

Financial Services

Financial Statements

AUDIT

Global Alliance Seguros, S.A.

for the year ended 31 December 2008

Global Alliance Seguros, S.A.

Financial Statements

for the year ended 31 December 2008

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Directors' approval

The Directors are responsible for the preparation and fair presentation of the financial statements of Global Alliance Seguros, S.A., comprising the balance sheet at 31 December 2008, and the income statement, the statement of changes in equity and cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with the Chart of Accounts for the Entities Qualified for Exercising Insurance Activities and with the specific standards issued by IGS – Inspeção Geral de Seguros.

The directors fulfil this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the company's assets are safeguarded, that transactions are executed and recorded in accordance with company's authorisation, generally accepted business practices and the company's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, are monitored by management and include a comprehensive budgeting and reporting system and an appropriate control framework.

It is the responsibility of the independent auditors to report on the fair presentation of the financial statements.

The directors believe 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.

The financial statements for the year ended 31 December 2008 set out on pages 4 to 30 were approved by the board of directors of Global Alliance Seguros, S.A. on 18 May 2009 and are signed on its behalf by:

Chairman

Director

Independent Auditors' Report

To the shareholders of Global Alliance Seguros, S.A.

We have audited the financial statements of Global Alliance Seguros S.A., which comprise the balance sheet at 31 December 2008, and the income statement, statement of cash flow and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory notes, in accordance with the Chart of Accounts for the Entities Qualified for Exercising Insurance Activities and with the specific Standards issued by IGS – Inspeção Geral de Seguros.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Chart of Accounts for the Entities Qualified for Exercising Insurance Activities and with the specific Standards issued by IGS – Inspeção Geral de Seguros. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in circumstances.

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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and 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 Global Alliance Seguros S.A. as at 31 December 2008 and the results of its financial performance and its cash flows for the year then ended, in accordance with the Chart of Accounts for the Entities Qualified for Exercising Insurance Activities and with the specific Standards issued by IGS – Inspeção Geral de Seguros.

KPMG

18 May 2009

Maputo

Global Alliance Seguros, S.A.

Balance Sheet

as at 31 December 2007

	Notes	2008 MZN	2007 MZN	2008 USD	2007 USD
Assets					
Intangible assets	4	-	-	-	-
Investments					
Buildings	5	15 709 772	12 943 252	624 643	541 079
Other financial investments	5	818 753	814 285	32 555	31 886
Deposits in bank institutions	5	84 505 650	36 575 000	3 360 066	1 540 000
Capital work in progress	5	11 649 871	7 644 000	463 216	319 549
		112 684 046	57 976 537	4 480 480	2 432 514
Technical provisions for ceded re-insurance	6	125 846 538	46 089 973	5 003 838	2 434 717
Debtors					
For direct insurance operations	7	85 770 424	37 273 892	3 410 355	1 569 427
For re-insurance operations	7	45 666 995	-	1 815 785	-
For other operations	7	5 816 476	5 978 452	231 271	251 407
		137 253 895	43 252 344	5 457 411	1 820 834
Other elements of assets					
Tangible assets and inventories	8	2 029 713	1 695 912	107 631	93 838
Bank deposits and cash	9	59 730 938	83 514 541	2 374 988	3 516 402
		61 760 651	85 210 453	2 482 619	3 610 240
Additions and deferrals					
Other additions and deferrals	10	-	104 206	-	4 388
Total assets		437 545 130	232 633 513	17 424 348	10 302 693

Global Alliance Seguros, S.A.

Balance Sheet (continued)

as at 31 December 2008

	Notes	2008 MZN	2007 MZN	2008 USD	2007 USD
Equity and Liabilities					
Equity					
Share capital	11	100 000 000	70 842 029	4 306 770	3 095 388
Share premium		813 170	813 170	73 770	73 770
Reserves	12	6 161 392	3 080 696	317 109	194 616
Prior year accumulated results	12	(19 979 809)	(15 309 584)	(687 911)	(644 614)
Profit for the year	12	14 996 946	27 726 266	619 709	1 297 135
Foreign currency translation		-	-	(547 184)	493 496
Total equity		101 991 699	87 152 577	4 082 263	4 509 791
Technical provisions for direct insurance and re-insurance	13	209 422 701	95 699 493	8 326 946	3 724 120
Provisions for other risks and charges	14	4 563 506	12 085 197	181 452	481 582
Creditors					
For direct insurance operations and granted re-insurance	15	486 806	5 663 314	19 356	238 455
For ceded re-insurance operations	15	111 086 444	26 933 889	4 416 956	1 134 058
State and other public entities	15	6 404 036	551 924	254 634	23 239
Sundry creditors	15	3 581 898	3 920 730	142 421	165 083
		121 559 184	37 069 857	4 833 367	1 560 835
Additions and accruals	16	8 040	626 389	320	26 364
Total liabilities		335 553 431	145 480 936	13 342 085	5 792 901
Total equity and liabilities		437 545 130	232 633 513	17 424 348	10 302 692

Global Alliance Seguros, S.A.

