15.8	3,187,014
Total equity	3,471,007	8.4	3,202,120	19.0	2,691,122
Total liabilities	644,376	31.5	489,873	(1.2)	495,892
Key ratios (%)	-	-	-	-	-
Management expense ratio	12	(25.6)	16	44.4	11
Operating ratio	72	40.2	52	(2.8)	53

the majority of Sasria's investments were in short-term interest linked investments. However, our balance sheet remains strong providing a solid base from which to achieve our strategic objectives. Tables 1 and 2 above present a summary of key figures and ratios.

Insurance Operations

Despite the economic challenges faced by the industry this past year, Sasria experienced a 28.7% growth in gross written premium (Figure 1). We attribute this growth to organic growth, new income from the Sasria Wrap product and new business from our traditional products stemming from increased brand awareness and improved stakeholder management. We faced an unprecedented level of claims but through our reinsurance programme and by containing costs, we still managed to achieved good results.

The company is continuously striving to improve service delivery to its stakeholders and I am pleased to report that we are in the process of rolling out the Customer Web Portal (CWP) to all agents and brokers. CWP will assist in improving claims administration thereby reducing the claims turnaround time. We have already seen a marked improvement in the claims turnaround time for agents on the CWP system. We are also reviewing the claims process for inefficiencies in order to expedite the claim settlement process.

Underwriting Results

Underwriting profit has fluctuated significantly over the past 3 years mainly due to the volatility of claims. During the current year, underwriting profit decreased by 10.4% compared to the previous year, as shown in Table 3. Refer to Table 4 for a summary of the company's insurance activities spread

Figure 1: Percentage increase in gross written premium

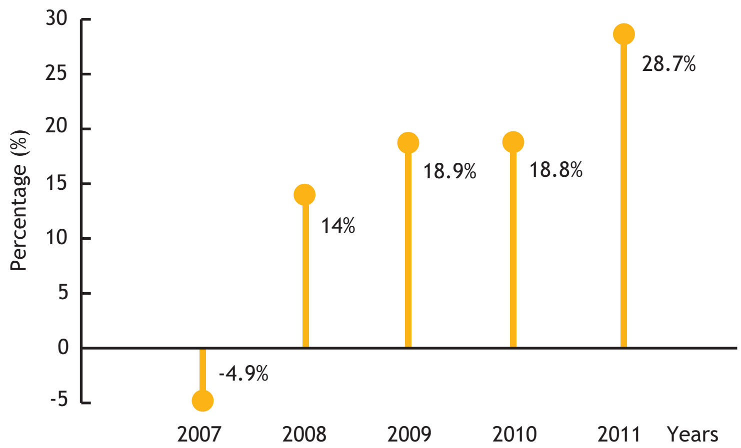


Table 3: Underwriting results

Underwriting results For the year ended 31 March	**2011** **R'000**	**2011** **% Change**	**2010** **R'000**	**2010** **% Change**	**2009** **R'000**
Gross insurance premium written	1,010,915	28.7	785,548	18.8	661,288
Net premiums for the year	603,269	32.7	454,558	16.5	390,041
Underwriting profit	323,143	(10.4)	360,586	29.6	278,153
Underwriting results as a percentage of net premiums	53.6	(32.5)	79.3	11.2	71.3

over various classes of business.

All classes of business recorded good annual growth. Contract Works, Home Loan Guarantee and Motor classes of business all showed signs of recovery, which might indicate that the economy is starting to recover. The uptake of Sasria Wrap, our new product launched in January 2010, was also very satisfactory.

Claims Activity

The loss ratio as at 31 March 2011 was 26.3%, (2010: 1.9%) as depicted in Figure 2. This can be attributed to an increase in the frequency and value of claims.

A review of the claim trends for the past 5 years reveals a clear shift in trends in claims per peril as well as value of claims incurred. Historically over 80% of Sasria claims resulted from non-political and political riots. Since 2008, we have noted a steady decrease in such claims, whereas strike-related claims have increased significantly since 2006; strike-related claims now account for over 70% of Sasria claims.

The value of claims incurred is also on the rise. In 2009/2010, 472 claims (estimated at R68.9 million) were submitted, whereas 2010/2011, 504 claims were submitted (estimated at R211.6 million) representing an increase of only 32 claims, but an increase in value of R142.7 million.

While the recent municipal elections in South Africa were peaceful, they did have an impact on Sasria claims due to

Table 4: Summary of classes of Sasria insurance activities

Class of Business For the year ended 31 March	2011 R'000	2011 % Change	2010 R'000	2010 % Change	2009 R'000
Contract works	33,334	39.2	23,953	(6.40)	25,508
Fire	775,091	29.5	598,618	20.5	496,687
Goods in transit	9,196	19.5	7,694	44.9	5,311
Home loan guarantee	929	829.0	100	5.3	95
Money	5,400	65.8	3,256	46.8	2,218
Motor	186,965	23.1	151,927	15.6	131,469
Total	**1,010,915**	**28.7**	**785,548**	**18.8**	**661,288**

the increase in service delivery riots prior to the elections. Such riots always cause damage leading to an increase in the number of claims, although their value tends to be marginal.

Investment Income

Investment income consists of interest and dividends together with realised and unrealised investment gains and losses. The relative contribution of each category to overall Sasria investment income is shown in Table 5.

The majority of the company's investments are in short-term instruments (Table 6) in order to accommodate operational needs. The reduction in interest rates adversely affected the yield on cash and money market instruments but assisted bond returns.

The composition of Sasria's total investment remained consistent with previous year and tracked our targeted investment allocation.

Cash Flow

The company's operating activities generated R240.5 million in cash for the year, this was a significant decrease on 2010: (2010) R337.9 million) due to the decline in underwriting profitability.

Capital Management

As at 31 March 2011, the company's solvency margin (the ratio of net assets to net premiums) of 575% (2010: 704%) was adequate to comply with all requirements. The capital requirement of the company is continuously monitored to ensure that it remains appropriate. The solvency margin is above the 25% target required by the Financial Services Board (FSB); as a catastrophe insurer, we believe it is prudent for us to have a higher solvency margin than required by the regulator.

Regulatory Solvency and Capital Requirements

The FSB has adopted a new solvency regime for the South African long-term and short-term insurance industries in order to bring it in line with international standards. This will be carried out under the new Solvency Assessment and Management (SAM) banner.

Earlier work on a revised capital regime for the short-term insurance industry, under the Financial Condition Reporting (FCR) banner, will now be superseded by and incorporated into the SAM project. The basis of the SAM regime will be the principles of the Solvency II Directive, adopted by the European Union- but adapted to South African specific circumstances where necessary.

The proposed implementation date for the standardised approach for all short-term insurers is January 2014, given the considerable work that has already been undertaken in this area through the FCR project.

The main objective of the SAM initiative is to protect the policyholder and beneficiaries by aligning the capital requirements with the underlying risk of the insurer. Secondary benefits include developing a risk-based approach to supervision, maintainance of financial stability and provision of incentives to insurers to adopt more sophisticated risk monitoring and management tools.

To this end, Sasria has appointed a service provider to manage the project. In this year, Sasria will do a valuation exercise, partake in the first Quantitative Impact Survey and commence development of a modified standard model or a partial internal model to determine its capital requirements.

Dividends

Sasria paid a dividend of R153.3 million to its shareholder. Dividend payments are made within the context of the company's capital management policy, which takes a conservative view to the payment of dividends.

Stakeholder Relationships

Sasria places a great deal of value on its relations with stakeholders and we work hard to maintain mutually beneficial relationships. Since agent companies and brokers represent the major distribution channel for our products, over the past couple of years we have introduced a number of changes to our procedures and systems designed to improve access to information required to promote our products and process claims. Not only should such changes make processes more streamlined and cost-effective, but also they aim to make working with Sasria both profitable and easy. To promote the full range of Sasria products, we continue to provide industry training as well as monitoring to ensure compliance.

Our forums set up to discuss Sasria-related matters continue to be a valuable communication tool through which Sasria interacts with its major stakeholders to gather information in our quest to be proactive in identifying risks and anticipating market trends. If we are to remain relevant in the South African marketplace, we need our finger on the pulse. Our broader interactions therefore include our suppliers, asset managers and all industry players. We value their feedback. Furthermore, in the near future we are looking to provide training and guidance to our asset managers on international best practice environmental, social and governance (ESG) principles to be incorporated into our investment philosophy as part of our approach to sustainability.

New Legislation

There have been new developments on the legislative front, in this past year will have an impact on Sasria; they have been summarised in Table 7.

Figure 2: Loss ratios for last ten years: 2001 to 2011

* No 2005 loss ratio value presented as the year-end changed and an 18-month period was reported on in 2006.

Table 5: Investment income comparison: 2009 - 2011

Details For the year ended 31 March	**2011** **R'000**	**2011** **% Change**	**2010** **R'000**	**2010** **% Change**	**2009** **R'000**
Interest income	200,412	(5.9)	213,048	(19.3)	263,866
Dividend income	29,471	317.6	7,057	(62.7)	18,915
Unrealised net fair value gain / (loss)	20,496	(85.2)	139,225	305.8	(67,664)
Realised net fair value gains	46,410	161.1	17,773	146.8	7,201
Total	**296,789**	**(21.2)**	**377,103**	**69.6**	**222,318**

Table 6: Composition of Sasria's total investments

Asset class composition For the year ended 31 March	**2011** **R'000**	**2011** **% Change**	**2010** **R'000**	**2010** **% Change**	**2009** **R'000**
Equity securities					
- Listed and quoted	789,291	21.9	700,602	20.9	369,838
- Unlisted and unquoted	25,038	0.7	31,449	0.9	17,929
Property development fund					
- Unlisted and unquoted	163,873	4.6	149,591	4.5	139,795
Money market fund (>3 months)	473,361	13.2	498,641	14.9	-
Debt securities - fixed interest rate					
Quoted in an active market					
- Goverment and semi-goverment bonds	148,700	4.1	53,669	1.6	-
Other bills and bonds	940,249	26.1	745,893	22.3	393,579
Cash and cash equivalents	936,507	26.0	1,002,756	30.0	1,792,085
Associate company	122,520	3.4	113,320	3.4	140,520
Total	**3,599,539**	**100.0**	**3,345,921**	**100.0**	**2,853,746**

Table 7: Legislation having an impact on Sasria

Legislation	**Impact**
Regulations contemplated in terms of section 48A of the Short-term Insurance Act 53 of 1998	The draft regulations contemplated in terms of section 48A of the Short-term Insurance Act were released for public comment in August 2010. The purpose of the regulations is to govern the relationship between the insurer and a third party where the insurer appoints a third party to render services that bind the insurer to the client. Sasria has engaged the FSB and commented on the draft regulations. The FSB is in the process of evaluating the comments submitted by various financial services industry role players.

Table 7: Legislation having an impact on Sasria

Legislation	Impact
Financial Advisory and Intermediary Services Act General Code of Conduct for authorised financial services providers and representatives relating to Conflict of Interest (the Code)	Board Notice (BN) 58 of 2010, was published in Government Bulletin 33133 on 19 April 2010 and it amended the General Code of Conduct for Authorised Financial Service Providers and Representatives published in BN 80 of 2003. A new section 3A was inserted in the General Code setting out the specific types of financial interest that FSPs or Reps would be permitted to receive from third parties, such as commission, fees and remuneration, within the parameters set out. In terms of the amendment, a financial services provider (such as Sasria) is required, among other things, to have a Conflict of Interest Management Policy in place by April 2011 to regulate conflicts of interest within the organisation. Sasria has drafted its Conflict of Interest Management Policy which will be presented to the Board for approval in July 2011. The Code limits the kinds of financial interest insurers may pay intermediaries.
Companies Act 71 of 2008	The Companies Act, promulgated 9 April 2009, aims to provide greater transparency, disclosure and accountability. The Act provides for liquidity requirements; the common law duties of directors are codified therein. Among other things, the Act also regulates the composition of audit committees, fundamental transactions, affords more protection to shareholders and provides for business rescue in certain circumstances. The Act came into effect in May 2011 and Sasria will take appropriate steps to ensure compliance.
Consumer Protection Act 68 of 2008	The Consumer Protection Act (the CPA) was passed in April 2009 and came into full effect in April 2011. The Act aims to eliminate the market in unethical trading practices, unsafe products, unfair, discriminatory marketing and to protect the consumer's rights to privacy and information about products or services being offered. The financial services sector has been given 18 months from 1 April 2011 to align its own sector laws with the principles contained in the CPA, failing which the provisions of the CPA will automatically apply to the financial services sector. The Department of Trade and Industry (the dti) has also released the draft regulations contemplated in the CPA on 29 November 2010 for public comment. SAIA members have submitted its comments on the draft regulations to the dti. Among other things, we believe the CPA in its current form will have an impact on the manner in which policy wordings are drafted and how services (such as repairing or replacing of insured assets) are dealt with.

A Word of Thanks

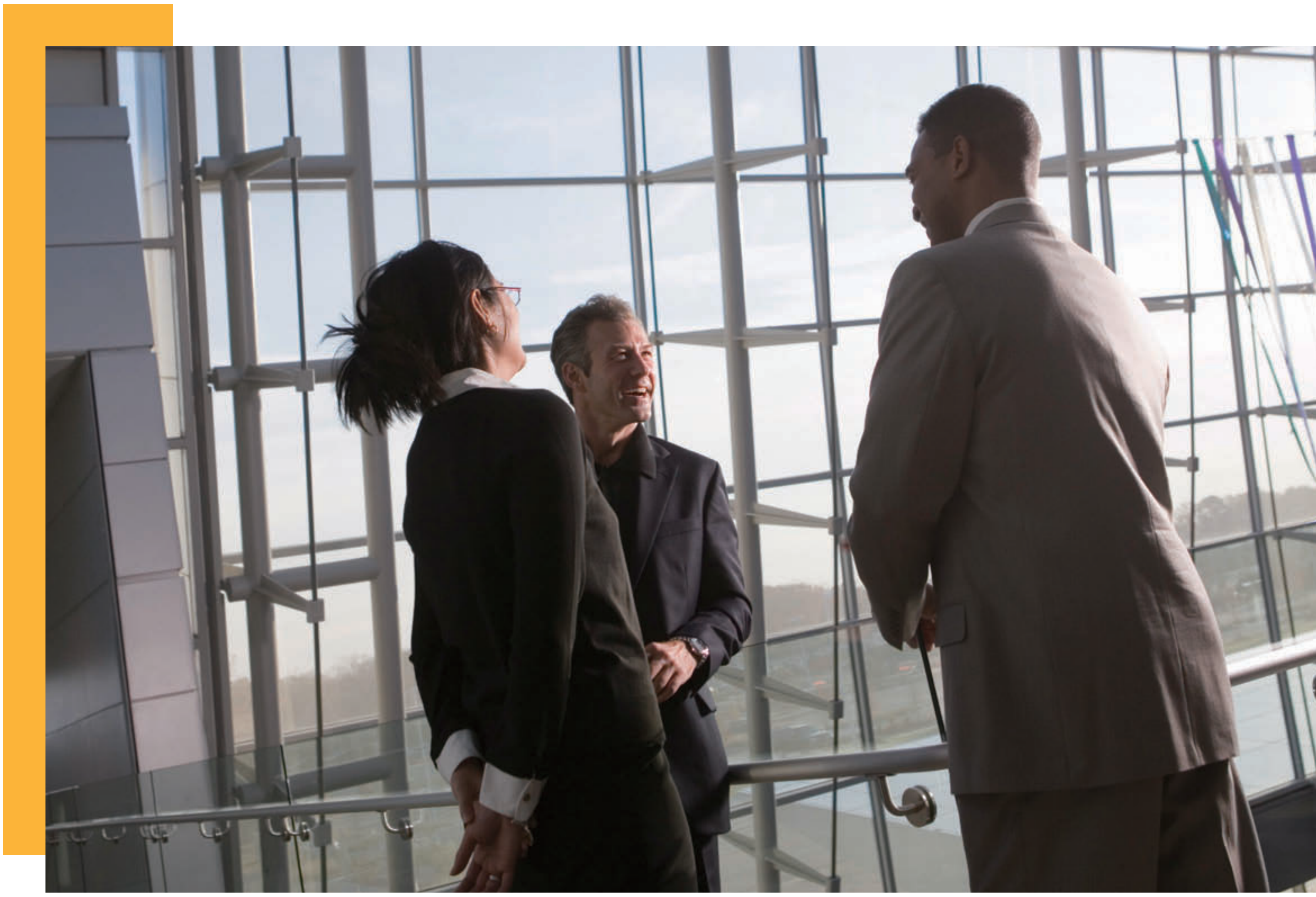
I know that Sasria does not operate alone. We have many partners in our success and I thank all of them sincerely. In particular, I would like to express our appreciation to the Honourable Minister of Finance, Mr Pravin Gordon, and colleagues at the National Treasury for their support, guidance and oversight this past year. It has been a year of challenges for all of us and we are grateful that we do not walk alone. I am also deeply grateful for the commitment, expertise and support I have received from the members of the Sasria Board. Sasria is its people and I extend my warmest thanks to all members of staff who toil tirelessly to make Sasria the success that it is and our managers for their leadership, vision and example. Finally, I would like to recognise the invaluable support we receive from our agent companies and brokers; we thank you and hope to continue working with you in partnership to benefit the people of South Africa.

