

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

REVENUE ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2008

|  | Notes | Company            |                              | Group                |                              |
|--|-------|--------------------|------------------------------|----------------------|------------------------------|
|  |       | 2007/2008<br>G\$   | 2006/2007<br>G\$<br>Restated | 2007/2008<br>G\$     | 2006/2007<br>G\$<br>Restated |
| Revenue  |       |                    |                              |                      |                              |
| Premiums   | 3     | 918,273,640        | 807,937,995                  | 1,086,218,633        | 979,695,526                  |
| Reinsurance premiums   | 3     | 173,710,095        | 162,536,037                  | 185,338,178          | 177,965,136                  |
|  |       | <u>744,563,545</u> | <u>645,401,958</u>           | <u>900,880,455</u>   | <u>801,730,390</u>           |
| Investment income  |       |                    |                              |                      |                              |
| "Held to maturity"   | 4     | -                  | -                            | 154,831,570          | 191,320,602                  |
| "Available for sale"   | 4     | 33,446,698         | 20,349,777                   | 25,837,361           | 20,109,161                   |
| "Loans and receivables"                                      | 4     | 3,505,419          | 523,680                      | 120,870,875          | 215,941,635                  |
| Other income   | 5     | 17,438,852         | 18,066,142                   | 229,903,284          | 185,599,008                  |
| Management fees  | 6     | 12,000,000         | 12,000,000                   | -                    | -                            |
| Unclaimed triennial cash profit and others                   |       | 587,478            | 1,046,412                    | 587,478              | 1,046,412                    |
| Gain on exchange   |       | 3,630,914          | 2,286,294                    | 31,774,291           | 14,973,383                   |
| Gain on disposal of investments                              |       |                    |                              |                      |                              |
| "Available for sale"   |       | 7,360,484          | 25,810,072                   | 9,881,218            | 29,768,577                   |
|  |       | <u>822,533,390</u> | <u>725,484,335</u>           | <u>1,474,566,532</u> | <u>1,460,489,168</u>         |
| Deduct:  |       |                    |                              |                      |                              |
| Expenditure  |       |                    |                              |                      |                              |
| Commissions and allowances                                   | 7     | 128,879,614        | 105,342,956                  | 133,349,118          | 109,897,889                  |
| Management expenses  | 8     | 326,867,826        | 314,285,117                  | 486,845,878          | 667,286,316                  |
| Claims (net)   | 9     | 268,090,962        | 231,629,317                  | 317,290,634          | 273,842,938                  |
| Interest   | 10    | -                  | -                            | 310,531,940          | 250,883,462                  |
| Surrenders   | 11    | -                  | -                            | 1,081,965            | 679,804                      |
| Triennial cash profit  | 12    | 6,047,518          | 6,305,779                    | 6,047,518            | 6,305,779                    |
| Taxation   | 15    | 2,554,567          | 11,837,936                   | 26,103,948           | 21,325,367                   |
|  |       | <u>732,440,487</u> | <u>669,401,105</u>           | <u>1,281,251,001</u> | <u>1,330,221,555</u>         |
| Surplus of revenue over expenditure before minority interest |       | 90,092,903         | 56,083,230                   | 193,315,531          | 130,267,613                  |
| Minority interest  | 31    | -                  | -                            | 33,779,632           | 24,518,447                   |
| Surplus of revenue over expenditure after minority interest  |       | <u>90,092,903</u>  | <u>56,083,230</u>            | <u>159,535,899</u>   | <u>105,749,166</u>           |

"The accompanying notes form an integral part of these financial statements"

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

| Company   | Premium<br>capital<br>G\$ | Capital<br>reserve<br>G\$ | Investment<br>reserve<br>G\$ | General<br>reserve<br>G\$ | Capital<br>redemption<br>reserve<br>G\$ | Reserve for<br>unexpired<br>risk<br>G\$ | Triennial<br>profit<br>G\$ | Minority<br>interest<br>G\$ | Total<br>G\$  |
|---|---------------------------|---------------------------|------------------------------|---------------------------|---|---|----------------------------|-----------------------------|---------------|
| Balance as at 30 June 2006  | 83,192,749                | 1,085,660,305             | 33,586,060                   | 463,882,753               | 1,508,452                               | 384,254,924                             | 6,305,779                  | -                           | 2,058,391,022 |
| Effects of changes in accounting for<br>unrealised gains/ losses on investments | (28,884,073)              | -                         | 140,980,339                  | #####                     | -                                       | -                                       | -                          | -                           | -             |
| Balance at 30 June 2006 as restated (Note 48)                                   | 54,308,676                | 1,085,660,305             | 174,566,399                  | 351,786,487               | 1,508,452                               | 384,254,924                             | 6,305,779                  | -                           | 2,058,391,022 |
| <b>Total income and expense recognised<br/>directly in equity</b>               |                           |                           |                              |                           |   |   |                            |                             |               |
| Fair value adjustment on investments (Restated)                                 | -                         | -                         | 28,269,088                   | -                         | -                                       | -                                       | -                          | -                           | 28,269,088    |
| <b>Net income recognised<br/>directly in equity</b>                             | -                         | -                         | 28,269,088                   | -                         | -                                       | -                                       | -                          | -                           | 28,269,088    |
| Surplus of revenue over expenditure (Restated)                                  | (18,992,042)              | -                         | -                            | 48,401,237                | -                                       | 26,932,296                              | (258,261)                  | -                           | 56,083,230    |
| <b>Total recognised income<br/>and expenses</b>                                 | (18,992,042)              | -                         | 28,269,088                   | 48,401,237                | -                                       | 26,932,296                              | (258,261)                  | -                           | 84,352,318    |
| Balance at 30 June 2007 as restated   | 35,316,634                | 1,085,660,305             | 202,835,487                  | 400,187,724               | 1,508,452                               | 411,187,220                             | 6,047,518                  | -                           | 2,142,743,340 |
| <b>Total income and expense recognised<br/>directly in equity</b>               |                           |                           |                              |                           |   |   |                            |                             |               |
| Fair value adjustment on investments  | -                         | -                         | (9,173,174)                  | -                         | -                                       | -                                       | -                          | -                           | (9,173,174)   |
| <b>Net income recognised<br/>directly in equity</b>                             | -                         | -                         | (9,173,174)                  | -                         | -                                       | -                                       | -                          | -                           | (9,173,174)   |
| Surplus of revenue over expenditure   | (11,550,211)              | -                         | -                            | 40,650,864                | -                                       | 61,616,774                              | (624,524)                  | -                           | 90,092,903    |
| <b>Total recognised income<br/>and expenses</b>                                 | (11,550,211)              | -                         | (9,173,174)                  | 40,650,864                | -                                       | 61,616,774                              | (624,524)                  | -                           | 80,919,729    |
| Balance as at 30 June 2008  | 23,766,423                | 1,085,660,305             | 193,662,313                  | 440,838,588               | 1,508,452                               | 472,803,994                             | 5,422,994                  | -                           | 2,223,663,069 |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2008