Income Statement

for the year ended 31 December 2008

	Notes	2008 MZN	2007 MZN	2008 USD	2007 USD
Gross premium written	17	387 380 890	326 920 194	16 007 475	13 765 061
Reinsurance premium	17	(194 448 053)	(175 751 434)	(8 035 044)	(7 400 060)
Provision for unearned premium		(87 674 238)	(8 229 209)	(3 622 902)	(346 493)
Provision for unearned premium - reinsurance		79 759 542	4 958 893	3 295 848	208 795
Net premium written		185 018 141	147 898 444	7 645 377	6 227 303
Other investment income		701 281	840 368	28 979	35 384
Other technical income		48 254 824	41 316 841	1 994 001	1 739 656
Total profits and gains		233 974 246	190 055 653	9 668 357	8 002 343
Claims incurred					
Gross amount	18	(112 181 038)	(198 715 784)	(4 635 580)	(8 366 980)
Reinsurance part	18	41 317 712	126 971 473	1 707 343	5 346 167
Provision for claims (variation)					
Reinsurance part		(48 128 995)	(12 869 991)	(1 988 801)	(541 894)
Provision for IBNR		(1 955 369)	(1 693 192)	(80 800)	(71 292)
Unexpired risk provision		(9 845 488)	-	(406 838)	-
Loss legs provisions		(126 244)	(118 750)	(5 217)	(5 000)
Net operating costs					
Acquisition costs	17	(45 715 686)	(42 261 510)	(1 889 078)	(1 779 432)
Deferred acquisition costs		(2 160 803)	(1 282 429)	(89 289)	(53 997)
Administrative costs	19	(76 499 160)	(44 089 450)	(3 161 122)	(1 856 398)
Commissions on reinsurance	17	24 242 887	30 181 897	1 001 772	1 270 817
Other non technical results	20	11 774 607	(1 153 343)	486 554	(48 562)
Total operating profit		14 696 669	45 024 574	607 301	1 895 772
Adjustment to prior year profits		6 945 443	-	287 002	-
Profit before extraordinary items		21 642 112	45 024 574	894 303	1 895 772
Extraordinary gains		-	745 507	-	31 390
Extraordinary losses		-	(465 725)	-	(19 610)
Profit before tax		21 642 112	45 304 356	894 303	1 907 552
Tax expense	21	(6 645 166)	(14 497 394)	(274 594)	(610 417)

Global Alliance Seguros, S.A.

Net profit for the year

<u>14 996 946</u>	<u>30 806 962</u>	<u>619 709</u>	<u>1 297 135</u>
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Global Alliance Seguros, S.A.

Cash flow Statement

for the year ended 31 December 2008

	Notes	2008 MZN	2007 MZN	2008 USD	2007 USD
Cash flow from operations					
Net profit for the year		14 996 946	30 806 962	619 709	1 297 135
Adjustments for:					
Depreciation of fixed assets	8	590 886	456 692	24 417	19 229
Increase/decrease on debtors for insurance operations		(94 163 527)	111 319 185	(3 656 713)	4 286 749
Increase/decrease on technical provisions for ceded re-insurance		(79 756 565)	(5 870 232)	(2 569 121)	(247 168)
Decrease/decrease on other debtors		266 183	25 762 283	24 522	1 366 902
Increase/decrease on creditors for insurance operations		78 976 047	(110 276 139)	3 063 799	(4 328 768)
Increase/decrease on other creditors		4 894 929	(26 743 543)	182 689	(1 089 280)
Decrease on provision for other risks and charges		(7 521 691)	(6 005 377)	(300 130)	(252 857)
Increase/decrease on technical provisions for direct insurance and re-insurance		113 723 208	(177 133)	4 602 826	(7 141)
Total funds provided from operating activities		32 006 416	19 272 698	1 991 998	1 044 801
Cash flows from investment activities					
Increase on investments		(54 707 509)	(47 572 733)	(2 047 965)	(2 003 379)
Acquisition of fixed assets	8	(924 687)	(647 099)	(38 210)	(27 246)
Total cash used in investments		(55 632 196)	(48 219 832)	(2 086 175)	(2 030 625)
Cash flows from financing activities					
Prior year adjustments on reinsurance operations through retained results		-	(18 400 694)	-	(774 347)
Prior year adjustments – payment received in advance in 2007 through retained results		-	2 934 055	-	123 539
Prior year adjustment on equity		(157 823)	-	(6 557)	-
Cash flows from financing activities		(157 823)	(15 466 639)	(6 557)	(650 808)
Net increase in cash		(23 783 603)	(44 413 773)	(100 734)	(1 636 632)
Cash and cash equivalents at the beginning of the year		83 514 541	127 928 314	3 516 402	4 943 134
Foreign currency translation difference		-	-	(1 040 680)	209 900
Cash and cash equivalents and the end of the year	9	59 730 938	83 514 541	2 374 988	3 516 402

Global Alliance Seguros, S.A.

Statement of changes in equity

for the year ended 31 December 2008

	Share capital MZN	Share Premiums MZN	Legal reserves MZN	Accumulated results MZN	Total equity MZN
Balances at 1 January 2007	13 981 250	813 170	17 014 216	40 003 618	71 812 254
Increase in capital through incorporation of accumulated results and legal reserves	56 860 779	-	(17 014 216)	(52 232 506)	(12 385 943)
Constitution of legal reserve	-	-	3 080 696	(3 080 696)	-
	70 842 029	813 170	3 080 696	(15 309 584)	59 426 311
Profit for the year	-	-	-	27 726 266	27 726 266
Balance as at 31 December 2007	70 842 029	813 170	3 080 696	12 416 682	87 152 577
Increase in capital through incorporation of accumulated results	29 157 971	-	-	(29 157 971)	-
Constitution of legal reserves prior year adjustment	-	-	3 080 696	(3 080 696)	-
Prior year adjustment	-	-	-	(157 824)	(157 824)
	100 000 000	813 170	6 161 392	(19 979 809)	86 994 753
Profit for the year	-	-	-	14 996 946	14 996 946
Balance as at 31 December 2008	100 000 000	813 170	6 161 392	(4 982 863)	101 991 699