Conclusion

Sasria has shown by its dedication to continuous improvement and strict financial discipline that we are well poised to meet the challenges of the future and to remain the South African insurer of special risk. Sasria takes seriously its leading role in the local insurance industry and its desire to remain relevant and responsive in today's rapidly changing global environment to be there to serve the people of South Africa.

K. PEPLER

Acting Managing Executive



EXECUTIVE MANAGEMENT

Karen Pepler (32)
Acting Managing Executive
BCom (Accounting) University of Johannesburg; BCompt (Honours) Financial Accounting (UNISA); CA (SA)

Appointed: 2010

Collin Macheke (42)
Executive Manager Business Development
BCom (Marketing & Finance) (University of Natal); Honours Investment Management (RAU); Diploma Commercial Administration (CATS - Germany)

Appointed: 2009

Nomsa Wabanie (38)
Executive Manager Corporate Services
BJuris, LLB (Nelson Mandela Metropolitan University); SMDP (University of Stellenbosch)

Appointed: 2006

Cedrick Masondo (43)

Executive Manager Underwriting;

BCom (Economics) (University of Durban-Westville); AIISA; FIISA

Appointed: 2009

Thokozile Mahlangu (33)

Executive Manager Business Operations

BJuris (UNISA); HCil (UNISA); MDP (GIBS)

Appointed: 2008

SUSTAINABILITY REPORT

03

SUSTAINABILITY REPORT

SUSTAINABILITY AT SASRIA

As a specialist risk insurer, we support our clients and the people of South Africa by covering the extraordinary so that the ordinary can continue. Sustainability is therefore at the very core of our business. Sasria is committed to sustainability as defined in the King report and this report outlines our commitment to sustainability and both presents the highlights of activities for 2010/2011 financial year and summarises our commitment for the coming years.

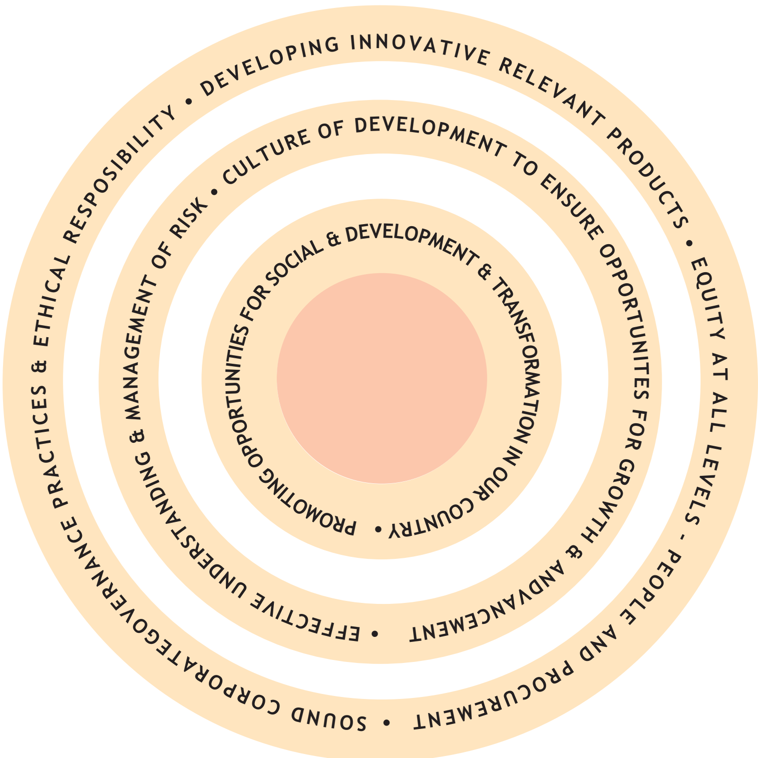
Sustainability at Sasria necessitates understanding and engaging with the world we live in. We are part of the broader world community and we are therefore affected by global environmental, economic and socio-political events and developments. An organisation's ability to create and sustain value is determined in part by how it is led and its governance. However, beyond that, for Sasria, being sustainable and providing long-term value in such an uncertain world means being able to anticipate, adapt and respond in terms of our people, our business policies and processes, our products and our interaction with stakeholders and the broader community in which we live (Figure 3). We are committed to vigorously reviewing every aspect of our organisation to ensure its adherence to sustainability in line with international best practice environmental, social and governance (ESG) principles and to ensure that our strategy embodies our brand and our values. To continue to be able to cover the extraordinary, we need to be there for the long-term.

SUSTAINABLE STAFF

Sasria's people are one of our primary assets - we are reliant on our human capital as a key component of our ongoing success. It is their experience and commitment that allow us to cover the extraordinary.

Sasria is committed to providing equal opportunities for all employees regardless of their ethnic origin or gender.In compliance with the Employment Equity Act, we have developed and implemented an Employment Equity Plan and Strategy to ensure that employee profiles continue to be representative of the demographics of the environment in which the company operates.

Figure 3: Sustainablity at Sasria



SUSTAINABILITY REPORT

Our Employment Equity Plan and related strategies and policies are reviewed by the Remuneration and Nomination Committee (Remco) and the Board of Directors in compliance with the respective King reports.

Sasria strives to empower all its employees and while we are doing well in terms of reflecting the country's demographics at all levels of the company, including at Board and executive management level, we remain committed to implementing an ongoing transformation strategy bolstered by a policy of continuous learning and development to create an environment in which individuals feel part of the team, where contribution is encouraged and valued, and output, creativity and excellent service are both recognised and rewarded.

Our continuous learning and development policy provides not only opportunities for growth and advancement but also helps our staff understand how sustainability is enhanced through a holistic and integrated approach to ESG issues and how our staff are pivotal to creating long-term value in the organisation.

Our approach to sustainability necessitates embedding a culture of accountability in our management and staff for the responsible management of the social, economic and environmental challenges affecting our communities. Sasria therefore recognises the need to be supportive and relevant to all our stakeholders - our agents, suppliers, industry colleagues and of course our clients.

EMPLOYMENT EQUITY

Sasria 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 at least annually by the Remuneration and Nomination Committee and the Board. Through training and development initiatives, the company ensures that its employees understand their roles and responsibilities and continue to improve their performance.

SUSTAINABLE RELATIONSHIPS

We believe that our success over the past 30 years has been in part due to our ability to identify, assess and cover extraordinary risk. Sasria was born of the need to create security and assurance for businesses investing in South Africa. We believe the world is as beset by uncertainty today as it was then - even if the measures of uncertainty and risk have evolved. Global climate change, economic depression, growing concerns about rising food and oil prices combined with mounting socio-political unrest in many parts of the world underline the need for the corporate world to constantly reassess its role and the way it adds value to society over the long-term. Sasria will be part of that long-term.

We are therefore constantly engaging with stakeholders to assess how best to maintain a relevant and beneficial product range to suit our clients' needs. In the previous year, our sustainability survey indicated that we rely heavily on our agent companies and brokers, which is why we work so hard to build sustainable long-term relationships and partnerships both in South Africa and beyond.

We regularly review our systems and procedures and provide industry training for agent companies and brokers both to support them and to improve how Sasria products are sold and understood in the market place. We have set up a number of forums to discuss Sasria-related matters with both agent companies and broker associations and these provide a valuable communication channel to assist us in identifying risks and market trends ahead of the curve. To remain relevant we must not only respond but anticipate.

SUSTAINABLE PROCESSES AND TECHNOLOGY

Responsible, sustainable business development for Sasria effectively means growing our product base, increasing market penetration of existing products, retaining customers, enhancing existing products, delivering products through new channels and entering into new markets. For this we rely on sound business processes and technology.

This past year, Sasria implemented "Ulwazi" an intranet site to improve knowledge sharing in Sasria. Ulwazi functions like a dashboard from which shared documentation, the latest happenings, internal procedures, vacancies, calendars, forthcoming events, website links, newsletters, circulars, resource lists, surveys and departmental sections are all accessible. The system has succeeded in centralising document and knowledge sharing across the company.

We also initiated a business re-engineering process to optimise our efficiency. To this end, we have completed the "as-is" process documentation phase, covering 106 internal business processes across 12 departments. In the coming year, we will define the "to-be" objectives and in doing so will optimise our processes to the best possible functional-, organisational- and operational levels.

Furthermore, as part of our ongoing drive towards greater cost savings and optimising efficiency, Sasria is conscious of the need to reduce its carbon footprint - not least in our IT systems through which so much of our business takes pace. Sasria has implemented a process of virtualising its servers, which has meant both a reduction in the physical number of servers and an associated reduction in electricity consumption and energy costs as set out in Table 8.

Sasria over the coming years will continue to seek out areas through which it can become more environmentally friendly and efficient.

SUSTAINING OUR CUSTOMER BASE

Sasria has adopted a customer centric approach as part of its strategic plan over the next 5 years, aiming to provide superior customer service to both internal and external stakeholders and to meet and exceed industry benchmarks.

As part of our strategic objectives, we are committed to increasing our customer base by reaching the uninsurable part of our society and by looking at risks that are currently regarded as uninsurable. To achieve this, Sasria is reviewing its existing products and developing new ones. In response to our assessment of market needs, in 2010, Sasria launched Sasria Wrap, a new product designed to offer higher limits to our corporate clients and the response so far has been very favourable.

Table 8: Benefits of moving to virtual servers in 2010/2011

Infrastructure elements:	Before virtualising	After virtualising
Servers	8	2
Energy costs and savings#:		
Annual energy usage (kWh)	35,040	8,760
Annual CO^2 emissions (Kg)	21,298	5,324
Annual trees offset	64	16
Annual barrels of oil equivalent	86	21
Annual energy cost*	R23,879	R5,970
Annual energy savings	R17,909	75%

Calculated using the IT Carbon & Power Consumption Calculator. See http://www.us.logicalis.com/tools/it-carbon-power-consumption.aspx

* *Market ZAR/USD exchange rate of 6.781 as at 24th June 2011 (http://www.fin24.com/Markets/).*

SUSTAINABILITY REPORT

RESPONSIBLE INVESTING

As part of it vision of sustainability, Sasria not only makes social investments in the community it serves but also intends to adopt ESG principles in its investment activities. The aim of an integrated ESG approach for the company is to ensure sustainable investment growth and long-term investment value.

We have investigated the principles of the following internationally-recognised organisations, and will in the coming year either fully adopt these guiding principles or implement best practice standards in our investment function:

- United Nations Global Impact (UNGC). The UNGC is a strategic policy initiative for businesses committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption. In the coming year, Sasria intends to begin implementing the principles by signing the UNGC Letter of Commitment. The process will start in September 2011.
- United Nations Principles for Responsible Investment (UNPRI). The UNPRI is a set of six best practice standards developed to assist asset owners and asset managers to implement ESG principles in their investment activities. In late 2011, Sasria intends to send UNPRI a letter confirming its acceptance of the principles.

We believe Sasria has a responsibility to guide and direct the asset managers it invests with to embed sound ESG practices into their investment decisions. To this end, the company will engage and influence its investment managers to act in compliance with all legislation and to implement best practice to promote governance in investment activities. Sasria hopes to design its own investment due diligence process (including negative screening) to scan its investment managers in an effort to minimise systemic risks. Examples of these systemic risks include corruption, human rights violations and unacceptable socio- and environmental impacts.

Sasria believes in an integrated and holistic approach to providing value over the longer term. We therefore seek to set an example through our own approach to our people, business practice and governance. We also aim to extend ESG principles and best practice through our influence and relationships with partners and stakeholders and out into the broader community of which we are part (Table 9). Benefit for Sasria should lead to benefit for all.

Table 9: Sasria's integrated approach to sustainability

Broader community	• Corporate social investment in South Africa • Investment in the now to ensure the tomorrow	• Part in global economy • Sasria will be there
Investment approach	• ESG principles and investment philosophy • International best practice standards	• Interactions and engagement • Long-term investment value
Stakeholders policies and products	• Long-term value for shareholder • Customer centric approach	• Understanding and managing risk • Innovative, responsive product development
Sasria people	• People and teamwork • Values, policies and business processes	• Trasformation and equity • Innovation, education and resposibility

STAKEHOLDER ENGAGEMENT

Sasria's stakeholder management approach is to build a long-term, relationship-oriented and customer-centric approach to all its key stakeholders. The overriding objective of our stakeholder management plan is to establish strong partnerships and cultivate loyalties among key stakeholders in a dynamic environment. We distribute our products through intermediaries and therefore these intermediaries form the bedrock of the business as we interface with the customer through them. Sasria will therefore continue to identify ways to improve and promote effective stakeholder communication and relations.

Table 10 outlines Sasria's intermediaries and how they affect our business operations.

CORPORATE SOCIAL INVESTMENT

Sasria was born of the events of June 16, 1976. The youth that day showed extraordinary passion and bravery. In recognition of their contribution to our democracy, Sasria focuses its Corporate Social Investment (CSI) intervention on two areas, youth and education. We

Table 10: Sasria's intermediaries and their impact on business operations

Agents companies / short-term insurance companies	Agent companies are authorised to interface with policy holders and sell Sasria coupons. In the event of a claim, they are the first interface point with the customer. Our approach is to build loyalty and partnerships with these agent companies. We keep them up-to-date with new developments and continue to train and re-train this important segment of our stakeholders.
Brokers	Short-term insurance brokers work on behalf of agent companies; they can only sell Sasria coupons on behalf of the agent company. Brokers include independent brokers, group scheme brokers and commercial brokers. We continue to create awareness and train brokers on Sasria-related matters.
Consumer or policy holders	Sasria policy holders comprise individuals, government and corporate policy holders. We regard them as secondary markets because the Sasria business model does not deal directly with policy holders. However, it remains important for us to build product and brand awareness in this key stakeholder segment.
Influence market (where Sasria may influence or be influenced regarding decisions to its benefit)	Sasria influence markets are organisations that represent our key stakeholders, including industry bodies, government, civil society and trade unions. In particular, the key industry bodies comprising the Sasria influence market include: • South African Insurance Association • Institute of Insurance South Africa • Institute of Insurance Gauteng • Financial Intermediaries Association • Local Government Business Network Other influencers are: • Financial Service Board (FSB) • National Department of Treasury • Media - print (trade, financial, newspapers), electronic, radio, TV and multimedia

believe the youth are the future through education.