| Group   | Premium<br>capital<br>G\$ | Capital<br>reserve<br>G\$ | Investment<br>reserve<br>G\$ | General<br>reserve<br>G\$ | Capital<br>redemption<br>reserve<br>G\$ | Reserve for<br>unexpired<br>risk<br>G\$ | Triennial<br>profit<br>G\$ | Minority<br>interest<br>G\$ | Total<br>G\$  |
|---|---------------------------|---------------------------|------------------------------|---------------------------|---|---|----------------------------|-----------------------------|---------------|
| Balance as at 30 June 2006  | 83,192,749                | 1,137,715,749             | 33,586,060                   | 610,897,625               | 1,508,452                               | 395,043,799                             | 6,305,779                  | 270,915,195                 | 2,539,165,408 |
| Effects of changes in accounting for<br>unrealised gains/ losses on investments | (28,884,073)              | -                         | 163,694,828                  | #####                     | -                                       | -                                       | -                          | -                           | -             |
| Balance at 30 June 2006 as restated (Note 48)                                   | 54,308,676                | 1,137,715,749             | 197,280,888                  | 476,086,870               | 1,508,452                               | 395,043,799                             | 6,305,779                  | 270,915,195                 | 2,539,165,408 |
| <b>Total income and expense recognised<br/>directly in equity</b>               |                           |                           |                              |                           |   |   |                            |                             |               |
| Decrease in reserves  | -                         | -                         | -                            | -                         | -                                       | (438,862)                               | -                          | (219,230)                   | (658,092)     |
| Surplus on revaluation  | -                         | 56,662,972                | -                            | -                         | -                                       | -                                       | -                          | 22,399,387                  | 79,062,359    |
| Fair value adjustment on investments (Restated)                                 | -                         | -                         | 47,379,692                   | -                         | -                                       | -                                       | -                          | 8,530,394                   | 55,910,086    |
| <b>Net income recognised<br/>directly in equity</b>                             | -                         | 56,662,972                | 47,379,692                   | -                         | -                                       | (438,862)                               | -                          | 30,710,551                  | 134,314,353   |
| Surplus of revenue over expenditure (Restated)                                  | (18,992,042)              | -                         | -                            | 98,067,173                | -                                       | 26,932,296                              | (258,261)                  | 24,518,447                  | 130,267,613   |
| <b>Total recognised income<br/>and expenses</b>                                 | (18,992,042)              | 56,662,972                | 47,379,692                   | 98,067,173                | -                                       | 26,493,434                              | (258,261)                  | 55,228,998                  | 264,581,966   |
| Transfer of depreciation on revaluation   | -                         | (9,969,817)               | -                            | 9,969,817                 | -                                       | -                                       | -                          | -                           | -             |
| Transfer to reserve fund  | -                         | -                         | -                            | (4,283,935)               | -                                       | -                                       | -                          | (1,693,477)                 | (5,977,412)   |
| Dividend paid   | -                         | -                         | -                            | -                         | -                                       | -                                       | -                          | (2,124,847)                 | (2,124,847)   |
| Balance at 30 June 2007 as restated   | 35,316,634                | 1,184,408,904             | 244,660,580                  | 579,839,925               | 1,508,452                               | 421,537,233                             | 6,047,518                  | 322,325,869                 | 2,795,645,115 |
| <b>Total income and expense recognised<br/>directly in equity</b>               |                           |                           |                              |                           |   |   |                            |                             |               |
| Decrease in reserves  | -                         | -                         | -                            | -                         | -                                       | (477,563)                               | -                          | (238,562)                   | (716,125)     |
| Fair value adjustment on investments  | -                         | -                         | (21,757,230)                 | -                         | -                                       | -                                       | -                          | (5,838,037)                 | (27,595,267)  |
| <b>Net income recognised<br/>directly in equity</b>                             | -                         | -                         | (21,757,230)                 | -                         | -                                       | (477,563)                               | -                          | (6,076,599)                 | (28,311,392)  |
| Surplus of revenue over expenditure   | (11,550,211)              | -                         | -                            | 110,093,861               | -                                       | 61,616,774                              | (624,524)                  | 33,779,632                  | 193,315,531   |
| <b>Total recognised income<br/>and expenses</b>                                 | (11,550,211)              | -                         | (21,757,230)                 | 110,093,861               | -                                       | 61,139,211                              | (624,524)                  | 27,703,034                  | 165,004,140   |
| Transfer of depreciation on revaluation   | -                         | (9,968,815)               | -                            | 9,968,815                 | -                                       | -                                       | -                          | -                           | -             |
| Transfer to reserve fund  | -                         | -                         | -                            | (10,851,979)              | -                                       | -                                       | -                          | (4,289,886)                 | (15,141,865)  |
| Dividend paid   | -                         | -                         | -                            | -                         | -                                       | -                                       | -                          | (6,070,567)                 | (6,070,567)   |
| Balance at 30 June 2008   | 23,766,423                | 1,174,440,089             | 222,903,350                  | 689,050,622               | 1,508,452                               | 482,676,444                             | 5,422,994                  | 339,668,449                 | 2,939,436,823 |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
AND SUBSIDIARIES

PROFIT AND LOSS (ANNUAL) ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2008

|  | <u>Note</u> | <u>Company and Group</u>       |                                     |
|--|-------------|--------------------------------|-------------------------------------|
|  |             | <u>2007/2008</u><br>G\$        | <u>2006/2007</u><br>G\$<br>Restated |
| Earned premiums                                      |             | 437,951,620                    | 432,510,533                         |
| Investment income                                    |             |                                |                                     |
| "Available for sale"                                 |             | 33,446,698                     | 20,349,777                          |
| "Loans and receivables"                              |             | 3,505,419                      | 523,680                             |
| Other income   |             | 17,438,852                     | 18,066,142                          |
| Management fees                                      |             | 12,000,000                     | 12,000,000                          |
| Gain on exchange                                     |             | 4,168,822                      | 2,286,294                           |
| Gain on disposal of investments                      |             | <u>7,360,484</u>               | <u>25,810,072</u>                   |
|  |             | <u>515,871,895</u>             | <u>511,546,498</u>                  |
| <br>Deduct:  |             |                                |                                     |
| Management expenses                                  |             | 315,731,217                    | 289,915,095                         |
| Claims (net)   |             | 91,393,885                     | 111,205,161                         |
| Reinsurance premiums                                 |             | 141,212,236                    | 140,445,763                         |
| Taxation   |             | <u>2,222,563</u>               | <u>10,255,777</u>                   |
|  |             | <u>550,559,901</u>             | <u>551,821,796</u>                  |
| <br>Transfer - policies entitled to profit 2008/2010 | <br>13      | <br><u><u>(34,688,006)</u></u> | <br><u><u>(40,275,298)</u></u>      |

This account, made up in accordance with Section 83 of the Company's Ordinance of Incorporation No. 9 of 1938 (together with the accompanying Profit and Loss (Triennial) Account) has been prepared to reflect the declaration of Triennial Cash Profit on Fire policies entitled to profit in 2008.

"The accompanying notes form an integral part of these financial statements"

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
AND SUBSIDIARIES

PROFIT AND LOSS (TRIENNIAL) ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2008

|   |             | Company and Group       |                                     |
|---|-------------|-------------------------|-------------------------------------|
|   | <u>Note</u> | <u>2007/2008</u><br>G\$ | <u>2006/2007</u><br>G\$<br>Restated |
| Premiums received 2006 - 2008                         |             | 32,309,887              | 36,051,535                          |
| Balance of unexpired risks reserve<br>at 30 June 2005 |             | 7,828,122               | 9,059,732                           |
| Premiums on surrendered profit policies               |             | 1,692,000               | 1,632,882                           |
|   |             | 41,830,009              | 46,744,149                          |
| Deduct:   |             |                         |                                     |
| Unexpired risks reserve<br>at 30 June 2008            |             | 5,676,716               | 6,427,360                           |
| Transfer - profit and loss (Annual) account           | 14          | 27,641,650              | 28,384,818                          |
| Triennial profit - 15%                                |             | 5,422,994               | 6,047,518                           |
|   |             | 38,741,359              | 40,859,696                          |
| Transfer to general reserve                           |             | 3,088,650               | 5,884,453                           |

This account, made up in accordance with Section 78 of the Company's Ordinance of Incorporation No. 9 of 1938 (together with Profit and Loss (Annual) Account) has been prepared to reflect the declaration of Triennial Cash Profit on Fire Policies entitled to profit in 2008.

"The accompanying notes form an integral part of these financial statements"