	Share capital USD	Share Premium USD	Legal reserves USD	Accumulated results USD	Translation reserve USD	Total equity USD
Balances at 1 January 2007	701 250	73 770	781 290	1 813 664	283 596	3 653 570
Increase in Capital through incorporation of accumulated results and legal reserves	2 394 138	-	(781 290)	(2 263 662)	-	(650 814)
Constitution of legal reserve	-	-	194 616	(194 616)	-	-
	3 095 388	73 770	194 616	(644 614)	283 596	3 002 756
Profit for the year	-	-	-	1 297 135	-	1 297 135
Currency translation difference	-	-	-	-	209 900	209 900
Balances at 31 December 2007	3 095 388	73 770	194 616	652 521	493 496	4 509 791
Increase in capital through incorporation of accumulated results – prior year adjustment	1 211 382	-	-	(1 211 382)	-	-
Constitution of legal reserves	-	-	122 493	(122 493)	-	-
Prior year adjustment	-	-	-	(6 557)	-	(6 557)
	4 306 770	73 770	317 109	(687 911)	493 496	4 503 234
Profit for the year	-	-	-	619 709	-	619 709
Currency translation difference	-	-	-	-	(1 040 680)	(1 040 680)
Balance as at 31 December 2008	4 306 770	73 770	317 109	68 202	(547 184)	(4 082 263)

Global Alliance Seguros, S.A.

Notes to the financial statements

for the year ended 31 December 2008

1 Reporting entity

Nature of business

Global Alliance Seguros SA is a limited liability company incorporated in 1993. The head office of the company is in Maputo and the principal objective of the company is to develop its activities in insurance area. The shareholders of the company are Global Alliance Holdings Limited, Robert William Allan Lewis, Ivor Andrew Ogilvy Lewis, Sonja Venter and Liliana Costa.

The company is licenced to operate life and non-life insurance and pension fund management. Up to 2008, the company has been exploring only short-term insurance, which includes among others, fire, motor, marine, aviation, personal accidents, liability and workers compensation.

2 Basis of preparation

(a) *Statement of compliance*

The financial statements of Global Alliance Seguros, S.A., were prepared in accordance with the accounting principles defined in the Chart of Accounts for Entities Qualified for Exercising Insurance Activities and with the specific standards issued by IGS – Inspeção Geral de Seguros.

(b) *Presentation of the financial statements*

With the exception of financial investments, which are valued at fair value, the financial statements were prepared based on the principle of historic cost, without any adjustment to reflect the impact of specific price alterations or the evolution of the general price levels. The financial statements are prepared in Mozambican Meticaís.

In December 2004, the Ministerial Declaration nº 113/2004 was published, approving the new chart of accounts for the insurance activities in Mozambique. According to this declaration, the chart of accounts was to be implemented on January 1, 2005. Despite IGS not having published the rules for transition to the new chart of accounts, as well as the tax rules to be applied, the Company proceeded with the total adoption of the mentioned chart of accounts with the rules existing to that date.

(c) *Funcional and presentation currency*

The company's functional currency is the Mozambique Meticaís, being the currency of the primary economic environment in which it operates and the currency in which accounting records are maintained. The financial statements are presented in both Meticaís and United States Dollars.

For the convenience of the primary users, the financial statements are also presented in United States Dollars. The income statement and related notes are translated into United States Dollars using the average rate of exchange for the year, and the balance sheet at the official exchange rate ruling at the end of the year. All resulting exchange differences are recognised directly in equity.

Global Alliance Seguros, S.A.

Notes to the financial statements

for the year ended 31 December 2008

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

3 Significant accounting policies

e) Recognition of costs and revenues

The costs and revenues are recorded in the same year in which they refer to, independently of the moment in which they are paid or received, according to the accrual basis of accounting.

f) Provision for unearned premiums

The provision for unearned premiums is based on the evaluation of the premiums written before the end of the year, but with maturities after that date. Its determination is performed by means of the application of the “pro-rata temporis” method, for each contract in force. This method is applied on the gross premiums written, less the respective acquisition costs.

g) Provisions for claims

Provisions for claims corresponding to costs with accidents occurred and still to be settled, as well as estimated responsibilities for damages incurred but not reported (IBNR).

The mathematical reserve for the work related accidents is calculated for the pensions already legally ratified by the Labor Court and for the estimates resulting from the processes where the claims occurred are still in situation of “clinical cure”.

h) Provision for collectible receipts

The calculation of provisions for collectible receipts is performed based on the probability of collection of the premium receipts to be collected at the end of the year. This provision is presented in the balance sheet as a deduction of Debtors for direct insurance operations.

i) Provision for deviations of accidents

The provision for deviations of accidents should be made for credit insurance, and for security arrangements for floods and storms, branch of natural phenomena. Their calculation should be in accordance with the criteria established by Inspecção Geral de Seguros – IGS (see note 13).

Global Alliance Seguros, S.A.

Notes to the financial statements

for the year ended 31 December 2008

j) *Unexpired risk provision*

The calculation of unexpired risk provision corresponds to the estimated amount to cover probable indemnities and charges after the 2008 year and which exceed the amount of the premium not acquired, premiums of contracts in force and premiums to be renewed in January of the following year, as per criteria established by IGS (see note 13).

k) *Investments*

Property

Property is recorded at acquisition or construction cost, and there is no obligation of periodic revaluation. The law does not determine the periodicity in which re-evaluations should be performed.