Investing in the development of skills, knowledge and competencies of underprivileged South Africans has become our primary corporate social investment priority and Sasria contributes two percent of after-tax profits annually to CSI.

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

Over the past seven years, the SAADP has produced 70 graduates, including seven fully qualified actuaries. To date, R23 million has been used to develop black actuaries. This year alone Sasria donated R5 million to SAADP as well as executive time, with our executives sitting on a number of committees to ensure the initiative's success.

During the period under review, Sasria linked up with the University of Johannesburg (UJ) to establish the UJ Soweto Science Centre at the UJ Soweto campus. Sasria has sought this partnership because we firmly believe in the importance of being a primary contributor to the development of South Africa from the ground up. We have redesigned our strategic goals to ensure that we move beyond purely philanthropic donations and deliver quality assistance to those who need it most. Above all, our investment strategy is based on the results of extensive research and consultation with our stakeholders, in particular government and civil society. We will continue to actively pursue investments with strong potential to create long-term value for beneficiaries.

In order to further contribute to the development of Maths and Science skills, Sasria has partnered with Sci-Bono through the Gauteng Department of Education (GDE) to implement one of the department's strategic priorities. GDE has mandated Sci-Bono to implement and manage the Gauteng Maths, Science and Technology Education Strategy and the Gauteng Provincial Literacy and Numeracy Strategy. Sasria has pledged R2.1 million towards implementation of this initiative.

In addition, Sasria has responded to a request by the Ministry of Higher Education and Training to sponsor ten bursaries following the January 8, 2011 statement of the National Executive Committee of the ANC, read by the President, in which it stated that from 2011, government would be taking measures to realise the objective of free education. Sasria pledged to provide financial support to 10 school students for the duration of their studies; R355 000 was extended during the year under review. In addition, Sasria offered two bursaries for students with special needs.

Sasria also supports specific charities with annual donations, such as Noah's Ark (an orphanage assisting mainly child-headed households whose parents have succumbed to Aids) and the South African Golf Development Board.

RISK MANAGEMENT FRAMEWORK

Sasria has an adequate Risk Management Framework in place. This framework ensures the company takes appropriate steps to identify, classify and rate the risks to the company. A strategic corporate risk register is maintained with mitigation plans attached to each risk. Quarterly reports on the status of these risks are tabled at the Audit and Risk Committee and to the shareholder through the Quarterly Performance Information Reports.

Table 11 discusses the top corporate risks (based on residual risk) and their mitigation plans.

Table 11: Top corporate risks

Risk	Description	Mitigation
Solvency Assessment and Management (SAM)	• Failure to meet FSB deadlines. • Inability to convince FSB of the validity Sasria's capital adequacy models. *Consequence:* • Financial & reputational loss.	• Engaged the services of a Project Manager. • SAM project plan. • Appointed an actuarial firm to the project. • Bi-annual meetings with the FSB.
Loss of monopoly	• Industry pressure, change in share-holder policy or change in ownership can result in loss of legislative monopoly. *Consequence:* • Financial loss.	• Continuous engagement with the shareholder. • Continuous interaction with the industry. • Establish and maintain relationships with major agents and brokers. • Shareholder Compact.
Constrains on introducing new products into the market	• Legislative constraints. • Perception that Sasria should only write high-risk products. • Inability to secure reinsurance for new products. *Consequence:* • Financial loss. • Relevance to the industry.	• Increased product awareness training to the industry. • Implementation of a marketing plan. • Engagement of industry leaders. • Engagement with the shareholder.
Relevancy of Sasria cover	• Public perception that special risks are not important. • Resistance from the industry to new products. *Consequence:* • Financial loss (premium income). • Loss of monopoly.	• Development and implementation of a Customer Relationship Management plan.
Inadequacy of capital	• Changes in capital adequacy requirements by the Regulator. • Accumulation of large claims. • Increased risk exposure.	• Regular (every 1 to 3 years) capital adequacy review. • Annual Probable Maximum Loss study. • Monthly analysis of large claims and

Risk	Description	Mitigation
Inadequacy of capital	*Consequence:* • Loss of license. • Financial loss.	loss ratios. • Robust reinsurance programme in place. • SAM project.

BUSINESS RESILIENCY MANAGEMENT

As indicated under IT Governance above, Sasria has an adequate IT Disaster Recovery Plan in place. This plan ensures business continuity from a technology perspective in case of a major event.

The company implemented a rigorous planning process that included its business environmental analysis; as well identifying and mitigating potential risks that were deemed material to its progress and continued survival. Each business unit has completed a Business Impact Assessment (BIA) in order to understand critical business processes, - functions, -documents, - resources and infrastructure needed to perform acceptable levels of service should the business continuity plan be activated following a major event. A formalised Business Resiliency Management (BRM) plan is in the process of being finalised to integrate the following four main components:

- Emergency Response Plan*
- Crisis Management Plan*
- IT Disaster Recovery Plan*
- Business Continuity Plan.

Plans indicated with an asterisk are already in place and are tested at least annually. The Business Continuity Plan aims to integrate and consolidate the plans into an effective BRM system for Sasria.

CORPORATE GOVERNANCE REPORT

04

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE STATEMENT

The Sasria Board is committed to and supports the Code of Corporate Practices and Conduct set out in the King III Report on Governance for South Africa (King III) which came into effect on 1 March 2010, the Companies Act 61 of 1973, the Companies Act 71 of 2008 set to come to effect on 1 May 2011, and the Public Finance Management Act 1 of 1999, as amended (PFMA).

The Board is satisfied that in the year under review the Company has met the requirements of transparency, integrity, fairness and accountability in its dealings with stakeholders.

STATUS ON KING III APPLICATION

Sasria is committed to applying the principles of King III and independently assessed the status of its application of these principles during the period under review. The independent assessment revealed that the Company was substantially applying King III principles and in certain areas achieving full application. The Company has, however, opted to improve its level of application of King III governance principles and recommendations in the foreseeable future. Details of Sasria adherence to the King III principles are highlighted in Table 12 below.

Table 12: Sasria's adherence to the King III principles

Compliance with laws	The Board has delegated the compliance management framework and processes to Sasria management. Non-compliance was identified as a risk and consequently assessed and responded to as part of the risk management process. We have also established a permanent compliance function to assist management in discharging its responsibility to comply with applicable regulatory requirements. This function has facilitated a culture of compliance throughout the organisation and ensured the implementation of an effective compliance framework and processes, with key compliance indicators being identified and integrated with the risk management process. Compliance is regularly monitored and reported and, since it is a regular item on both Board and Board committee agendas, the Board receives assurance on effectiveness of compliance controls.
Internal Audit	The Board has ensured there is an effective risk-based and independent Internal Audit function, governed by an Internal Audit Charter, both approved by the Board and adhering to the Standards and Code of Ethics set out by the Institute of Internal Auditors. Internal Audit reports to the Audit and Risk Committee and provides reports at all audit committee meetings. The internal auditor, among others, evaluates the Company's governance processes and objectively assesses and reports on the effectiveness of risk management and the internal control environment.
Governance of risk	The Board has ensured that risk is governed through a formal risk management processes. To this end, the Board has developed and approved a documented risk management policy and plan, which has been widely distributed within the Company.

Governance of risk	The Board further considers and comments on the effectiveness of the risk management system and process and reviews implementation of the risk management plan at least annually, but with continuous monitoring. During the period under review, the Risk Committee role was fulfilled by the Audit and Risk Committee, being responsible for, among others, consideration of the risk policy, plan and monitoring. With a view to enhancing the capacity and independence of the risk monitoring role, the Board agreed to establish a distinct risk committee, which will be effective from the 2011-12 financial year. Sasria's integrated ERM approach has been designed to support the Company's pursuit of gains from opportunities while minimising losses and thereby supporting the achievement of the Company's strategic objectives. The Board will continue to improve the effectiveness of the risk management function during the coming year by determining and adopting levels of risk tolerance, in terms of which annual risk tolerance will be set with risk limits and appetite. Furthermore, Sasria continued to implement Cura risk management software in the year under review to improve the efficiency of its risk management process and improve aggregation, reporting and monitoring of risks. Continuous risk management training is conducted for all staff and will be provided on an ongoing basis.
Governance of Information Technology (IT)	During the past year, the Board ensured that an IT Charter and IT policies were put in place, to be reviewed annually. IT controls are already in place and independently audited annually to test their effectiveness. The Company also has an IT strategy document aligned to Sasria's strategic objectives. Sasria monitors the IT spend in terms of value and return on investment. Protection of intellectual property, information management and security, together with IT security, are covered in the IT Security Policy. Sasria has an adequate IT Disaster Recovery plan in place with the IT department testing the effectiveness and recovery of all data and servers twice a year at the remote location. Detailed recovery documentation and software, are stored in a “battle box” at the Disaster Recovery site. The Audit and Risk committee has IT reports on its agenda to ensure that IT risks are adequately addressed and to get appropriate assurance on controls.
Stakeholder Management	In line with good governance principles, the Board appreciates that stakeholder perceptions affect our reputation and therefore has sought to manage our reputation risk. Key stakeholders have been identified and responsibility for dealing with stakeholder relationships has been delegated to management.

CORPORATE GOVERNANCE REPORT

Stakeholder Management	Formal mechanisms and processes for constructive engagement of stakeholders are in the process of being developed.
Integrated reporting and disclosure	Sasria's Directors are committed to implementing the principles of transparency and disclosure in all its relations with the stakeholders. To this end, accurate and meaningful information is made available to the Company's stakeholders via both formal and informal communication tools. An annual sustainability report covering Sasria's financial and sustainability performance information, including a going concern disclosure, is presented in the annual report.
Internal control systems	The Company continues to maintain financial and administrative controls commensurate with the status of its 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 Company's internal controls are independently checked by the internal auditors who in turn report their findings to the Audit and Risk Committee.
Ethics performance	The Company values its reputation as one of its foremost assets and is committed to a policy of openness, integrity and accountability in the conduct of its business. This is based on the belief that business should be conducted honestly, fairly and legally. Sasria always ensures that integrity and confidentiality of information to clients is maintained. We will continue to review our Code of Ethics in order to align it to the guidelines contained in the King report and the revised South African Insurance Association (SAIA) Code of Conduct and Ethics.

INTEGRATED REPORTING

This report presents a combined rather than an integrated report for the year under review. We acknowledge that the production of an integrated report is a process and not an event. The Company is committed to a fully integrated report by the 2012-2013 reporting cycle.

BOARD OF DIRECTORS

The Board is appointed by the shareholder. The Company has an approved unitary Board structure of 8 Non-Executive Directors and 2 Executive Directors. During the period under review, there were 7 Non-Executive directors and both Executive Director positions were vacant. The Board appointed an Acting Managing Executive to oversee and perform the duties of Managing Director and Financial Director from 27 April 2010 until the permanent appointments of the Executive Directors (which took place on 1 July 2011).

The Directors' particulars are as set out in the Board of Directors part of this report.

NON-EXECUTIVE DIRECTORS

- M.C. Ramaphosa (Chairperson)*#
- J.R.K. Du Preez (Deputy Chairperson)*
- C.D. Da Silva*
- M.P. Lehutso-Phooko*
- M.A. Samie*
- C.H. Du Toit*

- B.J. Njenje*

** Independent.*

 # Mr Ramaphosa is serving a term in excess of 9 years. As required by King III, Mr Ramaphosa's independence and judgment has been assessed and is not considered to be affected or impaired by the length of service.

EXECUTIVE DIRECTORS

- C.M. Masondo (Managing Director - appointed 1 July 2011 until 30 April 2014).
- K. Pepler (Financial Director - appointed 1 July 2011 until 30 April 2014).

Mrs K. Pepler was appointed Acting Managing Executive (responsible for both Managing Director and Financial Director functions until the 2 executive directors were appointed). The Board provided Mrs Pepler with any assistance she required during her tenure as Acting Managing Executive.

ROLE AND FUNCTION OF THE BOARD

The Board operates in terms of a mandate which sets out its roles and responsibilities. It provides leadership and oversight of the Company and its role includes the establishment, review and monitoring of strategic objectives; it provides strategic direction and ensures that appropriate governance and management structures are in place and it oversees the Company's systems of internal control, governance and risk management.

The Board further ensures that the Company is led ethically for sustain-ability in terms of the economy, environment and society, taking into account Sasria's impact on internal and external stakeholders.

In terms of the PFMA, the Board is the accounting authority of the Company and executes all the roles and functions of an accounting authority set out in that Act.

The Board meets quarterly 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.

The Managing Director oversees and manages execution of the Company's strategy and its daily operations.

STRUCTURE AND COMPOSITION OF THE BOARD

The directors are drawn from diverse backgrounds and possess extensive skills and business experience. The Board composition also takes into account issues of diversity and demographics. The Company has a formal, transparent Board nomination process. There are 2 Executive Directors and 8 Non-Executive Directors, of which 6 are classified as independent in terms of the Companies Act and King III.

Director	10/08/2010	02/11/2010	23/11/2010	18/03/2011
M.C. Ramaphosa (Chairperson)	Present	Present	Present	Present
P. Mabasa*	Apology	Resigned	Resigned	Resigned
G. Matthee*	Apology	Resigned	Resigned	Resigned
C.D. Da Silva	Present	Present	Present	Present
J.R.K. Du Preez	Present	Present	Present	Present
M.P. Lehutso-Phooko	Present	Apology	Present	Present
M.A. Samie	Present	Apology	Present	Present
B.J. Njenje	Present	Present	Present	Present
C.H. Du Toit	Present	Present	Present	Present

** Executive directors*

CORPORATE GOVERNANCE REPORT

INDEPENDENCE

There is a clear division of responsibility between the various roles within the Company's Corporate Governance structure. Non-executive directors are all able to influence decision-making. A formidable independent group of non-executive directors balances the executive element of the Board. There is also clear separation between the roles of the Non-Executive Chairman and Managing Director.

MEMBERSHIP AND ATTENDANCE

During the year ended 31 March 2011, four Board meetings were held and the attendance was as follows (table on previous page):

Ms P. Mabasa and Mr G. Mathee resigned on 3 September 2010.

Mrs K. Pepler was appointed Acting Managing Executive to oversee and perform the duties of Managing Director and Financial Director as from 27 April 2010. She attended Board meetings during the period under review.

INDUCTION OF NEW DIRECTORS

The Company has developed a comprehensive induction programme for new directors. This programme is aimed at ensuring that new directors are adequately briefed and have the required knowledge of the Company's structure, operations, policies and industry-related issues, to enable them to fulfil their duties and responsibilities.

COMPANY SECRETARY FUNCTION

In line with the Companies Act and the King III Report, the Board appointed a Company Secretary to provide Sasria's Directors, collectively and individually, with guidance on their duties, responsibilities and powers. Directors have access to the services and advice of the Company secretary and may take independent professional advice, at the Company's expense, as and when required, in order to fulfil duties. The Company secretarial function is further required to ensure that all directors are aware of legislation relevant to or affecting Sasria and to report any failure to comply with such legislation at any meetings of the shareholders or of the Company's directors.