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEET

AT 30 JUNE 2008

|   | Notes | Company                     |                              | Group                        |                              |
|---|-------|-----------------------------|------------------------------|------------------------------|------------------------------|
|   |       | 30.6.2008<br>G\$            | 30.6.2007<br>G\$<br>Restated | 30.6.2008<br>G\$             | 30.6.2007<br>G\$<br>Restated |
| <b>ASSETS</b>                             |       |                             |                              |                              |                              |
| <b>Non current assets</b>                 |       |                             |                              |                              |                              |
| Goodwill                                  | 40    | -                           | -                            | 157,582,464                  | 157,582,464                  |
| Fixed assets                              | 16    | 1,332,560,941               | 1,325,320,610                | 1,832,959,646                | 1,827,670,438                |
| <b>Other assets</b>                       |       |                             |                              |                              |                              |
| Investments                               |       |                             |                              |                              |                              |
| "Held to maturity"                        | 17    | -                           | -                            | 3,511,556,118                | 2,859,991,371                |
| "Available for sale"                      | 17    | 421,405,730                 | 413,881,483                  | 555,773,097                  | 545,216,000                  |
| "Loans and receivables"                   | 17    | 74,272,237                  | 79,874,883                   | 869,610,488                  | 1,154,789,957                |
| Investment in subsidiaries                | 18    | 532,727,222                 | 532,727,222                  | -                            | -                            |
| Properties on hand                        | 19    | 8,808,143                   | 1,612,000                    | 72,985,197                   | 52,811,712                   |
| Statutory deposits                        | 20    | 129,080,392                 | 123,683,506                  | 1,028,682,874                | 883,197,653                  |
| Deferred tax assets                       | 15    | 386,545                     | 352,921                      | 12,629,493                   | 10,666,569                   |
|   |       | <u>2,499,241,210</u>        | <u>2,477,452,625</u>         | <u>8,041,779,377</u>         | <u>7,491,926,164</u>         |
| <b>Current assets</b>                     |       |                             |                              |                              |                              |
| Receivables and prepayments               | 21    | 280,407,062                 | 297,766,136                  | 330,018,728                  | 360,769,465                  |
| Interest accrued                          | 22    | 1,903,378                   | 2,033,798                    | 278,123,617                  | 206,398,978                  |
| Stock of stationery                       |       | 3,984,483                   | 3,743,434                    | 6,035,935                    | 5,965,849                    |
| Cash on deposits                          | 23    | 39,550,255                  | 40,277,265                   | 2,359,384,193                | 1,723,290,766                |
| Cash at banks and on hand                 | 24    | 48,424,483                  | 61,255,428                   | 168,009,951                  | 260,721,071                  |
|   |       | <u>374,269,661</u>          | <u>405,076,061</u>           | <u>3,141,572,424</u>         | <u>2,557,146,129</u>         |
| <b>TOTAL ASSETS</b>                       |       | <u><u>2,873,510,871</u></u> | <u><u>2,882,528,686</u></u>  | <u><u>11,183,351,801</u></u> | <u><u>10,049,072,293</u></u> |
| <b>EQUITY AND LIABILITIES</b>             |       |                             |                              |                              |                              |
| <b>Capital and reserves</b>               |       |                             |                              |                              |                              |
| Premium capital                           | 25    | 23,766,423                  | 35,316,634                   | 23,766,423                   | 35,316,634                   |
| Capital reserve                           | 16    | 1,085,660,305               | 1,085,660,305                | 1,174,440,089                | 1,184,408,904                |
| Investment reserve                        | 26    | 193,662,313                 | 202,835,487                  | 222,903,350                  | 244,660,580                  |
| General reserve                           | 27    | 440,838,588                 | 400,187,724                  | 689,050,622                  | 579,839,925                  |
| Capital redemption reserve                | 28    | 1,508,452                   | 1,508,452                    | 1,508,452                    | 1,508,452                    |
| Reserve for unexpired risks               | 29    | 472,803,994                 | 411,187,220                  | 482,676,444                  | 421,537,233                  |
| Triennial profit                          | 30    | 5,422,994                   | 6,047,518                    | 5,422,994                    | 6,047,518                    |
|   |       | <u>2,223,663,069</u>        | <u>2,142,743,340</u>         | <u>2,599,768,374</u>         | <u>2,473,319,246</u>         |
| Minority interest                         | 31    | -                           | -                            | 339,668,449                  | 322,325,869                  |
|   |       | <u>2,223,663,069</u>        | <u>2,142,743,340</u>         | <u>2,939,436,823</u>         | <u>2,795,645,115</u>         |
| <b>Non current liabilities</b>            |       |                             |                              |                              |                              |
| Medium term borrowings                    | 32    | 295,000,000                 | -                            | 295,000,000                  | -                            |
| Loan due to subsidiaries                  | 33    | 70,000,000                  | -                            | -                            | -                            |
| Reserve fund                              | 34    | -                           | -                            | 114,863,436                  | 99,721,571                   |
| Customers' deposits                       | 35    | -                           | -                            | 1,155,171,450                | 1,783,216,187                |
|   |       | <u>365,000,000</u>          | <u>-</u>                     | <u>1,565,034,886</u>         | <u>1,882,937,758</u>         |
| <b>Other liabilities</b>                  |       |                             |                              |                              |                              |
| Customers' deposits                       | 35    | -                           | -                            | 6,050,803,936                | 4,299,275,723                |
| Claims admitted or intimated but not paid | 36    | 151,762,992                 | 339,052,920                  | 200,466,376                  | 392,975,349                  |
| Payables and accrued expenses             | 37    | 50,931,678                  | 71,658,559                   | 345,456,648                  | 349,164,481                  |
| Bank overdraft (secured)                  | 38    | 82,153,132                  | 329,073,867                  | 82,153,132                   | 329,073,867                  |
|   |       | <u>284,847,802</u>          | <u>739,785,346</u>           | <u>6,678,880,092</u>         | <u>5,370,489,420</u>         |
| <b>TOTAL EQUITY AND LIABILITIES</b>       |       | <u><u>2,873,510,871</u></u> | <u><u>2,882,528,686</u></u>  | <u><u>11,183,351,801</u></u> | <u><u>10,049,072,293</u></u> |

"These financial statements were approved by the Board of Directors on .....

On behalf of the Board:

..... Director  
 ..... Director  
 ..... Company Secretary

"The accompanying notes form an integral part of these financial statements"

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
AND SUBSIDIARIES

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

|   | Note | Company                 |                                     | Group                       |                                     |
|---|------|-------------------------|-------------------------------------|-----------------------------|-------------------------------------|
|   |      | <u>2007/2008</u><br>G\$ | <u>2006/2007</u><br>G\$<br>Restated | <u>2007/2008</u><br>G\$     | <u>2006/2007</u><br>G\$<br>Restated |
| <b>Operating activities</b>                                 |      |                         |                                     |                             |                                     |
| Net cash provided by/(used in) operating activities         | (a)  | <u>(150,073,594)</u>    | <u>21,829,156</u>                   | <u>320,783,231</u>          | <u>214,654,205</u>                  |
| <b>Investing activities</b>                                 |      |                         |                                     |                             |                                     |
| Purchase of fixed assets                                    |      | (25,024,161)            | (41,305,933)                        | (48,558,917)                | (52,151,751)                        |
| Proceeds from disposal of fixed assets                      |      | -                       | -                                   | 4,166,385                   | 1,000,000                           |
| Proceeds from redemption of securities                      |      | 45,050,420              | 49,539,014                          | 59,154,159                  | 86,611,009                          |
| Properties on hand  |      | (7,196,143)             | -                                   | 22,951,836                  | 78,187,469                          |
| Purchase of securities                                      |      | (54,387,357)            | (47,275,566)                        | (568,930,894)               | (334,859,182)                       |
| Mortgages (advances)/repayments                             |      | 5,602,646               | (65,866,771)                        | 180,364,719                 | 147,764,383                         |
| Short term borrowings                                       |      | 295,000,000             | -                                   | 295,000,000                 | -                                   |
| Loan due to subsidiary                                      |      | 70,000,000              | (11,280,437)                        | -                           | -                                   |
| Interest and dividend received                              |      | 36,952,117              | 20,873,457                          | 301,539,806                 | 427,371,398                         |
| Other income  |      | 17,438,852              | 18,066,142                          | 229,903,284                 | 185,599,008                         |
| Net cash provided by/(used in) investing activities         |      | <u>383,436,374</u>      | <u>(77,250,094)</u>                 | <u>475,590,378</u>          | <u>539,522,334</u>                  |
| <b>Financing activities</b>                                 |      |                         |                                     |                             |                                     |
| Minority interest's dividend                                |      | -                       | -                                   | (6,070,567)                 | (2,124,847)                         |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>233,362,780</b>      | <b>(55,420,938)</b>                 | <b>790,303,042</b>          | <b>752,051,692</b>                  |
| Cash and cash equivalents at beginning of period            |      | <u>(227,541,174)</u>    | <u>(172,120,236)</u>                | <u>1,654,937,970</u>        | <u>902,886,278</u>                  |
| <b>Cash and cash equivalents at end of period</b>           |      | <b><u>5,821,606</u></b> | <b><u>(227,541,174)</u></b>         | <b><u>2,445,241,012</u></b> | <b><u>1,654,937,970</u></b>         |
| <b>Comprising:</b>  |      |                         |                                     |                             |                                     |
| Cash on deposit   |      | 39,550,255              | 40,277,265                          | 2,359,384,193               | 1,723,290,766                       |
| Cash on hand and at bank                                    |      | 48,424,483              | 61,255,428                          | 168,009,951                 | 260,721,071                         |
| Bank overdraft  |      | <u>(82,153,132)</u>     | <u>(329,073,867)</u>                | <u>(82,153,132)</u>         | <u>(329,073,867)</u>                |
|   |      | <u>5,821,606</u>        | <u>(227,541,174)</u>                | <u>2,445,241,012</u>        | <u>1,654,937,970</u>                |

"The accompanying notes form an integral part of these financial statements"