Financial investments

The portfolio of securities is valued at the balance sheet date at fair value, according to the valuation criteria established by the Inspeção Geral de Seguros - IGS.

Investment gains and losses

Unrealized gains and losses resulting from the differences between the book value and the values calculated by means of the criteria mentioned above, at the date of the balance sheet, are recorded under the respective technical and non technical accounts according to the investment, under “unrealised gains of investments” or “unrealised losses of investments”;

Realised gains and losses which result from the sale or maturity of the instruments are recognised as an income/expense in the year in which they occur, and are recorded under the respective technical and non-technical accounts according to the investment, under “Gains from sale of investments” or “Loss from sale of investments”.

Fixed income investments

The fixed income instruments, issued based on nominal values, are recorded at acquisition cost. The frequency of interest is based on nominal value and the interest rate applied to the period is recorded as income for the year.

l) *Foreign currency transactions*

The balance of foreign currency accounts are revalued to Meticaís at the average exchange rate of the Banco de Moçambique at the end of each month. The realized and non realized exchange differences are recorded as income/expense of the year.

Global Alliance Seguros, S.A.

Notes to the financial statements

for the year ended 31 December 2008

m) *Tangible assets and inventories*

Tangible assets are measured at cost less accumulated depreciation and impairment losses.

Amortisation is recognized in profit or loss on a straight line basis over the useful lives of each part of an item of tangible assets, which do not differ substantially from their estimated useful lives as follows:

	Number of years
Major repairs	3
Furniture	10
Computer equipment	6
Vehicles	4
Office equipment	6

n) *Intangible assets*

The intangible assets include leasehold and start-up costs. The intangible assets are recorded at the net value and are amortized over 3 year period.

o) *Debtors*

Debtors represent amounts receivables from policy holders, brokers, reinsures and other miscellaneous receivables. Debtors are carried at fair value in the balance sheet.

p) *Bank deposits*

Bank deposits and cash include notes and coins on hand, and highly liquid financial assets with original maturities of less than three months, which are subject to insignificant risk of changes in their fair value and are used by the bank in the management of its short- term commitments. Bank deposit and cash are carried at amortized cost in the balance sheet.

q) *Additions and deferrals*

Additions and deferrals comprise the income of the current period for which cash receipt will occur in the subsequent period.

r) *Provisions for other risks and charges*

A provision is recognised if as a result of a past event the bank has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions for other risks and charges comprise other non technical provisions and accrual of expenses incurred in the current period for which payment will occur in the subsequent period.

Global Alliance Seguros, S.A.

Notes to the financial statements

for the year ended 31 December 2008

s) *Creditors*

Creditors comprise amounts payable to policy holders, brokers, re-insurers, state and other miscellaneous payables.

t) *Gross premium income*

Gross premium income recorded in the financial statements comprise the business initiated in the current period added to the variation of premiums receivables from previous period.

u) *Employee benefits*

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due.

v) *Share capital and reserves*

The bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

x) *Comparative figures*

Comparative figures have been restated where necessary in order to conform to the current presentation of the financial statements.

y) *Going concern*

Management believes that the Insurance Company has conditions to continue operating with the due observance of the principle of continuity for the next year. For this reason, Management adopted the principle of continuity in the preparation of the financials statements.

z) *Taxes*

Global Alliance Seguros, SA., is subject to the tax regime recognized by the Income Tax Code, and the profit imputable to each year is subject to a Corporate Income Tax (IRPC) of 32%.

Definition of insurance contract

An insurance contract is a "contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder."

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

4. Intangible assets

The balance of this account is analyzed as follows:

<i>Notes</i>	2008 MZN	2007 MZN	2008 USD	2007 USD
Leasehold and start up costs	-	-	-	-

The movements of constitution and installation costs during the year are analyzed as follows:

	2008 MZN			
	Opening balance	Additions	Disposals	Final balance
Cost				
Leasehold improvements	718 903	-	(718 903)	-
Start up costs	1 172 519	-	(1 172 519)	-
	<u>1 891 422</u>	<u>-</u>	<u>(1 891 422)</u>	<u>-</u>
Amortisation				
Leasehold improvements	718 903	-	(718 903)	-
Start up costs	1 172 519	-	(1 172 519)	-
	<u>1 891 422</u>	<u>-</u>	<u>(1 891 422)</u>	<u>-</u>
Net book value				
Leasehold improvements				
Start up costs				

	2008 USD			
	Opening balance	Additions	Disposals	Final balance
Cost				
Leasehold improvements	46 565	-	(46 565)	-
Start up costs	75 949	-	(75 949)	-
	<u>122 514</u>	<u>-</u>	<u>(122 514)</u>	<u>-</u>
Amortisation				
Leasehold improvements	46 565	-	(46 565)	-
Start up costs	75 949	-	(75 949)	-
	<u>122 514</u>	<u>-</u>	<u>(122 514)</u>	<u>-</u>
Net book value				
Leasehold improvements	-	-	-	-
Start up costs	-	-	-	-

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

5. Investments

The balance of this account is analysed as follows:

<i>Notes</i>	2008 MZN	2007 MZN	2008 USD	2007 USD
<i>Buildings</i>				
Property Inhaca	13 005 603	10 239 083	517 121	428 034
Property A9 Golden Sands	2 704 169	2 704 169	107 522	113 045
	15 709 772	12 943 252	624 643	541 079
<i>Deposits in bank institutions</i>				
Fixed deposits	84 505 650	36 575 000	3 360 066	1 540 000
	84 505 650	36 575 000	3 360 066	1 540 000
<i>Capital work in progress</i>				
Prepaid expenses – Buildings	341 883	-	13 594	-
Property Marginal	11 307 988	7 644 000	449 622	319 549
	11 649 871	7 644 000	463 216	319 549
<i>Other financial investments</i>				
Shares and other variable income securities	457 040	457 040	18 173	17 897
Corporate Bonds	361 713	357 245	14 382	13 989
	818 753	814 285	32 555	31 886

Buildings

Property Inhaca refers to an investment made by the company in the construction of a guest house in Inhaca island for renting . The construction works were concluded in 2008. The value of the building is at cost.

The amount of MT 2 704 169 refers to a residential house within the Golden Sand project. The value of the building is at cost.

Deposits in bank institutions

The amount of MT 84 505 650 refers to short term placements (less than 3 months to mature) maintained with local banks in USD, to cover the technical provisions as required by Inspeção Geral de Seguros. The interest rates ranges from 0.60% to 2.87%.

Capital work in progress

The amount of MT 11 307 988 refers to cost of acquisition of land from a third party for the construction of the head-office of the company and rental of part of the building. The land was acquired in 2008 for USD 450 000 and it is measured at cost of acquisition.

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

Other financial investments are analysed as follows:

	2008 MZN				
	Opening balance	Acquisitions/ Increases	Liquidities/ Provisions utilised	Fair value adjustment	closing balance
<i>Other financial investments</i>					
Shares and other variable securities					
Shares - CDM	457 040	-	-	-	457 040
	457 040	-	-	-	457 040
Corporate bonds					
Bonds – Mcel 2008 II Série	-	26 078	-	-	26 078
Bonds – Standard Bank 2007	260 000	-	-	-	260 000
Bonds - TDM	97 245	-	-	(21 610)	75 635
	357 245	26 078	-	(21 610)	361 713

	2008 USD					
	Opening balance	Acquisitions/ Increases	Liquidities/ Provisions utilised	Fair value adjustment	Foreign Exchange revaluation gains	closing balance
<i>Other financial investments</i>						
Shares and other variable securities						
Shares - CDM	17 897	-	-	-	276	18 173
	17 897	-	-	-	276	18 173
Corporate bonds						
Bonds – Mcel 2008 II Série	-	1 078	-	-	(41)	1 037
Bonds – Standard Bank 2007	10 181	-	-	-	157	10 338
Bonds - TDM	3 808	-	-	(893)	92	3 007
	13 989	1 078	-	(893)	208	14 382

CDM shares – The amount represents 23 200 shares issued by Cervejas de Moçambique in January 2000, with a face value of MT 19.7 per share.

Mcel bonds – The amount represents 260 corporate bonds issued by Mcel in 10 October 2008, with a face value of MT 100 per bond with maturity date of 10 October 2013.

Standard Bank bonds – The amount represents 2 600 bonds issued by Standard Bank in 29 June 2007, with a face value of MT 100 per bond with maturity date of 29 June 2017.

TDM bonds – The amount represents 2 161 bonds issued by Telecomunicações de Moçambique 24 March 2004, with a face value of MT 25 per bond with maturity date of 24 March 2010.

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

6. Technical provisions for ceded re-insurance

The balance of this account is analysed as follows:

	<i>Notes</i>	2008	2007	2008	2007
		MZN	MZN	USD	USD
Non-life					
Provision for unearned premiums		83 786 257	4 026 704	3 331 461	172 776
Provision for claims		42 060 281	42 063 269	1 672 377	2 261 941
		125 846 538	46 089 973	5 003 838	2 434 717

The balance of provisions for claims by type of treaties can be analysed as follows:

Facultative	3 295 161	2 383 704	131 020	128 183
Surplus	16 095 390	23 986 724	639 976	1 289 879
Sundry	22 669 730	15 692 841	901 381	843 878
	42 060 281	42 063 269	1 672 377	2 261 940

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

7. Debtors

The balance of this account is analysed as follows:

	<i>Notes</i>	2008	2007	2008	2007
		MZN	MZN	USD	USD
For direct insurance operations					
Insurance holders		6 164 103	7 025 272	245 094	293 686
Insurance mediators		86 244 151	33 423 215	3 429 191	1 397 234
		92 408 254	40 448 487	3 674 285	1 690 920
Provision for receipts to be collected		(6 637 830)	(3 147 595)	(263 930)	(121 492)
		85 770 424	37 273 892	3 410 355	1 569 427
For re-insurance operations					
Other re-insurance companies		45 666 995	-	1 815 785	-
		45 666 995	-	1 815 785	-
For other operations					
State and other public entities		4 982 751	1 247 736	198 121	52 470
Other debtors		833 725	4 730 716	33 150	198 937
		5 816 476	5 978 452	231 271	251 407
		137 253 895	43 252 344	5 457 411	1 820 834

The Balance of state and other public entities refers to a tax credit resulting from provisional income tax paid based on 2007 year end profit. This amount will be recovered against future Tax Liabilities.