BOARD COMMITTEES

To assist the Board in discharging its collective corporate governance responsibility, several committees have been established. During the period under review the Board had four committees which met regularly and functioned in accordance with their mandates set by the Board, which include their roles and responsibilities as well as their delegated authorities. The Board committees are Remuneration and Nomination Committee; Audit and Risk Committee; Investment Committee and Technical Committee.

Details of these committees are dealt with below.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee (Remco) monitors the development and implementation of the Company's remuneration philosophy and practices. It is also responsible for making recommendations to the Board on the appointment of new Executive and Non-Executive Directors. The Board is ultimately responsible for the remuneration policy of the Company, although the Board has appointed and mandated Remco to assist it in fulfilling its responsibilities in this regard. Remco monitors and strengthens the objectivity and credibility of Sasria's reporting process and Human Resource functions. Remco will ensure that a formal dispute resolution process is developed and approved by the Board.

Remco is composed of three non-executive directors who report to the Board. The Managing Director attends Remco meetings by invitation but does not participate in discussions and decisions regarding his/her remuneration and benefits. Sasria is in the process of developing a succession plan for the Board, Managing Director and Executive Management.

The committee is chaired by Mrs C.D. Da Silva. The committee met four times during the year.

REMUNERATION MATTERS

Remco monitors the development and implementation of the Company's

Member	17/05/2010	12/07/2010	10/08/2010	04/11/2010
C.D. Da Silva (Chairperson)	Present	Present	Present	Present
M.P. Lehutso-Phooko	Present	Present	Present	Apology
M.C. Ramaphosa	Present	Present	Present	Present

remuneration philosophy. The total remuneration packages of executives are designed in such a way that a substantial portion is related to performance. As such, the eligibility of executives for annual bonuses is linked to appropriate Company targets.

The financial statements included in the annual report reflect the total earnings and other benefits of executive and non-executive directors in accordance with the Companies Act of 2008.

REMUNERATION PHILOSOPHY AND STRUCTURE

Sasria aims to continue to be a leading African Insurer covering extraordinary risks. Sasria recognises that in order to achieve its vision it is imperative that it attracts and retains appropriately skilled people.

Sasria is an equal opportunity employer and is committed to its principles of ensuring that remuneration of staff members is handled on a fair and equitable basis. It recognises the need to establish a performance-based culture within the Company, which rewards excellent performance and recognises the rights, potential and capabilities of all employees.

Sasria endorses a policy to manage remuneration in an open and transparent manner to ensure that all remuneration decisions are justifiable and with due regard to the relevant provisions of Employee Related Labour Legislation and Organisational policies, strategy and objectives.

Sasria's remuneration philosophy is to ensure that:

- Its remuneration and reward is managed within an integrated remuneration framework;
- It is in line with Sasria's broad corporate goals and measures;
- It encourages behaviour to support Sasria's shared goals;
- It promotes supportive habits (values) of advancement, personal accountability, innovation and value adding;
- It ensures that the total remuneration cost-to-company is managed on a cost-effective and equitable basis;
- It supports pay-for-performance principles and the establishment of a performance-based culture;
- It rewards outstanding performance of individuals and teams;
- It supports Sasria's vision and continuous improvement;
- It supports and encourages training and development of staff and the talent management programme; and
- It supports equitable, fair and consistent remuneration principles.

The remuneration process is further designed to align individual and team performance to the achievement of the Company's vision and business objectives, and to attract and retain the people needed to achieve this.

Sasria has a responsibility to balance employees' desires to be well remunerated with shareholders' expectations of efficient cost management.

BEGIN WITH THE VISION

The development of the remuneration policy and structure begins with Sasria's corporate vision and the adopted strategy.

ESTABLISH THE ANNUAL BUDGET

To meet the strategy, the Executive team prepares an annual budget and submits this to the Board for approval.

ESTABLISH EXPECTATIONS FOR TEAMS AND INDIVIDUALS

Sasria sets measurable objectives for teams and individuals. These vary according to the nature of the work performed and an individual's level in

Table 13: Executive remuneration components

Element	Purpose	Performance period and measures	Operation and delivery
Basic salary (guaranteed)	Core element to reflect market value of role and individual performance	Reviewed annually based on performance against contracted output and market surveys	Benchmarked and positioned on average on 50th percentile
Benefits (guaranteed)	Retirement and lifestyle benefits to assist employees in carrying out their duties	Reviewed annually	Included in comparator benchmarking
Annual bonus (short-term variable)	Cash bonus in relation to performance against pre-determined outputs to create a high performance culture	Annually	Based on different levels and pre-determined performance hurdles of business and personal targets

the Company, but will generally include a combination of deliverables for achieving financial goals, key success factors, and the transformation of the Company in line with the Company's vision, achievement of both quantitative and qualitative targets and alignment, measurement, support and reward.

Members of staff are focused and motivated through continual communication of the Company's vision aligning employee responsibilities with the overall strategy, regular performance management reviews, the highest possible calibre of leadership at all levels from Executive Directors to team leaders, combined with competitive salaries and long-term incentives.

Short-term, delivery-specific incentives are viewed as strong drivers of competitiveness and performance. A significant portion of senior management's reward is therefore variable, being determined by key performance indicators achieved and personal contribution.

OVERVIEW OF EXECUTIVE REMUNERATION STRUCTURE

The components of the remuneration paid to executive directors and members of the Executive Committee (Exco) are summarised in Table 13.

The quantum of the different components of the package is determined as follows:

- The guaranteed component is market related in conjunction with the individual's performance, competence and potential.
- The short-term variable component of remuneration is based on a combination of individual and annual business performance.

The above arrangements will be modified in the following year should significant changes in operating conditions or governance framework occur.

REMUNERATION FOR NON-EXECUTIVE DIRECTORS

Non-Executive Directors' fees are reviewed annually and industry benchmarked to ensure that the fees remain competitive. Remco reviews fees and makes recommendations to the Board for consideration. The Board then recommends these fees to the shareholder for approval.

The Remuneration and Nomination Committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the period under review.

AUDIT AND RISK COMMITTEE

The Committee is responsible for ensuring the integrity of financial reporting and the audit process and the maintenance of a sound risk management and internal control system.

In pursuing these objectives, the Committee oversees relations with the external auditors. The Committee further approves the terms of engagement of external auditors, the scope of external audit work, the annual audit and the applicable levels of materiality. The Committee also ensures effective Communication between the internal auditors, external auditors and the Board.

The Committee reports internally to the Board and externally to the shareholder through the Audit and Risk Committee report that forms part of the Annual Report.

The Committee consists of 4 members and is chaired by Mr M. A. Samie. During the year the Committee held three meetings as follows:

Member	12/07/2010	09/11/2010	09/038/2011
M.A. Samie (Chairperson)	Present	Present	Present
J.R.K. Du Preez	Present	Present	Present
M.P. Lehutso-Phooko	Present	Apology	Apology
C.H. Du Toit	Present	Present	Present

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 to contribute to a climate of discipline and control to reduce the opportunity for fraud.

Meetings are held quarterly with the Managing Director, financial management, the external auditors and the internal auditors. The external and internal auditors have unrestricted access to the Audit and Risk Committee.

INVESTMENT COMMITTEE

The Investment Committee is composed of four non-executive directors who report to the Board. The Committee evaluates and monitors the investment portfolio and the performance of investment managers to ensure that the nominated portfolio managers perform adequately and continue to produce good returns for the Company on the investments under their control. The Committee meets on a bi-annual basis to review and evaluate the returns achieved on the portfolios and approve future strategies. The Investment Committee further guides the Board on the mandates of investment managers and makes recommendations regarding the investment philosophy of the Company.

The Committee is chaired by Mrs M.P. Lehutso-Phooko and there was one meeting held during the year as follows:

CORPORATE GOVERNANCE REPORT

Member	03/11/2010*
M.P. Lehutso-Phooko (Chairperson)	Present
M.A. Samie	Present
J.R.K. Du Preez	Present
M.C. Ramaphosa	Apology

* The Investment Committee also held two investment feedback sessions during the year under review (15 April and 16 September 2010).

TECHNICAL COMMITTEE

The Technical Committee is composed of three non-executive directors who report to the Board. The Committee is responsible for assisting the Board to fulfil its responsibilities with regards to insurance risks. The Committee meets at least once per year to consider technical issues raised, including the review of new products, the capital adequacy of the Company and to consider complex claims. The committee is chaired by Mrs C. Da Silva and it held one meeting during the year as follows:

Member	14/09/2010
C.D. Da Silva (Chairperson)	Present
M.A. Samie	Present
J.R.K. Du Preez	Present

OTHER COMMITTEES

Although it is not a Board committee, the Executive Committee is mandated by the Board, through the Company's Delegation of Authority document, to deal with the day-to-day running of the affairs of the Company. The Managing Director chairs the Committee that comprises the executive management of all the business units of the Company.

REPORT OF THE AUDIT AND RISK COMMITTEE

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REPORT OF THE AUDIT AND RISK COMMITTEE

We are pleased to present our report for the year ended 31 March 2011.

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. The Audit and Risk Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee charter and has regulated its affairs in compliance with this charter and 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 the Board.

EFFECTIVENESS OF INTERNAL CONTROL

Based on the various reports of the internal auditors and the report of the independent auditor 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.

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.

REGULATORY COMPLIANCE

The Audit and Risk Committee complied with all applicable legal, regulatory and other responsibilities.

EXTERNAL AUDIT

The Audit and Risk Committee has considered PricewaterhouseCoopers Inc's independence and is satisfied that it was independent throughout the year.

To assess the effectiveness of the external auditor, the Committee reviewed:

- The fulfilment of the agreed audit plan and variations from the plan; and
- The robustness and of the external auditor in its handling of the key accounting and audit judgements.

Regarding the oversight of the external audit process, the committee reviewed:

- The areas of responsibility and scope of the audit;
- Issues that arose from the audit and their resolution;
- Key accounting and audit judgements; and
- Recommendations made by the external auditor and Management's response.

Based on the Audit and Risk Committee's satisfaction with the results of the external audit, the Committee has recommended to the Board that PricewaterhouseCoopers Inc should be reappointed for the next financial year.

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 Auditor and the Acting Managing Executive.

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

M.A. SAMIE
Chairperson of the Audit and Risk Committee
08 August 2011

DIRECTOR'S RESPONSIBILITY AND COMPANY SECRETARY CERTIFICATE

06

DIRECTOR'S RESPONSIBILITY

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 PFMA and comply with International Financial Reporting Standards. They are based on appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgments and estimates.

The Company's internal controls and systems are designed to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets. Such controls are based on established written policies and procedures that 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.

The Audit and Risk Committee has been 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. This change is most welcome considering the importance Sasria attaches to enterprise risk management.

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

The Company annual financial statements, set out on pages 63 to 116 were approved by the directors in accordance with their responsibilities, and were signed on their behalf by:

M.C. RAMAPHOSA

Chairperson

08 August 2011

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 2011, 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

08 August 2011

STRATEGIC OBJECTIVES: PERFORMANCE AGAINST TARGETS

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STRATEGIC OBJECTIVES: PERFORMANCE AGAINST TARGETS

OPTIMISATION OF SHAREHOLDER VALUE

Strategic objective	Key performance indicators	Performance targets	Variances for period and action plans
Increase in premium	Achieve 15-20% growth from conventional business and achieve gross written premium income on enhancements to current products of R75 million.	Achieve gross written premium of R975 million for year ending 31 March 2011.	Target achieved and exceeded. Achieved: R1 billion, exceeded target by 3.7%
Increase in investment income	Achieve net investment income of R280 million.	Achieve net investment income of R280 million for year ending 31 March 2011.	Target achieved and exceeded. Achieved: R289 million, exceeded target by 3.2%
Management of expenses	Renew existing reinsurance agreements with a 5% reduction in rate charges.	Reinsurance agreements with a 5% reduction in rate charges for year ending 31 March 2011.	Target achieved.
	Maintain expenditure within budget.	Expenses not exceeding budget for year ending 31 March 2011.	Target achieved.
Model to ensure sustainability of growth	Develop financial model to secure funds for new project.	Rational and obtainable financial model by 30 June 2010.	Target achieved.

ESTABLISHMENT OF A BROADER CUSTOMER BASE

Strategic objective	Key performance indicators	Performance targets	Variances for period and action plans
Enhancement of current products	Complete research and development of increase in territorial limits on motor vehicle business to include SADC countries.	Completed research and development of increase in territorial limits on motor vehicle business to include SADC countries by January 2011.	Research concluded. Not viable at this stage. Legislation changes will be required to implement this product enhancement.
	Complete research and development into increase in coupon limit to cover potential gaps.	Completed research and development into increase in coupon limit to cover potential gaps by March 2011.	Research concluded. Not viable to increase the coupon at this stage. This is an ongoing project and we have identified some gaps. We estimate that further product enhancement will be introduced in April 2011. The coupon limit will not be increased.
	Improve R500 million coupons to include net profit cover.	Improvement to R500 million coupon to include net profit cover by January 2011.	Research was carried out on this enhancement and it was included in the treaty. Implementation was delayed to give Sasria time to launch the product and consult with stakeholders, including agent companies, brokers and reinsurers. The reinsurance structure is currently under review to cater for the new cover and to provide broader cover than initially planned. The introduction of this enhancement will be done in the last quarter of 2011/2012.

STRATEGIC OBJECTIVES: PERFORMANCE AGAINST TARGETS

ESTABLISHMENT OF A BROADER CUSTOMER BASE

Strategic objective	Key performance indicators	Performance targets	Variances for period and action plans
Maximisation of Sasria brand	Develop brand architecture (brand awareness).	Development of brand architecture by 31 March 2011.	Target not achieved. Various brand awareness activities were successfully concluded during the year. Development of brand architecture was not undertaken during the year because the budget for it was not approved.
	Develop and approve corporate image manual.	Corporate image manual developed and approved by 31 March 2011.	Target not achieved. The corporate image manual was suspended because the Board felt no further funding should go into building brand architecture until the Board strategy session to be held in 2011/2012.
	Build client relationships with brokers and agents.	Relationship building with brokers and agents (20 broker visits and 20 agent visits) by 31 March 2011.	Target achieved.
Product awareness	Improve knowledge of Sasria products.	Improved knowledge of Sasria products by conducting 40 industry training sessions by 31 March 2011.	Target achieved.
	Provide Sasria training at tertiary institutions.	Securing 10 guest lecturers at various tertiary institutions by 31 March 2011.	Target not achieved. 2 guest lectures (Univ. of W. Cape and Univ. of Jhb) due to be conducted in March were postponed by the institutions until June and July 2011.

ESTABLISHMENT OF A BROADER CUSTOMER BASE

Strategic objective	Key performance indicators	Performance targets	Variances for period and action plans
Product awareness			Tertiary institutions providing insurance courses have been reduced to 5.
	Conduct presentations on Sasria products at business forums.	Conducting presentations on Sasria products at business forums - 5 sessions to be presented by 31 March 2011.	Target not achieved. 5 institutions were approached and dates secured in certain instances; however, due to lack of interest from members of the institutions or the institutions themselves, all forums were cancelled. This objective was replaced by the product relaunch sessions and presentations were conducted to the top 4 brokers and the top 8 agent companies in Durban, Johannesburg, Pretoria, Cape Town and Port Elizabeth.
	Obtain Inseta accreditation on Sasria product training.	Inseta accreditation on Sasria product training obtained by 31 March 2011.	Target not achieved. The application has been submitted to Inseta. Approval of the application has been delayed due to: • SARS tax certificate • A facilitator meeting Inseta requirements.