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
AND SUBSIDIARIES

NOTE TO CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

|  | Company                 |                                     | Group                   |                                     |
|--|-------------------------|-------------------------------------|-------------------------|-------------------------------------|
|  | <u>2007/2008</u><br>G\$ | <u>2006/2007</u><br>G\$<br>Restated | <u>2007/2008</u><br>G\$ | <u>2006/2007</u><br>G\$<br>Restated |
| (a) Surplus of revenue over expenditure before taxation    | 92,647,470              | 67,921,166                          | 219,419,479             | 151,592,980                         |
| Adjustments for:   |                         |                                     |                         |                                     |
| Depreciation   | 16,591,443              | 16,273,266                          | 41,810,089              | 39,497,628                          |
| Provision for losses                                       | -                       | -                                   | (108,369,728)           | 5,908,988                           |
| Redemption of Securities - gain                            | (7,360,484)             | (25,810,072)                        | (9,881,218)             | (29,768,577)                        |
| Increase in mandatory deposits with                        |                         |                                     |                         |                                     |
| - Bank of Guyana   | -                       | -                                   | (140,088,335)           | (91,974,171)                        |
| - Commissioner of Insurance                                | (5,396,886)             | (27,552,862)                        | (5,396,886)             | (27,552,862)                        |
| Investment income  | (36,952,117)            | (20,873,457)                        | (301,539,806)           | (427,371,398)                       |
| Other income   | (17,438,852)            | (18,066,142)                        | (229,903,284)           | (185,599,008)                       |
| Disposal of fixed assets - loss/(gain)                     | 1,192,387               | 21,889                              | (2,706,765)             | (7,416)                             |
| Increase in unexpired risks                                | -                       | -                                   | (716,125)               | (658,092)                           |
| Operating surplus/(deficit) before working capital changes | 43,282,961              | (8,086,212)                         | (537,372,579)           | (565,931,928)                       |
| Increase in customers' deposits                            | -                       | -                                   | 1,123,483,476           | 887,406,251                         |
| Increase/(decrease) in receivables and prepayments         | 21,530,219              | (6,845,011)                         | (36,848,620)            | (127,483,708)                       |
| Increase in stock of stationery                            | (241,049)               | (1,376,101)                         | (70,086)                | (1,874,166)                         |
| Increase/(decrease) in current liabilities                 | (208,016,809)           | 47,776,171                          | (193,415,217)           | 43,767,866                          |
| Cash generated from/(used in) operations                   | (143,444,678)           | 31,468,847                          | 355,776,974             | 235,884,315                         |
| Taxes paid/adjusted  | (6,628,916)             | (9,639,691)                         | (34,993,743)            | (21,230,110)                        |
| Net cash provided by/(used in) operating activities        | <u>(150,073,594)</u>    | <u>21,829,156</u>                   | <u>320,783,231</u>      | <u>214,654,205</u>                  |

"The accompanying notes form an integral part of these financial statements"



THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

NOTES ON THE ACCOUNTS

|   | Company            |                    | Group                |                    |
|---|--------------------|--------------------|----------------------|--------------------|
|   | 2007/2008          | 2006/2007          | 2007/2008            | 2006/2007          |
|   | G\$                | G\$                | G\$                  | G\$                |
| 6 Management fees                                     |                    |                    |                      |                    |
| GCIS Inc.   | 12,000,000         | 12,000,000         | -                    | -                  |
| 7 Commissions and allowances                          |                    |                    |                      |                    |
| Fire  | 80,589,270         | 68,801,768         | 78,496,783           | 66,716,459         |
| Marine  | 4,830,180          | 4,891,553          | 4,830,180            | 4,891,553          |
| Accidents and liabilities                             | 9,884,448          | 7,994,640          | 9,884,448            | 7,994,640          |
| Auto  | 33,575,716         | 23,654,995         | 40,137,707           | 30,295,237         |
|   | <u>128,879,614</u> | <u>105,342,956</u> | <u>133,349,118</u>   | <u>109,897,889</u> |
| 8 Management expenses                                 |                    |                    |                      |                    |
| Operating expenses                                    | 96,877,485         | 100,921,795        | 155,880,398          | 260,399,876        |
| Provision for losses (a)                              | -                  | -                  | (108,369,728)        | 5,908,988          |
| Employment cost                                       | 196,875,542        | 182,607,158        | 371,147,625          | 338,478,328        |
| Depreciation  | 16,591,443         | 16,273,266         | 41,810,089           | 39,497,628         |
| Directors' emoluments (b)                             | 14,746,488         | 13,405,898         | 22,621,426           | 20,302,396         |
| Auditors' remuneration                                | 1,776,868          | 1,077,000          | 3,756,068            | 2,699,100          |
|   | <u>326,867,826</u> | <u>314,285,117</u> | <u>486,845,878</u>   | <u>667,286,316</u> |
| (a) Provision for losses                              |                    |                    |                      |                    |
| Loan losses provision                                 | -                  | -                  | -                    | 21,092,886         |
| Reduction in loan loss provision                      | -                  | -                  | (46,543,801)         | -                  |
| Reversal of diminution in value of properties on hand | -                  | -                  | (43,125,321)         | (15,183,898)       |
| Bad debt recoveries                                   | -                  | -                  | (18,700,606)         | -                  |
|   | <u>-</u>           | <u>-</u>           | <u>(108,369,728)</u> | <u>5,908,988</u>   |
| (b) Directors' emoluments                             |                    |                    |                      |                    |
| C.A.F. Hughes (Chairman - HIH and HIH Trust)          | 3,122,592          | 2,838,728          | 4,164,720            | 3,831,956          |
| P.A. Chan--Sue (Chairman - GCIS Inc)                  | 1,937,316          | 1,761,195          | 3,541,486            | 3,248,717          |
| J.G. Carpenter (Vice Chairman - HIH )                 | 1,937,316          | 1,761,195          | 2,565,888            | 2,332,623          |
| C.R. Quintin (Vice Chairman - GCIS Inc)               | 1,937,316          | 1,761,195          | 3,391,032            | 3,111,927          |
| W.A. Lee  | 1,937,316          | 1,761,195          | 1,937,316            | 1,761,195          |
| I.A. Mc Donald  | 1,937,316          | 1,761,195          | 2,762,460            | 2,540,499          |
| T.A. Parris   | 1,937,316          | 1,761,195          | 3,001,380            | 2,332,623          |
| F. Welch  | -                  | -                  | 628,572              | 571,428            |
| M. Solomon  | -                  | -                  | 628,572              | 571,428            |
|   | <u>14,746,488</u>  | <u>13,405,898</u>  | <u>22,621,426</u>    | <u>20,302,396</u>  |

HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

NOTES ON THE ACCOUNTS

|                               | 2007/2008          |                    |                    | 2006/2007          |                    |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                               | Gross<br>G\$       | Reinsurance<br>G\$ | Net<br>G\$         | Gross<br>G\$       | Reinsurance<br>G\$ | Net<br>G\$         |
| <b>9 Claims</b>               |                    |                    |                    |                    |                    |                    |
| <b>Company</b>                |                    |                    |                    |                    |                    |                    |
| Fire                          | 55,124,860         | (22,759,674)       | 77,884,534         | 117,097,176        | 15,522,555         | 101,574,621        |
| Marine                        | 509,750            | -                  | 509,750            | (3,149,575)        | -                  | (3,149,575)        |
| Accident and liabilities      | 4,431,033          | (8,568,568)        | 12,999,601         | 40,255,117         | 27,475,002         | 12,780,115         |
| Auto                          | 211,964,460        | 35,267,383         | 176,697,077        | 155,072,920        | 34,648,764         | 120,424,156        |
|                               | <u>272,030,103</u> | <u>3,939,141</u>   | <u>268,090,962</u> | <u>309,275,638</u> | <u>77,646,321</u>  | <u>231,629,317</u> |
| Claims paid in financial year |                    |                    |                    |                    |                    |                    |
| Fire                          | 216,316,299        | 100,910,076        | 115,406,223        | 86,175,798         | 63,486,043         | 22,689,755         |
| Marine                        | 509,750            | -                  | 509,750            | 2,000,000          | -                  | 2,000,000          |
| Accident and liabilities      | 30,639,872         | 13,581,432         | 17,058,440         | 19,152,943         | 13,000,002         | 6,152,941          |
| Auto                          | 211,854,110        | 35,267,383         | 176,586,727        | 153,921,526        | 28,159,764         | 125,761,762        |
|                               | <u>459,320,031</u> | <u>149,758,891</u> | <u>309,561,140</u> | <u>261,250,267</u> | <u>104,645,809</u> | <u>156,604,458</u> |
| <b>Group</b>                  |                    |                    |                    |                    |                    |                    |
| Fire                          | 70,389,129         | (10,182,605)       | 80,571,734         | 117,666,961        | 15,522,555         | 102,144,406        |
| Marine                        | 509,750            | -                  | 509,750            | (3,149,575)        | -                  | (3,149,575)        |
| Accident and liabilities      | (1,368,967)        | (8,568,568)        | 7,199,601          | 40,032,180         | 28,227,443         | 11,804,737         |
| Auto                          | 264,640,046        | 42,655,987         | 221,984,059        | 205,699,410        | 44,607,971         | 161,091,439        |
| Life                          | 7,689,947          | 664,457            | 7,025,490          | 1,951,931          | -                  | 1,951,931          |
|                               | <u>341,859,905</u> | <u>24,569,271</u>  | <u>317,290,634</u> | <u>362,200,907</u> | <u>88,357,969</u>  | <u>273,842,938</u> |
| Claims paid in financial year |                    |                    |                    |                    |                    |                    |
| Fire                          | 217,080,568        | 104,866,090        | 112,214,478        | 90,695,583         | 63,486,043         | 27,209,540         |
| Marine                        | 509,750            | -                  | 509,750            | 2,000,000          | -                  | 2,000,000          |
| Accident and liabilities      | 30,639,872         | 13,581,432         | 17,058,440         | 20,871,256         | 13,752,443         | 7,118,813          |
| Auto                          | 268,483,658        | 41,045,987         | 227,437,671        | 202,587,522        | 38,118,971         | 164,468,551        |
| Life                          | 8,172,275          | 1,412,757          | 6,759,518          | 2,247,056          | 309,154            | 1,937,902          |
|                               | <u>524,886,123</u> | <u>160,906,266</u> | <u>363,979,857</u> | <u>318,401,417</u> | <u>115,666,611</u> | <u>202,734,806</u> |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