The maturity analysis of debtors for collectible receipts is as follows:

	2008	2007	2008	2007
	MZN	MZN	USD	USD
Less than 30 days	68 072 308	6 970 135	2 706 652	291 381
31 – 60 days	13 371 399	13 349 727	531 666	558 076
61 – 90 days	2 800 881	7 729 509	111 367	323 126
+ 91 days	8 163 666	12 399 116	324 600	518 336
	92 408 254	40 448 487	3 674 285	1 690 920
Provision	(6 637 830)	(3 174 595)	(263 930)	(121 492)
	85 770 424	37 273 892	3 410 355	1 569 427

Under the account insurance mediators is recorded the amount of MZN 1 246 093 (2007: MZN 83 370) relating to insurance contracts with premium overdue for more than 120 days, with the risk of non-collection of these amounts covered in full by the Provision for receipts to be collected. The remaining amount of provisions for receipts to be collected relates to 25% of overdue premiums greater than 30 days but less than 120 days.

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

8. Tangible assets and inventories

The balance of tangible assets and inventories is analysed as follows:

	Transport equipment MZN	Administrative equipment MZN	Total MZN
Cost			
Balance at 1 January 2008	159 390	4 803 773	4 963 163
Additions	157 365	767 322	924 687
Balance at 31 December 2008	316 755	5 571 095	5 887 850
Accumulated depreciation			
Balance at 1 January 2008	131 393	3 135 858	3 267 251
Charge for the year	51 904	538 982	590 886
Balance at 31 December 2008	183 297	3 674 840	3 858 137
Net book value			
Balance at 31 December 2008	133 458	1 896 255	2 029 713
Balance at 31 December 2007	27 997	1 667 915	1 695 912
	Transport equipment USD	Administrative equipment USD	Total USD
Cost			
Balance at 1 January 2008	10 797	243 101	253 898
Additions	6 503	31 708	38 210
Balance at 31 December 2008	17 300	274 809	292 108
Accumulated depreciation			
Balance at 1 January 2008	7 062	152 998	160 060
Charge for the year	2 145	22 272	24 417
Balance at 31 December 2008	9 207	175 270	184 477
Net book value			
Balance at 31 December 2008	8 093	99 539	107 631
Balance at 31 December 2007	3 735	90 103	93 838

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

9. Bank deposits and cash

The balance of this account is analysed as follows:

	2008	2007	2008	2007
	MZN	MZN	USD	USD
Cash	309 392	302 437	12 302	12 734
Bank deposits	59 421 546	83 212 104	2 362 686	3 503 668
	59 730 938	83 514 541	2 374 988	3 516 402

The balance of MT 59 421 546 refers to demand deposits held with local banks. The currency profile of the balance is analysed as follows:

	2008	2007	2008	2007
	MZN	MZN	USD	USD
Local currency	6 276 508	6 120 653	249 563	257 712
	6 276 508	6 120 653	249 563	257 712
Foreign currency				
USD	51 575 868	74 169 264	2 050 731	3 122 917
ZAR	1 569 170	2 922 188	62 392	123 039
	53 145 038	77 091 451	2 113 123	3 245 955
Total of bank deposits	59 421 546	83 212 105	2 362 686	3 503 668

10. Additions and deferrals

The balance of this account is analysed as follows:

Additions and deferrals	-	104 206	-	4 388
	-	104 206	-	4 388

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

11 Share capital

The share capital of Global Alliance Seguros, S.A. in the amount of MZN 100 000 000 (2007: MZN 70 842 029) represented by 100 000 000 nominal shares of MZN 1,00 each, are totally subscribed and fully paid up.

The shareholder structure of the Company as at 31 December 2008 is presented below:

	2008		2007	
	Number of shares	capital participation	Number of shares	capital participation
Global Alliance Holding Limited	99,400,000	99.40%	69 713 821	98.41%
Robert William Alan Lewis	200,000	0.20%	988 033	1.39%
Ivor Andrew Lewis	200,000	0.20%	200	0.00%
Sonja Venter	100,000	0.10%	100	0.00%
Liliana Costa	100,000	0.10%	100	0.00%
Other minorities	-	-	139 775	0.00%
	100,000,000	100.00%	70 842 029	100%

In 2008, the company increased the share capital from MZN 13 981 250 to MZN 100 000 000. The share capital increase was accounted for in two parts, one of MZN 56 860 779 in 2007 year end and the second part in 2008 year end amounting to MT 29 157 971. The increase was done through incorporation of retained earnings and legal reserves.

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

12 Prior year accumulated results and legal reserves

The balance of this heading is analysed as follows:

	2008	2007	2008	2007
	MZN	MZN	USD	USD
Legal reserve	6 161 392	3 080 696	317 109	194 616
Prior year accumulated results	(19 979 809)	(15 309 584)	(687 911)	(644 614)

Under the terms of the Mozambican legislation, the legal reserve is made on the basis of the following minimum percentages of profits recorded in each year:

a) 20% until the value of reserves represents half of the minimum capital required under paragraph 1 of article 17 of Law 3/2003 of January 21.

b) 10% from the time the amount specified in the preceding paragraph, has been attained

It was decided by the General Assembly the transfer of legal reserves amounting to MT 17 014 216 to increase share capital and constitution of legal reserves of MT 3 080 696 corresponding to 10% of 2007 profits. These movements are reflected in the statement of changes in equity as movements occurred in 2007 year end. In 2008, an addition legal reserve was constituted for an amount of MZN 3 080 696 as a Prior year adjustment.