STRATEGIC OBJECTIVES: PERFORMANCE AGAINST TARGETS

INTEGRATION AND ALIGNMENT OF PROCESSES

Strategic objective	Key performance indicators	Performance targets	Variances for period and action plans
Knowledge management	Customer Web Portal project: • Provide a rate calculator. • Streamline scheme processing. • Provide answers to *Frequently Asked Questions* and technical support queries.	Customer Web Portal testing phase to be completed by 30 July 2010.	Target achieved.
	Business process re-engineering project.	12 departments reviewed by 31 March 2011.	Target not achieved. Implementing the BPR project was deferred to the 2011/2012 financial year due to the 2010/2011 leadership crisis.
	Deploy virtualisation technology.	Assessment document on existing architecture and business systems approved by 31 March 2011.	Target achieved.
	Develop and implement intranet portal.	Sasria intranet portal developed and implemented by 30 June 2010.	Target achieved.
Ensuring good Corporate Governance	Align Sasria policies and procedures to King III and New Companies Act by 31 March 2011.	Sasria policies and procedures aligned to King III & new Companies Act by 31 March 2011.	Target achieved.
	Develop and implement legal process by 30 November 2010.	Legal process developed and implemented by 31 March 2011.	Target achieved. The new Companies Act only promulgated after year-end.
	Develop corporate strategy: Risk Management Strategy.	Risk matrix and report compiled and submitted to Audit and Risk Committee and Board by 30 August 2010.	Target achieved.

INTEGRATION AND ALIGNMENT OF PROCESSES

Strategic objective	Key performance indicators	Performance targets	Variances for period and action plans
Ensuring good Corporate Governance	Report by Legal and Compliance on all the core legislation applicable to Sasria.	Provide training on all core legislation: PFMA, Procurement Act, King III, new Companies Act and FAIS by 31 March 2011.	Target achieved.
Developing a sustainable employment brand	Training and development strategy and implementation.		Target not achieved.
		• Signed off PDPs by 31 March 2011.	90% of PDPs signed off.
		• Annual Work Skills Plan approved by 30 June 2010 by Managing Director to Inseta.	Approved Annual Work Skills Plan submitted on 30 June 2010 to Inseta.
		• Quarterly Training & Development reports to Management 30 days after quarter end.	Reports submitted.
		• Exco approved PDP template by 31 March 2011 (aligned to strategic objectives).	Approved.
	Establish employee value proposition (EVP).	• Exco approved EVP by 31 March 2011.	Target not achieved.
		• Feedback reports on exit analysis (statistics) and management thereof by 30 September 2010.	Employees still to be engaged in formulation of an EVP. To be implemented in the 2011/2012 financial year.

STRATEGIC OBJECTIVES: PERFORMANCE AGAINST TARGETS

INTEGRATION AND ALIGNMENT OF PROCESSES

Strategic objective	Key performance indicators	Performance targets	Variances for period and action plans
Develop and maintain an efficient and effective performance management strategy and system (PMS)	Embed PMS system.	• PMS cycle calendar circulated Sasria-wide for milestones and timeframe compliance by 1 April 2010. • Refresher workshops bi-annually. • Signed off scorecards, coaching sheets, review sheets - quarterly. • Moderation Committee minutes - half yearly. • Process evaluation document - 31 March 2011.	Targets achieved.
Attraction and retention of rare skills and competent staff	Develop and implement attraction and retention strategy.	Approval and implementation of attraction and retention strategy document by 1 July 2010.	Target not achieved. The strategy document has been drawn up but is still to be presented to the Remco in July 2011.

DEVELOPMENT OF A CUSTOMER CENTRIC CULTURE

Provide superior customer service to internal and external stakeholders	Technical support services - 48 hour turnaround time for at least 98% of all incoming queries.	Technical support services - 48 hour turnaround time for at least 98% of all incoming queries by 31 March 2011.	Target achieved.
	Research and development strategy to further determine industry needs.	Completed research and development strategy to further determine industry needs by 31 March 2011.	Target not achieved. Research phase commenced in the 3rd quarter but not complete by 31 March 2011.

DEVELOPMENT OF A CUSTOMER CENTRIC CULTURE

Strategic objective	Key performance indicators	Performance targets	Variances for period and action plans
Provide superior customer service to internal and external stake-holders	Reduce claim turnaround time.	90% of all claims outstanding to be settled within 90 days from the date of loss by 31 March 2011.	Target not achieved. As at 31 March 2011, 80% of claims received since the beginning of the financial year were settled within 4 months of submission date. **Variance:** one month behind the set target. **Action plan:** The dashboard monitoring of claims will be enhanced; the claims department has been capacitated to address identified challenges.
	Reduce claims submission period.	All claims submitted within 30 days of agent or broker being notified of the claim by 31 March 2011.	Target not achieved. Strategies to effectively monitor the claims submission period have been incorporated in the 2011/2012 divisional plan.
Participate in CSI initiatives (Donation of 2% of Sasria's net profit after tax)	Launch of and marketing plan for the UJ Soweto Science Centre.	Successful launch of the Centre by 31 March 2011.	Target not achieved. The launch was postponed to 2011 by both Sasria and UJ because the establishment of the centre took longer than anticipated. Memo-randum of Understanding and Service Level Agreement to be signed by end of May 2011.
	Annual SAADP sponsorship.	Donation of 1% of Sasria's net profit after tax for year ending 31 March 2011.	Target achieved. Donated R 5 million for year ending 31 March 2011, which was in excess of 1% of forecasted net profit.

STRATEGIC OBJECTIVES: PERFORMANCE AGAINST TARGETS

DEVELOPMENT OF A CUSTOMER CENTRIC CULTURE

Strategic objective	Key performance indicators	Performance targets	Variances for period and action plans
Participate in CSI initiatives (Donation of 2% of Sasria's net profit after tax)	Career development in schools - project plan and successful execution.	Career development in schools - project plan and successful execution by 31 March 2011.	Target not achieved. Various initiatives were undertaken, but no formal project plan was drawn up.

REPORT OF THE INDEPENDENT AUDITOR

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REPORT OF THE INDEPENDENT AUDITOR

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying annual financial statements of Sasria Limited, which comprise the statement of financial position as at 31 March 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies, and the director's report, as set out on pages 60 to 116.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in the manner required by the Public Finance Management Act of South Africa and the Companies Act of South Africa, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sasria Limited as at 31 March 2011, 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 Public Finance Management Act of South Africa and the Companies Act of South Africa.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of *General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010,* we include below our findings on the annual performance report as set out on pages 47 to 56 and material non-compliance with laws and regulations applicable to Sasria Limited.

PREDETERMINED OBJECTIVES

Presentation of reported performance information

Reported objectives are not consistent when compared with the planned objectives (Consistency).

Reported performance against predetermined objectives is not consistent with the approved corporate plan.

Changes to planned objectives, indicators and targets are not approved (Consistency).

Additional objectives, indicators and targets were reported on as opposed to the approved corporate plan. These additional objectives, indicators and targets were not approved subsequent to the strategic planning process.

Usefulness of information

Planned and reported targets are not

specific, and time bound (Measurability). For the selected objectives, the planned and reported targets were not:

- Specific in clearly identifying the nature and the required level of performance;
- Time-bound in specifying the time period or deadline for delivery.

INTERNAL CONTROL

In terms of *General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010*, we considered internal control relevant to our audit of the financial statements and the report on predetermined objectives and compliance with the Public Finance Management Act of South Africa and the Companies Act of South Africa, but not for the purpose of expressing an opinion on the effectiveness of internal control. No significant matters have been noted.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc

Director: G Mtetwa

Registered Auditor

Johannesburg

02 September 2011

DIRECTOR'S REPORT

09

The directors present their report for the year ended 31 March 2011.

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 56 of 1989 (as amended).

REVIEW OF OPERATIONS

Gross written premium for the year amounted to R1,010 million (2010: R785 million). Operating profit for the year was R616 million (2010: R699 million) translating into a profit after tax of R424.8 million (2010: R510.9 million). These results are set out in the attached financial statements.

INVESTMENTS

Sasria investments continued to be managed by outsourced investment managers. The targeted investment allocation related to the social responsibility policy remained unchanged at 10%. At balance sheet date the total investments in line with this policy equalled 6.9% of the total financial assets. Given the risk profile of Sasria, the majority of the investments were 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

A special resolution was submitted to CIPRO to amend the Articles of Association. Articles 14.1.1.1 and 14.1.1.2 were changed to increase the non-executive directors to eight and executive directors to two, respectively.

DIVIDEND

A dividend of R153.3 million was declared and paid to the shareholder during the year under review.

SIGNIFICANT CLAIMS ACTIVITIES

The five year trend analysis indicates that the strike peril has become volatile, which is indicative of a shift in the claims flow. Historically, non-political riots were always a high contributor of claims; 65% (2008/9), 41% (2009/10), and 11% for the 2010/11 year. Strike-related claims accounted for 34% (in 2008/9), 55% (in 2009/10) but increased to 70% for the 2010/11 year. Political riots and service delivery protests also increased during the year under review.

Service delivery protests (non-political riots) received a lot of media attention in the last year, especially those before the FIFA 2010 World Cup. Non-political riot claims accounted for only 11% of the claims paid in 2010/2011, while claim payments of strike-related claims increased from 30% to 70%.

Table 14 provides the breakdown of all claims paid during the year under review and for the previous year.

Table 14: Claims breakdown

All paid claims	31 March 2011	31 March 2010
Political riot	18%	3%
Non-political riot	11%	41%
Labour disturbance	1%	1%
Strike	70%	55%
Total	**100%**	**100%**

DIRECTOR'S REPORT

POST YEAR-END DEVELOPMENTS

Claims incurred normally take at least two months before they are reported to Sasria. Sasria caters for the claims that are reported late through its provision for claims incurred but not received (IBNR) and Contingency Reserves.

The Board is not aware of any matters or circumstances arising subsequent to the reporting date, not otherwise dealt within these financial statements, which significantly affect the financial position of the Company.

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

- Mrs K. Pepler (Acting Managing Executive)
- Ms N. Wabanie (Corporate Services)
- Ms T. Mahlangu (Business Operations)
- Mr C. Macheke (Business Development)
- Mr C. Masondo (Underwriting)

COMPANY SECRETARY

- Mr M.M. Sallie

ANNUAL FINANCIAL STATEMENTS

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STATEMENT OF FINANCIAL POSITION

Figures in Rand thousand	Note(s)	2011	2010
Assets			
Property, plant and equipment	5	37,810	38,543
Intangible assets including intangible insurance asset	6	41,351	42,003
Investments in associates	7	122,520	113,320
Financial assets			
- at fair value through profit and loss	8	2,540,512	2,179,845
- loans and receivables	8	182,614	91,249
Insurance receivables	9	121,808	133,808
Reinsurance contracts	10	132,261	90,469
Cash and cash equivalents	11	936,507	1,002,756
Total Assets		**4,115,383**	**3,691,993**
Equity			
Share capital	12	-	-
Statutory contingency reserve		73,019	63,912
Retained earnings		3,397,988	3,138,208
Total Equity		**3,471,007**	**3,202,120**
Liabilities			
Deferred income	15	27,537	22,942
Deferred tax	16	49,176	39,135
Provisions	14	6,730	980
Insurance contracts	10	401,420	292,143
Current tax payable		22,477	17,613
Payables	13	137,036	117,060
Total Liabilities		**644,376**	**489,873**
Total Equity and Liabilities		**4,115,383**	**3,691,993**

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand thousand	Note(s)	2011	2010
Gross insurance premium written	17	1,010,915	785,548
Insurance premiums ceded to reinsurers	17	(407,646)	(330,990)
Net insurance premium revenue		**603,269**	**454,558**
Change in gross unearned premium provision		(7,834)	(35,790)
Change in reinsurers' share of unearned premium provision		5,974	10,737
Net insurance premiums earned	17	**601,409**	**429,505**
Commission earned from reinsurers		158,900	152,518
Investment income	18	296,789	377,103
Other income		4,262	2,251
Net income		**1,061,360**	**961,377**
Gross insurance claims and loss adjustment expenses	19	(250,183)	(5,413)
Claims and loss adjustment expenses recovered from reinsurers	19	83,032	800
Net insurance claims		**(167,151)**	**(4,613)**
Expenses for the acquisition of insurance contracts	20	(200,225)	(149,650)
Expenses for administration and marketing	21	(86,980)	(80,597)
Total expenses		**(287,205)**	**(230,247)**
Results of operating activities		**607,004**	**726,517**
Share of profit / (loss) of associate	7	9,200	(27,200)
Profit before tax		**616,204**	**699,317**
Income tax expense	23	(194,018)	(188,319)
Profit for the year		**422,186**	**510,998**
Total comprehensive income attributable to:			
Ordinary shareholder		422,186	510,998

STATEMENT OF CHANGES IN EQUITY

Figures in Rand thousand	Share capital	Statutory contingency reserve	Retained earnings	Total equity
Balance at 01 April 2009	**-**	**48,818**	**2,642,304**	**2,691,122**
Changes in equity				
Comprehensive income for the year	-	-	510,998	510,998
Transfer to contingency reserve	-	15,094	(15,094)	-
Total changes	-	15,094	495,904	510,998
Balance at 01 April 2010	**-**	**63,912**	**3,138,208**	**3,202,120**
Changes in equity				
Comprehensive income for the year	-	-	422,186	422,186
Transfer to contingency reserve	-	9,107	(9,107)	-
Dividends paid	-	-	(153,299)	(153,299)
Total changes	-	9,107	259,780	**268,887**
Balance at 31 March 2011	**-**	**73,019**	**3,397,988**	**3,471,007**
Note(s)	12			

STATEMENT OF CASH FLOWS

Figures in Rand thousand	Note(s)	2011	2010
Cash flows from operating activities			
Cash generated from operations	26	332,487	266,676
Dividends received		29,471	7,057
Interest received		203,920	181,459
Income tax paid		(172,112)	(167,291)
Dividend paid		(153,299)	-
Net cash from operating activities		**240,467**	**287,901**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(2,395)	(5,203)
Proceeds on disposal of property, plant and equipment	5	104	129
Purchases relating to intangible assets	6	(59)	(1,543)
Purchase of investments		(304,366)	(1,070,613)
Net cash used in investing activities		**(306,716)**	**(1,077,230)**
Net decrease in cash and cash equivalents		**(66,249)**	**(789,329)**
Cash and cash equivalents at beginning of year		1,002,756	1,792,085
Cash and cash equivalents at end of year	11	**936,507**	**1,002,756**

ACCOUNTING POLICIES

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:

- 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;
- 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;
- Any riot, strike or public disorder; and
- 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 42 people.

Sasria is a limited liability Company incorporated and domiciled in the Republic of South Africa.

2. Summary of significant accounting policies

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 2011.

This is contrary to Chapter 28 of the Treasury Regulations which specifies that the Statements of Generally Accepted Accounting Practice (SA GAAP) should be used. Sasria has obtained approval for this departure from National Treasury in terms of section 79 of the PFMA.

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

2.1 Basis of presentation

The Company's financial statements were prepared in accordance with IFRS, interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective at the reporting date of 31 March 2011. The following is a summary of the more important changes.

a) International Financial Reporting Standards, amendments to standards and new interpretations.

The following standards, interpretations and amendments have been adopted by the Company since 1 April 2010 with no significant impact on its results or financial position:

- IAS 39 - 'Financial Instruments: Recognition and Measurement' (amendment) - Eligible Hedged Items
- IAS 32 - 'Financial Instruments: Presentation' - Classification of Rights Issues (amendment)
- IFRIC 17 - 'Distribution of Non-cash assets to owners'.

