

Centriq Insurance Holdings Limited

Financial highlights

Year ended 31 December 2008

Centriq Insurance Holdings Limited is pleased to announce its key financial highlights for the year ended 31 December 2008.

	2008	2007	% Change
	R'000	R'000	
Gross Written Premiums	1 870 027	1 704 209	9.7%
Net income after tax	40 998	33 740	21.5%
Assets under management	2 133 399	2 050 393	4.0%

Gross written premium (GWP) grew by 9.7% for the year, continuing the growth trend from previous years. GWP for 2008 was abnormally reduced by a premium refund to a client of R396m. Excluding this refund, GWP would have been R2.266bn or 33% higher than in 2007. Growth in GWP benefited from the new business acquisition of a large commercial and personal lines portfolio and from organic growth arising from existing client insurance portfolios.

Fee income received from clients increased by 12.7% during 2008, but this was partly offset by marginal underwriting results on motor and liability portfolios. In addition and in light of deteriorating economic conditions, a once-off provision was raised as a prudent response to a portfolio of motor finance deposit guarantees underwritten by the company in previous years.

Assets under management advanced a modest 4%; the growth in the core business and a predominantly conservative investment strategy (money market instruments) were adversely affected by the general economic downturn. The operating environment grew more complex over the period with a number of legislative changes, the most notable being the Insurance Laws Amendment Act, coupled with the global economic meltdown adding fear and uncertainty to global and domestic financial markets. These driving forces will continue to impact the year ahead and it is uncertain what the final outcome will be. At a minimum, it will force a rethink of credit risks and risk appetite and regulatory changes will require many business models to adapt to greater regulatory scrutiny and regulation of earnings and profit sharing agreements.

Centriq invested heavily in systems and people during the year to improve operational capacity and quality of client service. This will benefit the group in the year ahead and will enhance client service standards as well as operational controls and processes.

Prospects

We remain confident that the core business of Centriq will continue to grow as a flight to quality forces many industry role players to look for security in their insurance partners. Centriq's ideal

independent positioning in the market, coupled with quality and blue chip shareholding stands to benefit the group in the uncertain times ahead.

We wish to thank our clients and business partners for their continued support as we strive to become the leading alternative insurance group in the southern African market.