NOTES ON THE ACCOUNTS

|                   | Group              |                    |
|-------------------|--------------------|--------------------|
|                   | <u>2007/2008</u>   | <u>2006/2007</u>   |
|                   | G\$                | G\$                |
| 10 Interest       |                    |                    |
| Interest expenses | <u>310,531,940</u> | <u>250,883,462</u> |

Interest expenses represent interest on customers' deposits at Hand in Hand Trust Corporation Inc.

|               |                  |                |
|---------------|------------------|----------------|
| 11 Surrenders |                  |                |
| Surrenders    | <u>1,081,965</u> | <u>679,804</u> |

This is the cancellation of policy due to policyholder no longer interested in coverage. Surrenders relate to GCIS Inc.

|                             | Company & Group  |                  |
|-----------------------------|------------------|------------------|
|                             | <u>2007/2008</u> | <u>2006/2007</u> |
|                             | G\$              | G\$              |
| 12 Triennial cash profit    |                  |                  |
| Triennial cash profit - 15% | <u>6,047,518</u> | <u>6,305,779</u> |

|   |                     |                     |
|---|---------------------|---------------------|
| 13 Policies entitled to profits 2008/2010 |                     | Restated            |
| Policies entitled to profits 2007         | -                   | (18,239,071)        |
| Policies entitled to profits 2008         | (15,480,975)        | (13,823,644)        |
| Policies entitled to profits 2009         | (11,440,772)        | (8,212,582)         |
| Policies entitled to profits 2010         | <u>(7,766,260)</u>  | <u>-</u>            |
|   | <u>(34,688,006)</u> | <u>(40,275,298)</u> |

|   |                     |                     |
|---|---------------------|---------------------|
| 14 Transfer - profit and loss (Annual) account on policies entitled to profit |                     |                     |
| At 30 June 2005   | -                   | (12,893,323)        |
| At 30 June 2006   | 1,662,969           | 2,747,576           |
| At 30 June 2007   | (13,823,644)        | (18,239,071)        |
| At 30 June 2008   | <u>(15,480,975)</u> | <u>-</u>            |
|   | <u>(27,641,650)</u> | <u>(28,384,818)</u> |

HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

NOTES ON THE ACCOUNTS

| 15 Taxation                                      | Company          |                   | Group             |                   |
|--|------------------|-------------------|-------------------|-------------------|
|  | 2007/2008        | 2006/2007         | 2007/2008         | 2006/2007         |
|  | G\$              | G\$               | G\$               | G\$               |
| Corporation tax                                  | -                | -                 | 15,784,142        | 19,102,494        |
| Property tax                                     | 278,178          | 157,535           | 4,479,262         | 3,686,971         |
| Taxes deducted at source from income on deposits | 837,916          | 638,780           | 3,969,309         | 3,596,611         |
| Capital gains tax at 20%                         | 1,472,097        | 4,902,508         | 1,976,244         | 5,694,209         |
| Value added tax                                  | -                | 6,151,272         | -                 | 6,151,272         |
| Adjustment to previous years tax                 | -                | -                 | 1,857,915         | (14,131,821)      |
| Deferred tax                                     | (33,624)         | (12,159)          | (1,962,924)       | (2,774,369)       |
|  | <u>2,554,567</u> | <u>11,837,936</u> | <u>26,103,948</u> | <u>21,325,367</u> |

Taxation on the company and its subsidiaries have been computed based on the applicable tax laws relating to Insurance Companies and Trust Companies.

Life insurance business is taxed at 35%; Fire insurance business at 45% and Trust business at 35% on varying bases.

| Reconciliation of tax expenses and accounting profit                | Company             |                | Group               |                   |
|---|---------------------|----------------|---------------------|-------------------|
|   | 2007/2008           | 2006/2007      | 2007/2008           | 2006/2007         |
|   | G\$                 | G\$            | G\$                 | G\$               |
| Accounting Profit   | 92,647,470          | 67,921,166     | 219,419,479         | 151,592,980       |
| Corporation tax @ 45%/35%   | 41,691,362          | 30,564,525     | 94,173,743          | 66,368,622        |
| Add:  |                     |                |                     |                   |
| Tax effect of expenses not deductible in determining taxable profit | 7,466,149           | 7,322,970      | 15,174,516          | 9,077,768         |
|   | 49,157,511          | 37,887,495     | 109,348,259         | 75,446,390        |
| Deduct:   |                     |                |                     |                   |
| Income exempt from corporation tax                                  | (20,298,450)        | (14,454,895)   | (128,642,579)       | (98,748,768)      |
|   | 28,859,061          | 23,432,600     | (19,294,321)        | (23,302,378)      |
| Deferred tax credit   | (33,624)            | (12,159)       | (1,962,924)         | (2,774,369)       |
| Adjustments and effect of varying tax rates                         | (28,825,437)        | (23,420,441)   | 37,041,387          | 45,179,241        |
|   | <u>-</u>            | <u>-</u>       | <u>15,784,142</u>   | <u>19,102,494</u> |
| Components of deferred tax fixed assets                             | <u>386,545</u>      | <u>352,921</u> | <u>12,629,493</u>   | <u>10,666,569</u> |
|   | <u>Company</u>      |                | <u>Group</u>        |                   |
|   | <u>Fixed Assets</u> |                | <u>Fixed Assets</u> |                   |
| Movement in temporary difference                                    |                     |                |                     |                   |
| At 30 June 2006   | 340,762             |                | 7,892,200           |                   |
| Movement during the year  | 12,159              |                | 2,774,369           |                   |
| At 30 June 2007   | 352,921             |                | 10,666,569          |                   |
| Movement during the year  | 33,624              |                | 1,962,924           |                   |
| At 30 June 2008   | <u>386,545</u>      |                | <u>12,629,493</u>   |                   |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
AND SUBSIDIARIES

NOTES ON THE ACCOUNTS

16 (a) Fixed assets

**COMPANY**

|                           | Freehold land<br>and<br><u>buildings</u><br>G\$ | Furniture,<br>equipment<br>and<br><u>machinery</u><br>G\$ | Motor<br><u>vehicles</u><br>G\$ | <u>Total</u><br>G\$  |
|---------------------------|---|---|---------------------------------|----------------------|
| Cost/valuation            |   |   |                                 |                      |
| At 1 July 2007            | 1,229,086,128                                   | 194,703,631   | 30,914,531                      | 1,454,704,290        |
| Additions                 | 8,784,541                                       | 16,239,620  | -                               | 25,024,161           |
| Disposals                 | <u>(807,749)</u>                                | <u>(14,151,833)</u>                                       | <u>-</u>                        | <u>(14,959,582)</u>  |
| At 30 June 2008           | <u>1,237,062,920</u>                            | <u>196,791,418</u>  | <u>30,914,531</u>               | <u>1,464,768,869</u> |
| Comprising:               |   |   |                                 |                      |
| Cost                      | 151,402,615                                     | 196,791,418   | 30,914,531                      | 379,108,564          |
| Valuation                 | <u>1,085,660,305</u>                            | <u>-</u>  | <u>-</u>                        | <u>1,085,660,305</u> |
|                           | <u>1,237,062,920</u>                            | <u>196,791,418</u>  | <u>30,914,531</u>               | <u>1,464,768,869</u> |
| Depreciation              |   |   |                                 |                      |
| At 1 July 2007            | -   | 116,955,825   | 12,427,855                      | 129,383,680          |
| Charged for the year      | -   | 12,894,108  | 3,697,335                       | 16,591,443           |
| Written back on disposals | <u>-</u>  | <u>(13,767,195)</u>                                       | <u>-</u>                        | <u>(13,767,195)</u>  |
| At 30 June 2008           | <u>-</u>  | <u>116,082,738</u>  | <u>16,125,190</u>               | <u>132,207,928</u>   |
| Net book values:          |   |   |                                 |                      |
| At 30 June 2008           | <u>1,237,062,920</u>                            | <u>80,708,680</u>   | <u>14,789,341</u>               | <u>1,332,560,941</u> |
| At 30 June 2007           | <u>1,229,086,128</u>                            | <u>77,747,806</u>   | <u>18,486,676</u>               | <u>1,325,320,610</u> |

During the year ended 30 June 1980, the Hand-in-Hand Mutual Fire Insurance Company Limited's land and building were revalued by an independent professional valuer. The surplus on revaluation amounting to G\$808,179 was credited to capital reserve. Another revaluation was done on 12 May 1994 by the Directors and an additional revaluation surplus of G\$77,875,716 was credited to capital reserve. A further revaluation was again done on 4 May 2002 by an independent professional valuer, Mr. Hugo Curtis, FRICS - Chartered Valuation Surveyor. A surplus on revaluation amounting to G\$1,006,976,410 was credited to capital reserve.