(b) Standards, amendments to published standards and interpretations early adopted by the Company.

In the current year the Company did not early adopt any new, revised or amended standards.

c) Standards and interpretations effective in the current year but not relevant to the Company's operations.

Standard / Interpretations	Content	Applicable for financial years beginning on/after
IFRS 1 (Revised)	'First-time Adoption' and Amendment to IFRS 1 for Additional Exemptions.	1 July 2009
IFRS 2	Group Cash-settled Share-based Payment Transactions (amendment)	1 January 2010
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 July 2009
IAS 32 and IAS 1	Puttable financial instruments and obligations arising on consolidation	1 January 2009
IAS 38	Intangible assets	1 January 2009
IAS 41	Agriculture	1 January 2009
IFRIC 15	Agreements for the construction of real estate	1 January 2009

d) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company.

Standard / Interpretations	Content	Applicable for financial years beginning on/after
IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (amendment)	1 July 2010
IFRS 7	Transfer of financial assets (amendment)	1 July 2011
IFRS 9	Financial instruments	1 January 2013
N/A	Improvements to IFRS's (2010)	1 January 2011 (Primarily effective)
IAS 12	Income Tax - Recovery of underlying assets (amendment)	1 January 2012
IAS 24	Related Party Disclosures (amendment)	1 January 2011
IFRIC 14	Prepayments of a Minimum Funding Requirement (amendment)	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

IAS 24 (amendment), 'Related party disclosures'. The amendment relaxes the disclosures of transactions between government related entities and clarifies related party definition. The amendment is not expected to have a significant impact on the Company's financial statements.

IAS 32 (amendment), 'Classification of rights issues'. The amended standard allows rights issues to be classified as equity when the price is denominated in a currency other than the entity's functional currency. The amendment is effective for annual periods beginning on or after 1 February 2010 and should be applied retrospectively. The amendment is not expected to have an impact on the Company's financial statements.

IAS 39 (amendment), 'Financial instruments: Recognition and measurement - Eligible hedged items'. The amendment was issued in July 2008. It provides guidance in two situations: on the designation of a one-sided risk in a hedged item, IAS 39 concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. It is not expected to have impact on the Company's financial statements.

IFRS 9, 'Financial instruments'. IFRS 9 addresses classification and measurement of financial assets and is available for early adoption immediately. IFRS 9 replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. IFRS 9 represents the first milestone in the IASB's planned replacement of IAS 39. IFRS 9 is expected to have a significant impact on the Company's financial statements.

IFRIC 17, 'Distribution of non-cash assets to owners'. The interpretation is part of the IASB's annual improvements project published in April 2009. It provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. It is not expected to have an impact on the Company's financial statements.

IFRIC 18, 'Transfers of assets from customers', was issued in January 2009. It clarifies how to account for transfers of items of property, plant and equipment by entities that receive such transfers from their customers. The interpretation also applies to agreements in which an entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use that item to provide the customer with ongoing access to supply of goods and/or services. The Company is not impacted by applying IFRIC 18.

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 recognised in the statement of comprehensive income. Similarly, any reinsurance commissions received are deferred and recognised as income over the term of the reinsurance contract.

2.4 Financial assets

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.

(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.

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.

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 statement of comprehensive income 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.

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.

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 3 months.

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 statement of comprehensive income.

(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:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for the financial asset because of financial difficulties;
- 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 of 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 the statement of comprehensive income. 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 the statement of comprehensive income.

(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 the statement of comprehensive income.

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 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.

2.7 Recognition and measurement of insurance contracts

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

Premiums

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

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

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

Claims incurred

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

The provision for outstanding claims comprises of the company's estimate of the undiscounted ultimate cost of settling all claims incurred but unpaid at the balance sheet date and related 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 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 the statement of comprehensive income.

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

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

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

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

Insurance receivables

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

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

Reinsurance commission

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 realised, 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.

2.8 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 statement of comprehensive income.

Current income tax

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

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax is recognised on initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss.

Deferred income tax is determined using applicable tax laws and rates that have been enacted or are substantively enacted as at the balance sheet date, which are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.9 Employee benefits

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.

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.

Bonus plan

The Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholder after certain adjustments. The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.10 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 have not yet been reported as at the balance sheet date are disclosed under insurance liabilities.

2.11 Revenue recognition

The accounting policy relating to the recognition of revenue from insurance contracts is disclosed as part of Note 2.7 above which describes the recognition and measurement of insurance contracts in detail.

Investment income

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

Dividends are recognised as income on the last day to register in respect of listed equities and when declared in respect of unquoted shares. Dividends include shares received in terms of capitalisation issues, irrespective of whether there is an option to receive cash in lieu of the shares. Interest on investments is accounted for on the accrual basis using the effective interest method. Realised and unrealised gains and losses on financial assets held at fair value through profit and loss are recognised through income.

2.12 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.

2.13 Dividend distribution

Dividend distribution to the company's shareholder is recognised as a liability in the company's financial statements in the period in which the Board of Directors approve the dividend.

2.14 Investments in associates

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 statement of comprehensive income. The share of movements in other reserves of the associate are accounted or through equity. The carrying amounts of investments in associates are reviewed for impairment on an annual basis.

2.15 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.

2.16 Trade and other payables

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

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 judgment 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 judgemental 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.

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), other unlisted equity instruments and the property development fund (Futuregrowth) are valued by the investment managers on a discounted cashflow valuation method. These valuations are independently reviewed by accounting firms. 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 available for each underlying investment and a discount rate which is market related at the balance sheet date. Subsequent changes to these estimates would result to changes to fair values. Sasria accounts for its share of the fair value movements as described in Note 2.4 above.

Figures in Rand thousand

3. Management of insurance risk

Exposure to insurance risk

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

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

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

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

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

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

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

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

Motor – provides indemnity for loss of or damage to all types of motor vehicles.

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

Figures in Rand thousand	2011	2010

Limiting exposure to insurance risk

Due to the business model followed by Sasria, there is no individual underwriting performed on the coupons up to R500 million. Sasria does underwrite individually all the coupons in excess of R500 million limited to R1.5 billion. 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 as opposed to full value cover. The insured have an option of taking up the Sasria cover at the holding Company level or at subsidiary level. Adequate reinsurance has been arranged to mitigate the increased exposure.

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

Underwriting strategy and limits and policies for mitigating insurance risk

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

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

Category of risk policy

	%	%
Engineering	3.3	3.0
Fire	77.0	76.5
Transportation	1.0	1.0
Motor	18.6	19.1
Guarantee	0.1	0.4
Total for all categories	**100.0**	**100.0**

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

	%	%
Personal policies	28.6	28.3
Commercial policies	71.4	71.7
Total personal and commercial policies	**100.0**	**100.0**

Figures in Rand thousand	2011	2010

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 types of policy

	%	%
Annual policies	52.3	58.6
Monthly policies	47.7	41.4
Total annual and monthly policies	**100.0**	**100.0**

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 predetermined 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.

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 the company's maximum possible loss and capital adequacy exercise, which is performed annually.

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. Sasria's maximum loss resulting from one event or a series of losses emanating from one event, is limited to R1.5 billion and this is split into a coupons up to R500 million and in excess limited to R1.5 billion.

Figures in Rand thousand

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.
- Re-insurance credit risk is also monitored quarterly. Any rating downgraded below “A” is reported to the Board.

The table below shows the credit ratings of the company’s 5 largest reinsurers on the reinsurance program.

Reinsurer	2011 % of total cover provided	2011 Standard and Poor's rating	2010 % of total cover provided	2010 Standard and Poor's rating
Hannover Re of Africa	19.37	AA-	23.63	A
Lancashire Insurance	17.86	A-	12.59	A
Swiss Re of Africa	9.06	A+	10.99	A+
Munich Re of Africa	6.71	A	4.83	A
SCOR	6.16	A-	4.07	A

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

Claims management

The outstanding claims are monitored on a monthly basis by management. All individual claims with an estimate exceeding R250,000 are individually reviewed by executive management. The claims department monitors most of the media on a daily basis to consider all events likely to result in claims against the Company. No provision for an outstanding claim estimate is reversed until the Company is reasonably assured that no litigation will occur. The outstanding claims provision is annually tested for adequacy as part of the liability adequacy test noted in Note 2.7 above. The process regarding the claims development is discussed in Note 10.

Figures in Rand thousand	2011	2010

4. 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:

	2011	2010
Financial and insurance assets		
Quoted equity securities	789,291	700,602
Unlisted and unquoted equity securities	25,038	31,449
Total equity securities	**814,329**	**732,051**
Property development fund (unlisted)	163,873	149,591
Money market fund (>3 months)	473,361	498,641
Government and semi-government bonds	148,700	53,669
Other bills and bonds (fixed rate)	940,249	745,893
Total financial assets at fair value through income	**2,540,512**	**2,179,845**
Insurance receivables	121,808	133,808
Other loans and receivables	182,614	91,249
Total loans and receivables including insurance receivables	**304,422**	**225,057**
Reinsurance assets	132,261	90,469
Cash and cash equivalents	936,507	1,002,756
Total financial and insurance assets	**3,913,702**	**3,498,127**
Financial and insurance liabilities		
Deferred revenue	27,537	22,942
Insurance contracts	401,420	292,143
Trade and other payables	137,036	117,060
Provisions	6,730	980
Total financial and insurance liabilities	**572,723**	**433,125**

Figures in Rand thousand

Market risk

Market risk is the risk of adverse financial impact due to changes in fair values or future cash flows 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 Financial DIrector and quarterly 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 Investment Committee.

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 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% (2010: 1%) decline or increase in the interest rate relating to interest bearing securities excluding other bills and bonds would result in an increase in profit before tax of R19.99m (2010: R10.53m) or a decrease in profit before tax of R19.99m (2010: R10.53m) respectively.

A hypothetical 1% (2010: 1%) was used during the current financial year taking into consideration the possibility of reducing repo rate by 0.5% to 1% in the new 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.

A 1% increase in interest rates would expose the Company to the risk of losing value in other bills and bonds by R5.89m (2010: R7.46m) while the decrease would expose the Company to the risk of gaining value by R5.89m (2010: R7.46m).

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.

Figures in Rand thousand	2011	2010

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

Equity price risk

Investments in listed equities, which are carried on the balance sheet at fair value, have exposure to price risk, being a potential loss of market value resulting from adverse change in prices. Investments in marketable securities are valued at fair value and are therefore susceptible to market fluctuations. All of the Company's investments are managed through 8 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 2011, the Company had quoted ordinary share investments which have been disclosed at their fair values. A hypothetical 10% decline or increase in quoted investments would result in a decrease/increase in profit before tax by R78.9m (2010: 10% R70.1m). A hypothetical 10% was used during the current financial year due to the expected movements in the equity market; the improvement is expected to continue into the new financial year. The full impact of decrease or increase in instruments' individual prices would affect the company's profit or loss since these investments are in the company's capital portfolio. The table below clearly illustrates the impact of the assumptions used above.

Quoted investments		
Effect on Profit before tax at 10% (fluctuation)	R78.9m	R70.1m
Effect on Profit before tax at 15% (fluctuation)	R118.3m	R105.1m

Foreign currency risk

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

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.

Figures in Rand thousand

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 below.

The Company does not have collateral, credit enhancements or renegotiated financial assets.

At 31 March 2011	AAA	AA	A	BBB	Not Rated	Total
Financial Assets						
Government bonds	40,286	23,664	84,750	-	-	148,700
Other bills and bonds	148,626	613,179	164,644	13,800	-	940,249
Money market fund	103,119	194,868	136,948	32,191	6,235	473,361
Property development fund	-	-	-	-	163,873	163,873
Insurance receivables	-	-	-	-	121,808	121,808
Loans and receivables	1,330	100,000	50,000	-	31,284	182,614
Reinsurance contracts	-	-	-	-	132,261	132,261
Cash and cash equivalents	273,779	421,495	171,514	33,295	36,424	936,507
	567,140	**1,353,206**	**607,856**	**79,286**	**491,885**	**3,099,373**

At 31 March 2010	AAA	AA	A	BBB	Not Rated	Total
Financial Assets						
Government bonds	53,669	-	-	-	-	53,669
Other bills and bonds	62,920	427,701	164,434	45,889	44,949	745,893
Money market fund	-	357,501	87,256	8,055	45,829	498,641
Property development fund	-	-	-	-	149,591	149,591
Insurance receivables	-	-	-	-	133,808	133,808
Loans and receivables	-	50,000	-	-	41,249	91,249
Reinsurance contracts	-	-	-	-	90,469	90,469
Cash and cash equivalents	47,249	733,258	171,949	9,061	41,239	1,002,756
	163,838	**1,568,460**	**423,639**	**63,005**	**547,134**	**2,766,076**

Figures in Rand thousand

The assets analysed above are based on external credit ratings obtained from various reputable external rating agencies. The ratings used above are based on the Standard and Poor 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.

The Company has an Investment Committee that reviews the credit risk on all the financial instruments and measurers are put in place to minimise the credit risk. In terms of the contracts with the investment management companies, no investments are to be made rated below BBB. The risk on 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 to R121.8 million (2010: R133.8 million) are not rated.

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 on the next page, financial instruments are presented on an undiscounted, contractual and worse case basis while insurance assets and liabilities are presented based on expected cash flows.

Figures in Rand thousand

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

As at 31 March 2011	Within 0 - 3 months	3 months - 1 year	1 - 2 years	3 - 5 years	Total
Deferred income	1,779	11,406	14,352	-	27,537
Insurance contracts	401,420	-	-	-	401,420
Trade and other payables	137,036	-	-	-	137,036
Provisions	-	6,730	-	-	6.730
Total	**540,235**	**18,136**	**14,352**	**-**	**572,723**
As at 31 March 2010					
Deferred income	1,422	10,049	11,471	-	22,942
Insurance contracts	292,143	-	-	-	292,143
Trade and other payables	117,060	-	-	-	117,060
Provisions	-	980	-	-	980
Total	**410,625**	**11,029**	11,471	**-**	**433,125**

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

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

As at 31 March 2011					
Held in associate	-	-	-	122,520	122,520
Financial assets at fair value through profit or loss	1,068,766	1,346,026	74,266	51,454	2,540,512
Loans and receivables	32,614	150,000	-	-	182,614
Insurance receivables	121,808	-	-	-	121,808
Reinsurance assets	132,261	-	-	-	132,261
Cash and cash equivalents	936,507	-	-	-	936,507
Total	**2,291,956**	**1,496,026**	**74,266**	**173,974**	**4,036,222**
As at 31 March 2010					
Held in associate	-	-	-	113,320	113,320
Financial assets at fair value through profit or loss	-	2,179,845	-	-	2,179,845
Loans and receivables	41,249	50,000	-	-	91,249
Insurance receivables	133,808	-	-	-	133,808
Reinsurance assets	90,469	-	-	-	90,469
Cash and cash equivalents	1,002,756	-	-	-	1,002,756
Total	**1,268,282**	**2,229,845**	**-**	**113,320**	**3,611,447**

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.

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; and
- Protect policyholders by ensuring adequate assets are available to meet its obligations.

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

Ordinary share capital in the business is 100 cents (2010: 100 cents).

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

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

An independent actuarial review is done on a 3 yearly basis; the last review was performed during November 2010 by Deloitte & Touche to advise on the capital requirements of Sasria Limited. The results of the review suggested that the appropriate level of capacity required amounted to R7 billion.