The balance of prior year accumulated results is arrived as follows:

	2008	2007	2008	2007
	MZN	MZN	USD	USD
Opening balance	(15 309 584)	35 375 678	(644 614)	1 632 741
Profit for the previous year net of last year legal reserve	27 726 266	4 627 940	1 297 135	180 923
Incorporation of results for share capital increase	(29 157 971)	(52 232 506)	(1 211 382)	(2 394 138)
Transfer to legal reserves	(3 080 696)	(3 080 696)	(122 493)	(194 616)
Prior year adjustment	(157 824)	-	(6 557)	-
Closing balance	(19 979 809)	(15 309 584)	(687 911)	(644 614)

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

13 Technical provisions for direct insurance and ceded re-insurance

The balance of this account is analysed as follows:

	2008	2007	2008	2007
	MZN	MZN	USD	USD
Unearned Premium Reserve	123 764 945	33 887 414	4 921 071	1 334 744
Provision for claims	62 344 306	50 736 319	2 478 899	1 931 651
Provision for deviations of accident	622 244	506 950	24 741	20 000
IBNR	12 845 718	10 568 810	510 764	437 725
Unexpired risk provision	9 845 488	-	391 471	-
	209 422 701	95 699 493	8 326 946	3 724 120

Unearned premium reserve balance is deducted from the deferred acquisition costs in the amount of MZN 2 160 804 (2007: MZN 1 282 429).

The provision for claims corresponds to estimated accidents until 31 December 2008 and not yet paid and includes mathematical provisions for work related accidents that resulted in permanent disability estimated in the amount of MZN 14 069 122 (2007: MZN 11 088 899).

Provision for work related accidents is calculated using the Decree 12227 of 14 December 1957. The initial estimate of this provision is recognised on an incurred claims basis and the amount is based on the company's policy of providing from USD 5000 up to a maximum of USD 10 000. This provision is only adjusted based on the court decision.

The provision for IBNR is calculated individually for each class of business using a flat rate of 7% on earned premium income (EPI) for the 12 month period (year) less the movement of unearned premium reserve from the current year to the previous year, as per the company's methodology.

Provision for deviation of accidents is determined on based on the Decree 42/2003. This provision was calculated on natural disasters category.

Unexpired risk provision is determined on classes of business where the sum of the loss ratio, ceded ratio and expense ratio are greater than one unit. The difference is applied to the variation of unearned Premium reserve.

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

14 Provisions for other risks and charges

	2008 MZN	2007 MZN	2008 USD	2007 USD
Provision for tax	238 975	9 619 482	9 502	396 645
Provision for bonus	3 359 773	1 581 773	133 589	54 488
Other provisions	964 758	883 942	38 361	30 449
	4 563 506	12 085 197	181 452	481 582

15 Creditors

The balance of this account is analysed as follows:

For direct insurance and granted re-insurance operations

Insurance holders	166 656	-	6 626	-
Insurance mediators	320 150	5 663 314	12 730	238 455
	486 806	5 663 314	19 356	238 455

For ceded re-insurance operations

Other companies	111 086 444	26 933 889	4 416 956	1 134 058
	111 086 444	26 933 889	4 416 956	1 134 058

State and other public entities

VAT	2 750 699	-	109 372	-
Stamp duty tax	1 953 142	148 860	77 660	6 268
IRPS (PAYE)	768 617	283 511	30 561	11 937
Sobretaxa	282 429	-	11 230	-
Others	649 149	119 553	25 811	5 034
	6 404 036	551 924	254 634	23 239

Under "others" included is a balance of MT 152 393 (2007: MT 119 553) related to compulsory social security obligation with INSS and MT 496 756 of withholding tax.

Sundry creditors

	2008 MZN	2007 MZN	2008 USD	2007 USD
Suspense account	1 452 683	641 267	57 761	27 000
Others	2 129 215	3 279 463	84 660	138 083
	3 581 898	3 920 730	142 421	165 083

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

The balance of ceded re-insurance operations by type of treaties can be analysed as follows:

	2008	2007	2008	2007
	MZN	MZN	USD	USD
Facultative	-	12 635 498	-	533 020
Surplus	9 122 060	-	362 706	-
Excess of Loss	30 156 509	14 298 391	1 199 066	602 038
Sundry	71 807 875	-	2 855 184	-
	111 086 444	26 933 889	4 416 956	1 134 058
16. Additions and accruals				
Accruals	8 040	626 389	320	26 364
	8 040	626 389	320	26 364

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

17 Gross premium written, reinsurance premium, acquisition costs and reinsurance commission income

	2008 MZN				2007 MZN			
	Gross premiums written	Reinsurance premium	Acquisition costs	Reinsurance commissions	Gross premiums written	Reinsurance premium	Acquisition costs	Reinsurance commissions
Non Life								
Aviation	894 121	894 121	92 103	88 445	7 565 974	7 566 373	12 218	109 060
Fire	72 996 829	63 449 911	9 672 049	11 120 365	98 371 643	86 569 033	16 175 078	17 915 338
Goods in transit	6 580 362	81 242	1 268 914	3 414	4 536 183	306 829	788 593	-
Marine	18 544 923	14 266 347	2 546 165	1 749 027	6 214 036	3 736 351	1 053 620	739 070
Personal liability	18 915 400	15 605 934	904 573	871 867	20 201 225	16 866 450	1 357 572	1 250 070
Personal accident	14 367 497	9 326 686	1 316 813	611 436	8 621 704	6 288 676	934 075	1 023 155
Vehicle	12 192 185	255 702	1 372 915	57 788	79 425 422	1 610 929	6 448 861	(93 940)
Workman compensation	31 146 587	-	5 812 552	-	22 194 034	-	3 476 044	-
Others	211 742 986	90 568 110	22 729 602	9 740 545	79 789 973	52 806 793	12 015 449	9 239 144
Total non life	387 380 890	194 448 053	45 715 686	24 242 887	326 920 194	175 751 434	42 261 510	30 181 897