If no revaluation of land and building was done, the net book value would have been approximately G\$151,402,615:

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
AND SUBSIDIARIES  
NOTES ON THE ACCOUNTS

16 (b) Fixed assets

**GROUP**

|                           | Freehold land<br>and<br>buildings<br>G\$ | Furniture,<br>equipment<br>and<br>machinery<br>G\$ | Motor<br>vehicles<br>G\$ | Total<br>G\$         |
|---------------------------|--|--|--------------------------|----------------------|
| Cost/valuation            |  |  |                          |                      |
| At 1 July 2007            | 1,737,348,685                            | 272,408,812  | 45,433,531               | 2,055,191,028        |
| Revaluation               |  |  |                          | -                    |
| Additions                 | 13,960,830                               | 22,835,996   | 11,762,091               | 48,558,917           |
| Disposals                 | <u>(807,749)</u>                         | <u>(14,961,848)</u>                                | <u>(4,300,000)</u>       | <u>(20,069,597)</u>  |
| At 30 June 2008           | <u>1,750,501,766</u>                     | <u>280,282,960</u>                                 | <u>52,895,622</u>        | <u>2,083,680,348</u> |
| Comprising:               |  |  |                          |                      |
| Cost                      | 217,445,582                              | 280,282,960  | 52,895,622               | 550,624,164          |
| Valuation                 | <u>1,533,056,184</u>                     | <u>-</u>   | <u>-</u>                 | <u>1,533,056,184</u> |
|                           | <u>1,750,501,766</u>                     | <u>280,282,960</u>                                 | <u>52,895,622</u>        | <u>2,083,680,348</u> |
| Depreciation              |  |  |                          |                      |
| At 1 July 2007            | 30,330,065                               | 173,028,046  | 24,162,479               | 227,520,590          |
| Charged for the year      | 15,448,466                               | 19,170,322   | 7,191,301                | 41,810,089           |
| Written back on disposals | <u>-</u>                                 | <u>(14,309,978)</u>                                | <u>(4,299,999)</u>       | <u>(18,609,977)</u>  |
| At 30 June 2008           | <u>45,778,531</u>                        | <u>177,888,390</u>                                 | <u>27,053,781</u>        | <u>250,720,702</u>   |
| Net book values:          |  |  |                          |                      |
| At 30 June 2008           | <u>1,704,723,235</u>                     | <u>102,394,570</u>                                 | <u>25,841,841</u>        | <u>1,832,959,646</u> |
| At 30 June 2007           | <u>1,707,018,620</u>                     | <u>99,380,766</u>                                  | <u>21,271,052</u>        | <u>1,827,670,438</u> |

(b) During the year ended 30 June 1980, the Hand-in-Hand Mutual Fire Insurance Company Limited's land and building were revalued by an independent professional valuer. The surplus on revaluation amounting to G\$808,179 was credited to capital reserve. Another revaluation was done on 12 May 1994 by the Directors and an additional revaluation surplus of G\$77,875,716 was credited to capital reserve. A further revaluation was again done on 4 May 2002 by an independent professional valuer, Mr. Hugo Curtis, FRICS - Chartered Valuation Surveyor. A surplus on revaluation amounting to G\$1,006,976,410 was credited to capital reserve.

The GCIS Incorporated's land and buildings were revalued on 7 March 1994 by Mr. Moneer Khan, Valuer, but the revalued figures were not brought in the accounts until 31 December 1994, when a 5% upward adjustment was made to those figures by the Valuation Division of the Ministry of Finance. The surplus arising on revaluation was credited to Capital Reserve.

The Hand in Hand Trust Corporation Inc's freehold properties were revalued on 28 July 2006 by an independent professional valuer Mr. Hugo Curtis, FRICS - Chartered Valuation Surveyor. The surplus arising on revaluation using the depreciated cost replacement method was credited to capital reserves.

If no revaluation of land and building was done, the net book value of the fixed assets would have been approximately G\$202,575,279.



THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

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NOTES ON THE ACCOUNTS

17 Investments - cont'd

| Significant investments                  | Year of<br><u>maturity</u> | Rate<br><u>of interest</u> | <u>Security</u> | Group                   |                         |
|--|----------------------------|----------------------------|-----------------|-------------------------|-------------------------|
|  |                            |                            |                 | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$ |
| <b>(a) <u>Guyana - Government</u></b>    |                            |                            |                 |                         |                         |
| Government of Guyana                     | 2010                       | 4.25                       | Unsecured       | <u>769,889,562</u>      | <u>769,889,562</u>      |
| <b>(b) <u>Guyana - Others</u></b>        |                            |                            |                 |                         |                         |
| Courts (Guyana) Inc.                     | 2009                       | 7.75                       | Unsecured       | 100,000,000             | 100,000,000             |
| Courts (Guyana) Inc.                     | 2009                       | 8.00                       | Unsecured       | 22,000,000              | 22,000,000              |
| Courts (Guyana) Inc.                     | 2009                       | 8.00                       | Unsecured       | 50,000,000              | 50,000,000              |
| Berbice Bridge - Tanche I                | 2018                       | 9.00                       | Unsecured       | 50,000,000              | 50,000,000              |
| Berbice Bridge - Tanche II               | 2022                       | 10.00                      | Unsecured       | 100,000,000             | 50,000,000              |
|  |                            |                            |                 | <u>322,000,000</u>      | <u>272,000,000</u>      |
| <b>(c) <u>Caribbean - Government</u></b> |                            |                            |                 |                         |                         |
| Gov't of Jamaica Series A                | 2008                       | 8.00                       | Unsecured       | -                       | 58,213,463              |
| Gov't of Jamaica Series B                | 2008                       | 8.00                       | Unsecured       | -                       | 66,410,404              |
| Trans Jamaican Highway LTD.              | 2011                       | 10.25                      | Unsecured       | 97,216,625              | 96,650,022              |
| Gov't of Belize                          | 2014                       | 4.25                       | Unsecured       | 142,101,726             | 140,701,709             |
| St. Vincent                              | 2009                       | 7.00                       | Unsecured       | 101,529,854             | 100,529,560             |
| St. Vincent                              | 2018                       | 7.00                       | Unsecured       | 60,900,000              | -                       |
| Barbados Port Inc. Mar.Works             | 2020                       | 6.25                       | Unsecured       | 101,500,000             | 100,500,000             |
| TT Housing                               | 2025                       | 7.00                       | Unsecured       | 61,120,000              | 59,673,035              |
| Turks and Caicos                         | 2014                       | 6.65                       | Unsecured       | 45,788,674              | 45,337,554              |
| Gov't of TT                              | 2012                       | 7.80                       | Unsecured       | 19,200,000              | 19,647,455              |
| Gov't of TT                              | 2014                       | 8.00                       | Unsecured       | 136,960,000             | 135,868,726             |
| Gov't of TT                              | 2017                       | 8.25                       | Unsecured       | 49,536,000              | -                       |
| Gov't of St. Kitts & Nevis               | 2019                       | 8.25                       | Unsecured       | 40,600,000              | 40,206,030              |
|  |                            |                            |                 | <u>856,452,879</u>      | <u>863,737,958</u>      |
| <b>(d) <u>Caribbean -Others</u></b>      |                            |                            |                 |                         |                         |
| Republic Bank                            | 2009                       | 5.50                       | Unsecured       | 10,500,000              | 10,500,000              |
| Republic Bank                            | 2008                       | 5.25                       | Unsecured       | 10,000,000              | 10,000,000              |
| APVA                                     | 2009                       | 11.50                      | Unsecured       | 32,097,708              | 31,781,474              |
| Neal & Massy                             | 2015                       | 6.25                       | Unsecured       | 59,520,000              | 60,581,818              |
| RBTT BK (Jamaica)                        | 2009                       | 6.40                       | Unsecured       | 101,500,000             | 100,500,000             |
| RBTT Finance Ltd. Snr. Notes             | 2015                       | 6.60                       | Unsecured       | 103,286,400             | 102,268,800             |
| Cool Investment                          | 2015                       | 10.75                      | Unsecured       | 98,140,249              | 98,140,249              |
| Man Investment                           | 2019                       | 8.00                       | Unsecured       | 178,418,730             | 176,660,910             |
| Man Investment                           | 2018                       | 8.00                       | Unsecured       | 81,320,800              | 80,520,600              |
| Geonet Ethanol                           | 2013                       | 9.90                       | Unsecured       | 35,525,001              | 40,200,000              |
| Smith Barney                             | 2008                       | 6.00                       | Unsecured       | 230,296,395             | 203,010,000             |
| Smith Barney                             | 2009                       | 6.00                       | Unsecured       | 565,674,811             | -                       |
| Smith Barney                             | 2011                       | 6.00                       | Unsecured       | 19,257,595              | 20,100,000              |
| Smith Barney                             | 2012                       | 6.00                       | Unsecured       | 37,675,988              | 20,100,000              |
|  |                            |                            |                 | <u>1,563,213,677</u>    | <u>954,363,851</u>      |

Fair values for local investments were arrived at using the Guyana Association of Securities and Intermediaries Companies Inc. and directors assessment.