A decision was taken to maintain an appropriate level capital with the balance of the required capacity being made up of reinsurance.

Figures in Rand thousand

The Company's statutory solvency margin of 575% (2010: 704%) represents shareholders funds expressed as a percentage of net insurance premium revenue.

Fair value hierarchy

The Company adopted the amendments to IFRS 7, effective 1 January 2009. This requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value.

At 31 March 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Asset				
Investment in associate	-	-	122,520	122,520
Financial assets designated at fair value through profit and loss:				
• Equity securities - listed	789,291	-	-	789,291
• Equity securities - unlisted	-	18,738	6,300	25,038
• Debt securities	639,917	449,032	-	1,088,949
• Money market fund	341,274	132,087	-	473,361
• Property development fund	-	-	163,873	163,873
Total financial assets designated at fair value through profit and loss	**1,770,482**	**599,857**	**170,173**	**2,540,512**

Figures in Rand thousand

At 31 March 2010	Level 1	Level 2	Level 3	Total
Asset				
Investment in associate	-	-	113,320	113,320
Financial assets designated at fair value through profit and loss:				
• Equity securities - listed	700,602	-	-	700,602
• Equity securities - unlisted	-	22,406	9,043	31,449
• Debt securities	53,669	745,893	-	799,562
• Money market fund	-	498,641	-	498,641
• Property development fund	-	-	149,591	149,591
Total financial assets designated at fair value through profit and loss	**754,271**	**1,266,940**	**158,634**	**2,179,845**

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities. The Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These include investment grade corporate bonds and over-the-counter derivatives. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments include private equity and corporate debt securities. As observable prices are not available for these securities, the Company has used valuation techniques to derive the fair value. The Level 3 equity amount consists of a single private equity position, unlisted equity securities and on investments in the Futuregrowth Community Property Fund. The main inputs into the Private Equity Fund's valuation model for these investments include earnings multiples (based on the historical earnings of the issuer over the past decade) and discounted cash flows. The Company also considers original transaction price, recent transactions in the same or similar instruments and completed third party transactions in comparable instruments. It adjusts the model as deemed necessary. The Company also considers other liquidity, credit and market risk factors. It adjusts the model as deemed necessary. Discounted cash flows are calculated using the average rate of inflation during the financial year.

Figures in Rand thousand	2011	2010

The following table presents the movements in level 3 instruments for the year ended 31 March 2011 by class of financial instrument.

Asset	**Investment in associate**	**Equity instruments**	**Property development fund**	**Total**
Opening balance	113,320	9,043	149,591	271,954
Purchases	-	15,995	-	15,995
Gains and losses recognised in income	9,200	-	14,282	23,482
Closing balance	**122,520**	**25,038**	**163,873**	**311,431**
Total gains and losses for the year included in the statement of comprehensive income for assets held at the end of the year	**9,200**	**-**	**14,282**	**23,482**

The following table shows the sensitivity of Level 3 measurements to reasonably possible favourable and unfavourable changes in the assumptions used to determine the fair value of the financial assets.

Level 3 Investments		
Effect on Profit before tax at 10% (fluctuation)	R29.3m	R27.2m
Effect on Profit before tax at 15% (fluctuation)	R43.9m	R40.8m

The Level 3 investments are valued by determining Sasria's portion of the underlying investment that is held through the property development fund, unlisted equity instruments and the investment in associate. The investments are fair valued using the discounted cashflow technique, refer to Note 3 for detail.

5. Property, plant and equipment

	2011			**2010**		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Computer equipment	4,828	(4,190)	638	4,556	(3,336)	1,220
Furniture and fittings	4,987	(1,403)	3,584	4,534	(962)	3,572
Land	10,000	-	10,000	10,000	-	10,000
Buildings	26,815	(4,320)	22,495	25,513	(2,820)	22,693
Motor vehicles	206	(17)	189	152	(126)	26
Office equipment	1,604	(700)	904	1,450	(418)	1,032
Total	**48,440**	**(10,630)**	**37,810**	**46,205**	**(7,662)**	**38,543**

Figures in Rand thousand

Reconciliation of property, plant and equipment

As at 31 March 2011	Opening net book amount	Additions	Disposals	Depreciation charge	Total
Computer equipment	1,220	271	-	(853)	638
Furniture and fittings	3,572	463	(1)	(450)	3,584
Motor vehicles	26	206	(5)	(38)	189
Office equipment	1,032	153	-	(281)	904
Land	10,000	-	-	-	10,000
Buildings	22,693	1,302	-	(1,500)	22,495
	38,543	**2,395**	**(6)**	**(3,122)**	**37,810**

As at 31st March 2010					
Computer equipment	1,529	323	-	(632)	1,220
Furniture and fittings	2,526	1,411	(115)	(250)	3,572
Motor vehicles	55	-	-	(29)	26
Office equipment	484	748	-	(200)	1,032
Land	10,000	-	-	-	10,000
Buildings	21,323	2,721	-	(1,351)	22,693
	35,917	**5,203**	**(115)**	**(2,462)**	**38,543**

Depreciation expense of R3.12 million (2010: R2.46 million) has been included in other operating expenses.

The property is situated in Wierda Valley, 47 Wierda Road West, Sandton. A portion of the property was rented out and rental income of R1.02 million was earned during the year which is included in other income.

The Company' s land and buildings were valued during July 2011 by independent valuers. The valuation was made on recent market transactions at arm's length terms. The land and buildings were valued at R31.7 million.

Figures in Rand thousand

6. Intangible assets including intangible insurance asset

	2011			2010		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Deferred acquisition cost	42,690	(1,397)	41,293	41,073	(1,397)	39,676
Software	11,154	(11,096)	58	11,095	(8,768)	2,327
Total	**53,844**	**(12,493)**	**41,351**	**52,168**	**10,165**	**42,003**

Reconciliation of intangible assets including intangible insurance asset - 2011

	Opening net book amount	Additions	Amortisation charge	Total
Deferred acquisition cost	39,676	1,617	-	41,293
Software	2,327	59	(2,328)	58
	42,003	**1,676**	**(2,328)**	**41,351**

Reconciliation of intangible assets including intangible insurance asset - 2010

	Opening net book amount	Additions	Amortisation charge	Total
Deferred acquisition cost	32,514	7,162	-	39,676
Software	2,121	1,543	(1,337)	2,327
	34,635	**8,705**	**(1,337)**	**42,003**

Figures in Rand thousand	2011	2010

7. Investments in associates

Cost of investment in Aloecap at beginning of the year (private equity investment trust)	128,617	128,617
40% share of cumulative equity accounted earnings at the beginning of the year	(15,297)	11,903
Carrying amount of investments in Aloecap at beginning of the year	113,320	140,520
Income from equity accounted investments	9,200	(27,200)
Cumulative fair value at end of year	122,520	113,320
Fair value per directors	122,520	113,320

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

Total assets	306,300	283,300
Total liabilities	2,122	706
Trust capital	304,178	282,594
Unrealised gain / (loss)	23,000	(58,000)
% Interest held	40%	40%

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

Investment at fair value through profit or loss	122,520	113,320

Income statement

Share of associates income	9,200	(27,200)

Figures in Rand thousand	2011	2010

8. Financial assets

The Company's financial assets are summarised below by measurement category below:

Fair value through profit or loss	2,540,512	2,179,845
Loans and receivables	182,614	91,249
Total financial assets	**2,723,126**	**2,271,094**

The assets classified as held at fair value through profit or loss are detailed below:

At fair value through profit or loss - designated		
Equity securities		
Listed and quoted	789,291	700,602
Unlisted and unquoted	25,038	31,449
	814,329	**732,051**
Property development fund		
Unlisted and unquoted	163,873	149,591
Money market fund		
Money market fund	473,361	498,641
Quoted in an active market		
Debt securities - fixed interest rate:		
Other bills and bonds	940,249	745,893
Government and semi-government bonds	148,700	53,669
	1,088,949	**799,562**
Total financial assets at fair value through profit or loss	**2,540,512**	**2,179,845**

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	182,614	91,249
Other loans and receivables		

The above balances are receivable within twelve months. Fair values therefore largely sapproximate carrying values. Interest accrued of R28 million (2010: R31.6 million) is included.

Figures in Rand thousand	2011	2010
Movement in financial assets at fair value through profit and loss		
Balance at beginning of the year		
Additions	2,179,845	921,141
Transfer from / (to) cash and cash equivalents	-	120,000
Interest received	103,079	791,579
Dividends received	178,401	196,492
Realised net fair value gains	29,471	7,057
Unrealised net fair value gains	46,410	17,773
Investment administration expense	20,496	139,225
	(17,190)	(13,422)
	2,540,512	**2,179,845**

9. Insurance receivables

	2011	2010
Profit commission	32,576	56,429
Outstanding premiums	89,232	77,379
Total insurance receivables	**121,808**	**133,808**

	31 March 2011		31 March 2010	
	Gross	Impairment	Gross	Impairment
Trade receivables due from agents at reporting date:				
Not past due	83,379	-	72,221	-
Past due	5,853	-	5,158	-
	89,232	**-**	**77,379**	**-**

The above balances are receivable within 12 months. Fair value therefore approximates carrying value. The outstanding premiums have been received after year-end therefore the Company does not deem it necessary to provide for impairment.

Figures in Rand thousand	2011	2010

10. Insurance liabilities and reinsurance assets

Gross		
Outstanding claims	132,665	69,792
Claims incurred but not reported	62,290	23,720
Outstanding claims, including claims incurred but not reported	194,955	93,512
Unearned premiums	206,465	198,631
Total insurance liabilities, gross	**401,420**	**292,143**
Recoverable from reinsurers		
Outstanding claims	39,794	20,932
Claims incurred but not reported	26,903	9,948
Outstanding claims, including claims incurred but not reported	66,697	30,880
Unearned premiums	65,564	59,589
Total reinsurers' share of insurance liabilities	**132,261**	**90,469**
Net insurance liabilities		
Outstanding claims	92,871	48,860
Claims incurred but not reported	35,387	13,772
Outstanding claims, including claims incurred but not reported	128,258	62,632
Unearned premiums	140,901	139,042
Total insurance liabilities (net)	**269,159**	**201,674**

The gross insurance claims and 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 2011 and March 2010 are not material.

Figures in Rand thousand

The movements for the year are summarised below:

a) Outstanding claims, including claims incurred but not reported

	Gross	Reinsurance	Net
At 31 March 2010			
Balance at beginning of the year	175,813	56,393	119,420
Less: claims paid relating to the prior years	(67,723)	(20,317)	(47,406)
Change in prior year estimate	(107,213)	(35,819)	(71,394)
Claims incurred during the year	68,915	20,675	48,240
Claims incurred but not reported	23,720	9,948	13,772
Balance at end of the year	**93,512**	**30,880**	**62,632**
At 31 March 2011			
Balance at beginning of the year	93,512	30,880	62,632
Less: claims paid relating to the prior years	(44,630)	(13,389)	(31,241)
Claims paid, relating to current year	(104,110)	(31,233)	(72,877)
Claims incurred during the year	211,609	63,483	148,126
Claims incurred but not reported	62,290	26,903	35,387
Change in prior year estimate	(23,716)	(9,947)	(13,769)
Balance at end of the year	**194,955**	**66,697**	**128,258**

b) Provision for unearned premiums

	Gross	Reinsurance	Net
At 31 March 2010			
Balance at beginning of the year	162,840	62,559	100,281
Premiums written during the year	785,548	212,313	573,235
Less: Premiums earned during the year	(749,757)	(215,283)	(534,474)
Balance at end of the year	**198,631**	**59,589**	**139,042**
At 31 March 2011			
Balance at beginning of the year	198,631	59,589	139,042
Premiums written during the year	1,010,915	403,320	607,595
Less: Premiums earned during the year	(1,003,081)	(397,345)	(605,736)
Balance at end of the year	**206,465**	**65,564**	**140,901**

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

Figures in Rand thousand

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

(c) 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.

10.1 Claim provisions

The company's outstanding claims provisions include notified claims as well as incurred but not yet reported claims.

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 as 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.

10.2 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.

10.3 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 R48.74m (2010: R23.38m). The net impact after reinsurance on profit before tax would be R32.06m (2010: R15.66m).

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 6% (2010: 6%) on insured values, the increased cost of claims would be to impact the profit before tax with a reduction of R11.7m (2010: R5.6m).

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 on the next page 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 decreased in 2009, due mainly to the reversal of claim estimates in the current year. The IBNR is based on the best estimate assumption by using the claims and assuming that the past experiences reflect the future. The IBNR has increased from R13.8 million in 2010 to R35.3 million in 2011.

Figures in Rand thousand

Reporting year	31 March 2007	31 March 2008	31 March 2009	31 March 2010	31 March 2011
IBNR - gross claims					
Claims reported after year-end	22,315	22,744	21,862	19,956	46,393
- One year after year-end	39	-	-	-	-
- Total	**22,354**	**22,744**	**21,862**	**19,956**	**46,393**
IBNR provision	7,917	16,679	33,064	23,873	62,290
Utilisation of IBNR	**281.86%**	**136.35%**	**66.12%**	**83.59%**	**74.48%**
IBNR - net claims					
Claims reported after year-end:	13,389	15,920	15,303	13,969	32,475
- One year after year-end	23	-	-	-	-
- Total	**13,412**	**15,920**	**15,303**	**13,969**	**32,475**
IBNR provision	4,750	9,466	19,502	13,772	35,387
Utilisation of IBNR	**281.86%**	**168.00%**	**78.47%**	**101.43%**	**91.77%**

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

Figures in Rand thousand	2011	2010

11. Cash and cash equivalents

Cash and cash equivalents comprise of:		
Fixed deposits	89,400	33,920
Call account	232,770	205,985
Money market	481,789	581,649
Short-term deposits and cash on call	803,959	821,554
Bank and cash balances	132,548	181,202
	936,507	**1,002,756**

The effective interest rate on short-term bank deposits with maturities of less than three months ranges between 3.80% and 7.00% (2010: 5.80% and 9.00%). The effective interest rate on current accounts at the balance sheet date averaged between 3.60% and 6.00% (2010: 5.60% and 8.00%).

12. Share capital

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

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

13. Payables

Trade payables and accrued expenses	28,588	24,086
VAT	8,879	15,894
Amounts due to reinsurers	99,569	77,080
Total	**137,036**	**117,060**

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

Figures in Rand thousand	2011	2010

14. Provisions

	Opening balance	Additions	Reversed during the year	Total
Reconciliation of provisions - 2011				
Leave pay	980	-	(250)	730
Bonus	-	6,000	-	6,000
	980	**6,000**	**(250)**	**6,730**
Reconciliation of provisions - 2010				
Leave pay	530	450	-	980

The leave pay provision relates to vested leave pay which employees may become entitled to when they leave the employment of the Company or utilise accrued leave.

The bonus provision consists of a performance bonus accrual based on the achievement, prior to year-end, of predetermined financial and qualitative targets.