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

	2008 USD				2007 USD			
	Gross premius written	Reinsurance premium	Acquisition costs	Reinsuranc e commissio ns	Gross premius written	Reinsurance premium	Acquisition costs	Reinsurance commissions
Non Life								
Aviation	36 947	36 947	3 806	3 655	318 567	318 584	514	4 592
Fire	3 016 398	2 621 897	399 671	459 519	4 141 964	3 645 012	681 056	754 330
Goods in transit	271 916	3 357	52 434	141	190 997	12 919	33 204	-
Marine	766 319	589 518	105 213	72 274	261 644	157 320	44 363	31 119
Personal liability	781 628	644 873	37 379	36 028	850 578	710 166	57 161	52 635
Personal accident	593 698	385 400	54 414	25 266	363 019	264 786	39 329	43 080
Vehicle	503 809	10 566	56 732	2 388	3 344 228	67 829	271 531	(3 955)
Workman compensation	1 287 049	-	240 188	-	934 486	-	146 360	-
Others	8 749 711	3 742 486	939 241	402 501	3 359 578	2 223 444	505 914	389 017
Total non life	16 007 475	8 035 044	1 889 078	1 001 772	13 765 061	7 400 060	1 779 432	1 270 817

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

18 Gross amount claimed and reinsurance part

	2008 MZN		2007 MZN	
	Gross amount claimed	Reinsurance part	Gross amount claimed	Reinsurance part
Non Life				
Fire	31 068 772	30 190 571	126 605 932	116 848 647
Goods in transit	(803 517)	(68)	1 543 846	-
Marine	5 037 623	2 495 519	1 397 377	258 180
Personal liability	518 589	442 746	(2 068 329)	70 493
Personal accident	3 615 713	2 230 001	1 329 882	1 016 356
Vehicle	47 335 509	174 115	41 913 294	(340 442)
Workman compensation	7 536 278	-	13 676 443	(54 369)
Others	17 872 071	5 784 828	14 317 339	9 172 608
Total non life	112 181 038	41 317 712	198 715 784	126 971 473

	2008 USD		2007 USD	
	Gross amount claimed	Reinsurance part	Gross amount claimed	Reinsurance part
Non Life				
Fire	1 283 834	1 247 544	5 330 776	4 919 943
Goods in transit	(33 203)	(3)	65 004	-
Marine	208 166	103 121	58 837	10 871
Personal liability	21 429	18 295	(87 088)	2 968
Personal accident	149 410	92 149	55 995	42 794
Vehicle	1 956 013	7 195	1 764 770	(14 334)
Workman compensation	311 416	-	575 850	(2 289)
Others	738 515	239 042	602 835	386 215
Total non life	4 635 580	1 707 343	8 366 980	5 346 167

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

19 Administrative costs

The administrative costs are analysed as follows:

	2008	2007	2008	2007
	MZN	MZN	USD	USD
Staff costs	42 146 481	25 414 205	1 741 590	1 070 072
Supply of third party services	17 722 764	6 971 626	732 346	293 542
Other administrative expenses	16 629 915	11 703 619	687 186	492 784
	76 499 160	44 089 450	3 161 122	1 856 398

Administrative costs by business category is distributed following the contribution of GPI of each class of business to total GPI as follows:

	2008	2007	2008	2007
	MZN	MZN	USD	USD
Non Life				
Aviation	176 569	1 020 370	7 296	42 963
Fire	14 415 260	13 266 698	595 672	558 598
Goods in transit	1 299 476	611 763	53 697	25 758
Marine	3 662 212	838 044	151 331	35 286
Personal liability	3 735 373	2 724 399	154 354	114 712
Personal accident	2 837 263	1 162 749	117 242	48 958
Vehicle	2 407 687	10 711 553	99 491	451 013
Workman compensation	6 150 762	2 993 155	254 164	126 028
Others	41 814 558	10 760 718	1 727 875	453 083
Total non life	76 499 160	44 089 450	3 161 122	1 856 398

Global Alliance Seguros, S.A.

Notes to the financial statements (continued)

for the year ended 31 December 2008

20 Other non technical results

The balance of this account is analyzed as follows:

	2008 MZN	2007 MZN	2008 USD	2007 USD
<i>Finance income</i>				
Net foreign exchange revaluation gains/(losses)	13 022 892	(141 439)	538 136	(5 955)
<i>Finance costs</i>				
Interest costs	6 420	-	265	-
Bank and other charges	1 241 865	1 011 902	51 317	42 60€
	<u>1 248 285</u>	<u>1 011 902</u>	<u>51 582</u>	<u>42 60€</u>
	<u>11 774 607</u>	<u>(1 153 342)</u>	<u>486 554</u>	<u>(48 562)</u>

21 Income tax

	2008 MZN	2007 MZN	2008 USD	2007 USD
Operating profit before extraordinary items and prior year adjustments	14 696 669	45 304 356	607 301	1 907 55€
Impact on non-deductable expenses	6 069 476	916 000	250 806	38 56€
	<u>20 766 145</u>	<u>46 220 356</u>	<u>858 107</u>	<u>1 946 12€</u>
Tax expense at local corporate tax rate – 32%	6 645 166	14 497 394	274 594	610 417