Fair values for foreign investments were arrived at using the registered stock exchange of the various territories where the bonds are issued. Mortgages are stated at amortised cost.

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17 Investments - cont'd

|   | Company           |                   | Group               |                      |
|---|-------------------|-------------------|---------------------|----------------------|
|   | 30.6.2008         | 30.6.2007         | 30.6.2008           | 30.6.2007            |
|   | G\$               | G\$               | G\$                 | G\$                  |
| (e) Mortgages                                 |                   |                   |                     |                      |
| (a) Accrual loan and advances                 | 70,823,656        | 73,949,992        | 658,206,717         | 857,814,462          |
| Non accruals loan and advances                | 17,479,407        | 17,196,852        | 277,754,674         | 407,111,334          |
|   | 88,303,063        | 91,146,844        | 935,961,391         | 1,264,925,796        |
| Provision for doubtful accounts (i)           | 14,030,826        | 11,271,961        | 66,350,903          | 110,135,839          |
|   | <u>74,272,237</u> | <u>79,874,883</u> | <u>869,610,488</u>  | <u>1,154,789,957</u> |
| (b) Provision for doubtful accounts at 1 July | 11,271,961        | 8,741,961         | 110,135,839         | 118,256,391          |
| Reversal of provision                         | -                 | -                 | (46,543,801)        | (31,743,438)         |
| Provision for the year                        | 2,758,865         | 2,530,000         | 2,758,865           | 23,622,886           |
|   | <u>2,758,865</u>  | <u>2,530,000</u>  | <u>(43,784,936)</u> | <u>(8,120,552)</u>   |
| At 30 June                                    | <u>14,030,826</u> | <u>11,271,961</u> | <u>66,350,903</u>   | <u>110,135,839</u>   |
| (i) Specific provision                        | <u>14,030,826</u> | <u>11,271,961</u> | <u>66,350,903</u>   | <u>110,135,839</u>   |

18 Investment in Subsidiaries

|                           | Company            |                    | Group     |           |
|---------------------------|--------------------|--------------------|-----------|-----------|
|                           | 30.6.2008          | 30.6.2007          | 30.6.2008 | 30.6.2007 |
|                           | G\$                | G\$                | G\$       | G\$       |
| (a) GCIS Inc.             | 215,000,000        | 215,000,000        | -         | -         |
| (b) HIH Trust Corporation | 317,727,222        | 317,727,222        | -         | -         |
|                           | <u>532,727,222</u> | <u>532,727,222</u> | <u>-</u>  | <u>-</u>  |

(a) On November 18, 1998 the company acquired 66.7% of the issued share capital of GCIS Inc.

(b) The HIH Trust Corporation was privatised on November 20, 2002.

Shareholdings are as follows:

|   |            |
|---|------------|
| Hand in Hand Fire Insurance Company Limited | 65%        |
| GCIS Inc.                                   | 10%        |
|   | <u>75%</u> |
| Hand in Hand Life Insurance Company Limited | 15%        |
|   | <u>90%</u> |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
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NOTES ON THE ACCOUNTS

19 Properties on hand

|                                   | Company          |                  | Group              |                    |
|-----------------------------------|------------------|------------------|--------------------|--------------------|
|                                   | <u>30.6.2008</u> | <u>30.6.2007</u> | <u>30.6.2008</u>   | <u>30.6.2007</u>   |
|                                   | G\$              | G\$              | G\$                | G\$                |
| Cost                              |                  |                  |                    |                    |
| Opening balance                   | 1,612,000        | 1,612,000        | 184,414,526        | 339,108,982        |
| Additions                         | 7,196,143        | -                | 16,787,672         | 24,037,858         |
| Disposals (i)                     | -                | -                | (61,034,431)       | (178,732,314)      |
| Closing balance                   | <u>8,808,143</u> | <u>1,612,000</u> | <u>140,167,767</u> | <u>184,414,526</u> |
| Provision for diminution in value |                  |                  |                    |                    |
| Opening balance                   | -                | -                | 131,602,814        | 223,293,699        |
| Amounts written off               | -                | -                | (21,294,923)       | (76,506,987)       |
| Charged for the year              | -                | -                | (43,125,321)       | (15,183,898)       |
| Closing balance                   | <u>-</u>         | <u>-</u>         | <u>67,182,570</u>  | <u>131,602,814</u> |
| Fair value                        | <u>8,808,143</u> | <u>1,612,000</u> | <u>72,985,197</u>  | <u>52,811,712</u>  |

These properties relate to foreclosed mortgages. The valuation of these properties was done by an independent professional valuer Mr. Hugo Curtis, FRICS - Chartered Valuation Surveyor.

(i) Losses on sale of properties

|   | Company          |                  | Group            |                  |
|---|------------------|------------------|------------------|------------------|
|   | <u>30.6.2008</u> | <u>30.6.2007</u> | <u>30.6.2008</u> | <u>30.6.2007</u> |
|   | G\$              | G\$              | G\$              | G\$              |
| Cost                                    | -                | -                | 61,034,431       | 178,732,314      |
| Less: provision for diminution in value | -                | -                | 21,294,923       | 76,506,987       |
| Net book value                          | -                | -                | 39,739,508       | 102,225,327      |
| Sale proceeds                           | -                | -                | 39,500,000       | 101,400,000      |
| Loss on sale of properties              | <u>-</u>         | <u>-</u>         | <u>239,508</u>   | <u>825,327</u>   |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
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NOTES ON THE ACCOUNTS

20 Statutory deposits

|   | Company                   |                           | Group                       |                           |
|---|---------------------------|---------------------------|-----------------------------|---------------------------|
|   | <u>30.6.2008</u>          | <u>30.6.2007</u>          | <u>30.6.2008</u>            | <u>30.6.2007</u>          |
| Deposit at Bank of Guyana<br>Citizens Bank Inc. | -                         | -                         | 853,378,400                 | 713,290,065               |
|   | <u>129,080,392</u>        | <u>123,683,506</u>        | <u>175,304,474</u>          | <u>169,907,588</u>        |
|   | <u><u>129,080,392</u></u> | <u><u>123,683,506</u></u> | <u><u>1,028,682,874</u></u> | <u><u>883,197,653</u></u> |

These are deposits with Financial Institutions held to the direct order of the relevant Regulators.

21 Receivables and prepayments

|   | Company                   |                           | Group                     |                           |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
|   | <u>30.6.2008</u><br>G\$   | <u>30.6.2007</u><br>G\$   | <u>30.6.2008</u><br>G\$   | <u>30.6.2007</u><br>G\$   |
| Reinsurance recoveries (a)                    | 31,223,562                | 177,043,312               | 31,223,562                | 180,363,812               |
| Prepayments                                   | 460,791                   | -                         | 12,310,567                | 10,912,937                |
| Taxation                                      | 11,007,378                | 6,966,653                 | 25,788,890                | 21,663,608                |
| Other receivables                             | <u>243,415,855</u>        | <u>126,240,499</u>        | <u>270,067,988</u>        | <u>163,648,469</u>        |
|   | 286,107,586               | 310,250,464               | 339,391,007               | 376,588,826               |
| Less: Provision for bad and<br>doubtful debts |                           |                           |                           |                           |
| Specific                                      | 355,090                   | 5,418,442                 | 355,090                   | 5,418,442                 |
| General                                       | <u>5,345,434</u>          | <u>7,065,886</u>          | <u>9,017,189</u>          | <u>10,400,919</u>         |
|   | <u><u>280,407,062</u></u> | <u><u>297,766,136</u></u> | <u><u>330,018,728</u></u> | <u><u>360,769,465</u></u> |

(a) This represents recoveries from reinsurers, based on the various treaties, on claims provided for but not paid to date.