15. Deferred income

	2011	2010
Balance at beginning of year	22,942	18,808
Movement in income statement	4,595	4,134
	27,537	**22,942**

Figures in Rand thousand	2011	2010

16. Deferred 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:

	2011	2010
At beginning of the year	(39,135)	(2,779)
Income statement credit	(10,041)	(36,356)
	(49,176)	**(39,135)**

	Balance 1 April 2009	**(Charged)/ credited to the income statement**	**Balance 31 March 2010**	**(Charged)/ credited to the income statement**	**Balance 31 March 2011**
Provisions	(450)	2,127	1,677	2,734	4,411
Operating leases	(6)	6	-	-	-
DAC and other intangible assets	677	511	1,188	6,522	7,710
Unrealised appreciation of investments	(3,000)	(39,000)	(42,000)	(19,297)	(61,297)
Total	**(2,779)**	**(36,356)**	**(39,135)**	**(10,041)**	**(49,176)**

	2011	2010
Deferred tax liabilities	**49,176**	**39,135**

17. Net insurance premium revenue

	2011	2010
Insurance contracts		
Premium written	1,010,915	785,548
Change in unearned premium provision	(7,834)	(35,790)
Premium revenue arising from insurance contracts	1,003,081	749,758
Reinsurance contract		
Premium ceded	(407,646)	(330,990)
Change in unearned premium provision	5,974	10,737
Premium revenue ceded to reinsurers	(401,672)	(320,253)
Net insurance premium revenue	**601,409**	**429,505**

Excess of loss reinsurance cover was purchased for 2011 at a cost of R 91,467,264 (2010: R 94,406,494). There were no events in either 2011 or 2010 that prompted losses of sufficient size to trigger a recovery from these contracts.

Figures in Rand thousand	2011	2010

18. Investment income

Investment income on cash and cash equivalents:		
Interest income	200,412	213,048
Investment income on financial assets held at fair value through income:		
Dividend income	29,471	7,057
Unrealised net fair value gains	20,496	139,225
Realised net fair value gains	46,410	17,773
	96,377	**164,055**
	296,789	**377,103**

19. Insurance claims and loss adjustment expenses

Gross		
Claims paid	148,740	87,714
Movement in outstanding claims and IBNR	101,443	(82,301)
	250,183	**5,413**
Reinsurers share		
Claims paid	(47,210)	(26,314)
Movement in outstanding claims and IBNR	(35,822)	25,514
	(83,032)	**(800)**

20. Expenses for the acquisition of insurance contracts

Gross commission paid	201,842	156,812
Movement in deferred acquisition cost	(1,617)	(7,162)
	200,225	**149,650**

Figures in Rand thousand	2011	2010

21. Results of operating activities

Results of operating activities includes:		
Advertising expenses	6,149	5,914
Auditors remuneration - audit fees	903	956
Depreciation on property, plant and equipment	3,122	2,462
Investment administration expenses	17,190	13,422
Employee benefit expense	31,642	30,449
Social responsibility allocation	9,996	10,217
Profit on sale of property, plant and equipment	98	14
Consulting and professional fees	5,095	2,813
Amortisation on intangible assets	2,328	1,337

22. Employee benefit expense

Wages and salaries	15,567	15,138
Bonuses - actual payment	6,740	11,306
Bonuses - provision raised	6,000	-
Medical aid	890	821
Leave pay provision charge	(250)	450
Post-employment benefits - Pension - Defined contribution plan	2,695	2,734
	31,642	**30,449**

Number of employees	42	41

At year-end Sasria raised a provision for the payment of performance bonuses. The performance bonuses relates to the financial year ending 31 March 2011 as it is based on the performance of the individual staff members for the year ending 31 March 2011 as well as the financial results for the same period. These bonuses will only be paid in August 2011 as per the bonus policy.

Figures in Rand thousand	2011	2010

23. Income tax expense

Major components of the tax expense

Current		
Current year normal tax	157,541	159,476
Prior year adjustment	26,436	(7,513)
	183,977	**151,963**
Deferred		
Deferred tax	10,041	36,356
	194,018	**188,319**
Reconciliation of the taxation		
Profit before tax	616,204	699,317
Tax at the applicable tax rate of 28% (2010: 28%)	172,537	195,809
Effects of:		
Income not subject to tax purposes	(8,252)	(1,943)
Other expenses not allowable to tax - Dividend income	3,297	1,006
VAT adjustment	-	960
Prior year adjustment	26,436	(7,513)
Tax charge for the period	**194,018**	**188,319**
Effective rate	31.49%	26.93%

Figures in Rand thousand	2011	2010

24. Related-party transactions and balances

Relationships

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

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

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

The comparative information has been based on the list of public entities and their subsidiaries effective at 31 March 2011.

Sasria Limited owns 40% of the Aloecap investment trust.

The following transactions were carried out with related parties:

Sales of goods and services

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

A dividend of R153,299,400 was declared and paid during the year.

Purchase of goods and services

Shareholder, including government departments	7,564	991

Figures in Rand thousand	2011	2010

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

Key management compensation

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

Year-end balances arising from transactions

There was no year-end balance receivable from related parties.

Payables to related parties		
Shareholder, including government departments	482	164
Indirect transactions - balance sheet assets at fair value		
Government bonds movement during the year*	148,700	53,669

*The movement includes additions, disposals and interest received.

Figures in Rand thousand

25. Directors' emoluments

Non-executive 2011	Fees	Bonus and retention	Contributions	Car allowance	Total
M.C. Ramaphosa	417	-	-	-	417
C.D. Da Silva	241	-	-	-	241
J.R.K. Du Preez	221	-	-	-	221
M.P. Lehutso-Phooko	223	-	-	-	223
M.A. Samie	229	-	-	-	229
C.H. Du Toit**	182	-	-	-	182
B.J. Njenje	109	-	-	-	109
	1,622	-	-	-	**1,622**
2010					
M.C. Ramaphosa	304	-	-	-	304
C.D. Da Silva	132	-	-	-	132
J.R.K. Du Preez	144	-	-	-	144
M.P. Lehutso-Phooko	134	-	-	-	134
M.A. Samie	183	-	-	-	183
C.H. Du Toit**	24	-	-	-	24
B.J. Njenje	24	-	-	-	24
N.V. Beyers	109	-	-	-	109
A.F. Julies **	96	-	-	-	96
M.M.T. Ramano	105	-	-	-	105
	1,255	-	-		**1,255**

** Fees paid to National Treasury.

Figures in Rand thousand

25. Directors' emoluments

Executive	Salary	Bonus and retention	Contributions	Car allowance	Total
2011					
P. Mabasa	770	-	75	37	882
G. Matthee	440	-	84	33	557
	1,210	**-**	**159**	**70**	**1,439**
2010					
P. Mabasa	1,431	2,062	153	64	3,710
G. Matthee	958	1,442	200	66	2,666
	2,389	**3,504**	**353**	**130**	**6,376**

Executive managers					
2011					
C.P. Macheke	917	503	112	76	1,608
T.M. Mahlangu	640	377	77	66	1,160
C.M. Masondo	947	556	82	76	1,661
N.G. Wabanie	676	530	97	36	1,339
	3,180	**1,966**	**368**	**254**	**5,768**
2010					
C.P. Macheke	696	367	96	63	1,222
T.M. Mahlangu	537	597	79	65	1,278
C.M. Masondo	649	97	79	57	882
N.G. Wabanie	595	801	96	36	1,528
	2,477	**1,862**	**350**	**221**	**4,910**

Figures in Rand thousand	2011	2010

26. Cash generated from operations

Profit before tax	616,204	699,317
Adjustments for:		
Investment income	(296,789)	(377,103)
Share of profit / (loss) of associate	(9,200)	27,200
Depreciation	3,122	2,462
Amortisation of intangible assets	2,328	1,337
Movements in provisions	5,750	450
Operating profit before working capital changes	321,415	353,663
Reinsurance assets	(41,792)	14,777
Deferred acquisition costs	(1,617)	(7,162)
Insurance receivables	12,000	(24,904)
Loans and other receivables	(91,365)	(42,683)
Insurance liabilities	109,277	(46,511)
Deferred reinsurance acquisition revenue	4,595	4,134
Trade and other payables	19,974	15,362
	332,487	**266,676**

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.

Figures in Rand thousand	2011	2010

27. Capital commitments

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

28. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of Financial Position		
Financial assets - loans and receivables	-	50,000
Cash and cash equivalents	-	(50,000)

29. Events after the reporting period

Subsequent to year-end the following executive directors were appointed:

Managing Director: Mr Cedrick Masondo (1 July 2011)

Financial Director: Mrs Karen Pepler (1 July 2011) making

a

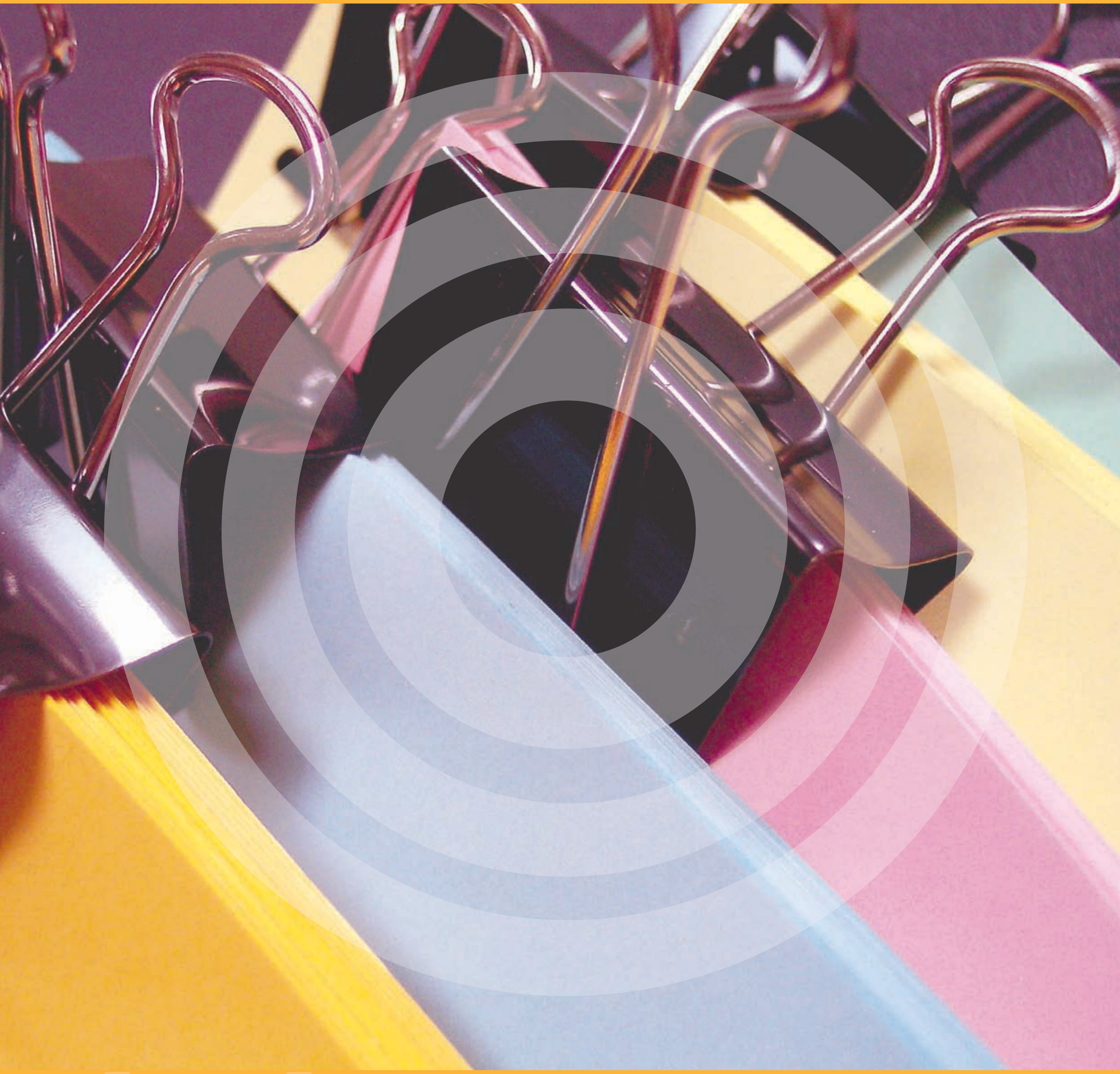
Sasria Limited

leading African

insurer

covering

extraordinary risks.



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ANNEXURE 1

Bulelwa Jeanie Njenje (Independent Non-Executive Director) **- Other directorships:**

Company	Registration Number	Date Appointed
Village Main Reef	1934/005703/06	01/07/2011

Matamela Cyril Ramaphosa (Independent Non-Executive Director) **- Other directorships:**

Company	Registration Number	Date Appointed
Alexander Forbes Equity Holdings (Pty) Ltd	2006/025226/07	03/09/2007
Assore Limited	1950/037394/06	12/07/2006
Bidvest Group Ltd	1946/021180/06	06/07/2004
Kangra Coal (Pty) Ltd	2001/003104/07	24/03/2003
Lonmic Plc	103002	13/07/2010
Macsteel Global b.v.	33282350	19/09/2006
Macsteel Service Centres SA (Pty) Ltd	2005/016292/07	31/08/2006
Maxshell 80 Investments (Proprietary) Ltd	2004/032140/07	29/11/2004
MTN International (Pty) Ltd	1998/002351/07	01/07/2002
MTN Group Ltd	1994/009584/06	01/10/2001
MTN Holdings (Pty) Ltd	1993/001411/07	20/11/2001
Mondi Packaging South Africa (Pty) Ltd	2004/025229/07	13/01/2005
Mondi Shanduka Newsprint (Pty) Ltd	2003/029838/07	01/06/2004
Mondi Plc	06209386	16/05/2007
Mondi Ltd	1967/013038/06	03/12/2004
Pan African Resources Plc	3937466	17/09/2009
SABMiller Plc	3528416	02/1999
Shanduka Group (Pty) Ltd	2001/004663/07	12/03/2001
Shanduka Resources (Pty) Ltd	2002/017835/07	30/07/2002
Standard Bank Group Limited	1969/017128/06	01/11/2004
Standard Bank of South Africa Limited	1962/000738/06	01/11/2004
TBWA Hunt Lascaris Holdings (Pty) Ltd	1983/001116/07	01/01/2002
Tutuwa Strategic Holdings 1 (Pty)	2004/015916/07	04/10/2004

Caroline Dey Da Silva (Independent Non-Executive Director) **- Other directorships:**

Company	Registration Number	Date Appointed
Mutual & Federal Risk Financing Limited	1966/010741/06	31/12/2009
Mutual & Federal Insurance Company of Namibia Limited	89/459	25/11/2009

ANNEXURE 1

Mohamed Adam Samie (Independent Non-Executive Director) **- Other directorships:**

Company	Registration Number	Date Appointed
Lion of Africa	1999/012406/06	23/08/1999
Lion Life	1942/015587/06	15/10/2002
Auxis (Pty) Limited	2001/025992/07	23/06/2005
SAIA	1998/025543/08	25/10/2002

Juliette Rachel Kathleen Du Preez (Independent Non-Executive Director) **- Other directorships:**

Company	Registration Number	Date Appointed
Xinergistix Limited	1999/019372/06	01/02/2011
SRCC Holding Limited	2000/022110/06	06/11/2008
Sundays River Citrus Company (Pty) Ltd	2000/005586/07	06/11/2008
SRCC Marketing (Pty) Ltd	2000/001916/07	06/11/2008
Klein Karoo International Limited	1961/00721/06	01/02/2011
JRK Trust	IT No. IT4388	05/04/2006
TRADHAU Trust	IT No. 647/2010	26/05/2010
Inner Space Trading CC	2005/178107/23	20/02/2006
Eat Smart Organics (Pty) Ltd	2006/008120/07	30/03/2006

Charl Higgo Du Toit (Independent Non-Executive Director) **- Other directorships:**

Company	Registration Number	Date Appointed
Export Credit Insurance Corporation of South Africa	2001/013128/06	06/08/2008

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