|                          | Company                  |                           | Group                    |                           |
|--------------------------|--------------------------|---------------------------|--------------------------|---------------------------|
|                          | <u>30.6.2008</u><br>G\$  | <u>30.6.2007</u><br>G\$   | <u>30.6.2008</u><br>G\$  | <u>30.6.2007</u><br>G\$   |
| Reinsurance recoveries   |                          |                           |                          |                           |
| Fire                     | 24,023,562               | 147,693,312               | 24,023,562               | 151,013,812               |
| Marine                   | -                        | -                         | -                        | -                         |
| Accident and liabilities | <u>7,200,000</u>         | <u>29,350,000</u>         | <u>7,200,000</u>         | <u>29,350,000</u>         |
|                          | <u><u>31,223,562</u></u> | <u><u>177,043,312</u></u> | <u><u>31,223,562</u></u> | <u><u>180,363,812</u></u> |
| Prior years              | 31,223,562               | 152,043,312               | 31,223,562               | 152,043,312               |
| Current year             | <u>-</u>                 | <u>25,000,000</u>         | <u>-</u>                 | <u>28,320,500</u>         |
|                          | <u><u>31,223,562</u></u> | <u><u>177,043,312</u></u> | <u><u>31,223,562</u></u> | <u><u>180,363,812</u></u> |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
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NOTES ON THE ACCOUNTS

|                                  | Company           |                   | Group                |                      |
|----------------------------------|-------------------|-------------------|----------------------|----------------------|
|                                  | <u>30.6.2008</u>  | <u>30.6.2007</u>  | <u>30.6.2008</u>     | <u>30.6.2007</u>     |
|                                  | G\$               | G\$               | G\$                  | G\$                  |
| 22 Interest accrued              |                   |                   |                      |                      |
| Bonds                            | -                 | -                 | 275,030,081          | 203,617,096          |
| Deposits at banks                | 1,903,378         | 1,753,298         | 2,653,620            | 2,501,382            |
| Dividends                        | -                 | 280,500           | -                    | 280,500              |
| Loans on policies                | -                 | -                 | 439,916              | -                    |
|                                  | <u>1,903,378</u>  | <u>2,033,798</u>  | <u>278,123,617</u>   | <u>206,398,978</u>   |
| 23 Cash on deposits              |                   |                   |                      |                      |
| Non statutory deposits:          |                   |                   |                      |                      |
| Term deposits                    | -                 | -                 | 2,289,892,689        | 1,650,004,385        |
| Other deposits                   | 39,550,255        | 40,277,265        | 69,491,504           | 73,286,381           |
|                                  | <u>39,550,255</u> | <u>40,277,265</u> | <u>2,359,384,193</u> | <u>1,723,290,766</u> |
| 24 Cash at banks and on hand     |                   |                   |                      |                      |
| Cash at banks                    | 48,092,263        | 60,819,208        | 159,868,629          | 252,606,839          |
| Cash on hand                     | 332,220           | 436,220           | 8,141,322            | 8,114,232            |
|                                  | <u>48,424,483</u> | <u>61,255,428</u> | <u>168,009,951</u>   | <u>260,721,071</u>   |
| 25 Premium capital               |                   |                   | Company and Group    |                      |
|                                  |                   |                   | <u>30.6.2008</u>     | <u>30.6.2007</u>     |
|                                  |                   |                   | G\$                  | G\$                  |
|                                  |                   |                   |                      | Restated             |
| Policies entitled to profit 2008 |                   |                   | -                    | 18,395,977           |
| Policies entitled to profit 2009 |                   |                   | 7,064,703            | 9,941,026            |
| Policies entitled to profit 2010 |                   |                   | 10,370,573           | 6,979,631            |
| Policies entitled to profit 2011 |                   |                   | 6,331,147            | -                    |
|                                  |                   |                   | <u>23,766,423</u>    | <u>35,316,634</u>    |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

NOTES ON THE ACCOUNTS

| 26 Investment reserve                 | Company                 |                                     | Group                   |                                     |
|---------------------------------------|-------------------------|-------------------------------------|-------------------------|-------------------------------------|
|                                       | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$<br>Restated | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$<br>Restated |
| At beginning                          | 202,835,487             | 174,566,399                         | 244,660,580             | 197,280,888                         |
| Movement in fair value of investments | <u>(9,173,174)</u>      | <u>28,269,088</u>                   | <u>(21,757,230)</u>     | <u>47,379,692</u>                   |
| At end                                | <u>193,662,313</u>      | <u>202,835,487</u>                  | <u>222,903,350</u>      | <u>244,660,580</u>                  |

This represents fair value adjustment of investments and is not distributable.

| 27 General reserve   | Company                 |                                     | Group                   |                                     |
|--|-------------------------|-------------------------------------|-------------------------|-------------------------------------|
|  | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$<br>Restated | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$<br>Restated |
| At beginning   | 400,187,724             | 463,882,753                         | 579,839,925             | 610,897,625                         |
| Effects of changes in accounting for unrealised gains/ losses on investments (Note 48) as restated | -                       | <u>(112,096,266)</u>                | -                       | <u>(134,810,755)</u>                |
| Surplus of revenue over expenditure  | 40,650,864              | 48,401,237                          | 110,093,861             | 98,067,173                          |
| Transfer to reserve fund   | -                       | -                                   | (10,851,979)            | (4,283,935)                         |
| Transfer of depreciation on revaluation  | -                       | -                                   | 9,968,815               | 9,969,817                           |
| At end   | <u>440,838,588</u>      | <u>400,187,724</u>                  | <u>689,050,622</u>      | <u>579,839,925</u>                  |

| 28 Capital redemption reserve | Company and Group       |                         |
|-------------------------------|-------------------------|-------------------------|
|                               | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$ |
| Ordinary scrip redeemed       | 600,000                 | 600,000                 |
| Preference scrip redeemed     | <u>908,452</u>          | <u>908,452</u>          |
|                               | <u>1,508,452</u>        | <u>1,508,452</u>        |

| 29 Reserve for unexpired risk | Company                 |                         | Group                   |                         |
|-------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
|                               | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$ | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$ |
| Balance at beginning          | 411,187,220             | 384,254,924             | 421,537,233             | 395,043,799             |
| Net increase in reserves      | <u>61,616,774</u>       | <u>26,932,296</u>       | <u>61,139,211</u>       | <u>26,493,434</u>       |
| Balance at end                | <u>472,803,994</u>      | <u>411,187,220</u>      | <u>482,676,444</u>      | <u>421,537,233</u>      |

| 30 Triennial profit   | Company and Group       |                         |
|-----------------------|-------------------------|-------------------------|
|                       | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$ |
| Triennial cash profit | <u>5,422,994</u>        | <u>6,047,518</u>        |

This represents triennial cash profit on fire policies entitled to profit for the financial year.

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
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31 Minority interest

|                  | Group        |             |
|------------------|--------------|-------------|
|                  | 30.6.2008    | 30.6.2007   |
|                  | G\$          | G\$         |
| At beginning     | 322,325,869  | 270,915,195 |
| Share of profit  | 33,779,632   | 24,518,447  |
| Share of reserve | (10,366,485) | 29,017,074  |
| Dividend paid    | (6,070,567)  | (2,124,847) |
|                  | 339,668,449  | 322,325,869 |

32 Medium term borrowings

|  | Company & Group |           |
|--|-----------------|-----------|
|  | 30.6.2008       | 30.6.2007 |
|  | G\$             | G\$       |
| Hand In Hand Mutual Life Assurance Co. | 295,000,000     | -         |
|  | 295,000,000     | -         |

This is secured by equity investments amounting to G\$257,897,065:

33 Loan due to subsidiary

|                   | Company & Group |           |
|-------------------|-----------------|-----------|
|                   | 30.6.2008       | 30.6.2007 |
|                   | G\$             | G\$       |
| GCIS Incorporated | 70,000,000      | -         |
|                   | 70,000,000      | -         |

Demand loan from related parties at a rate of interest of 8% per annum.

This is secured by equity investments amounting to G\$61,015,000:

34 Reserve fund

|                       | Group       |            |
|-----------------------|-------------|------------|
|                       | 30.6.2008   | 30.6.2007  |
|                       | G\$         | G\$        |
| At beginning          | 99,721,571  | 93,744,159 |
| Transfer from profits | 15,141,865  | 5,977,412  |
|                       | 114,863,436 | 99,721,571 |

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35 Customers' deposits

|                                   | Group            |                  |
|-----------------------------------|------------------|------------------|
|                                   | 30.6.2008<br>G\$ | 30.6.2007<br>G\$ |
| Fixed                             | 6,736,968,372    | 5,661,016,822    |
| Savings                           | 469,007,014      | 421,475,088      |
|                                   | 7,205,975,386    | 6,082,491,910    |
|                                   |                  |                  |
| Customers' deposits - by maturity |                  |                  |
| Fixed - within one year           | 5,581,796,922    | 3,877,800,635    |
| Savings - on demand               | 469,007,014      | 421,475,088      |
|                                   | 6,050,803,936    | 4,299,275,723    |
| Fixed - over one year             | 1,155,171,450    | 1,783,216,187    |
|                                   | 7,205,975,386    | 6,082,491,910    |

This amount represents interest earning deposits held for customers at HIH Trust Corporation Inc.

The average interest rates are as follows:

|         |   |               |
|---------|---|---------------|
| Fixed   | - | 2.75% - 3.75% |
| Savings | - | 4%            |

36 Claims admitted or intimated but not paid

|                          | Company          |                  | Group            |                  |
|--------------------------|------------------|------------------|------------------|------------------|
|                          | 30.6.2008<br>G\$ | 30.6.2007<br>G\$ | 30.6.2008<br>G\$ | 30.6.2007<br>G\$ |
| Fire                     | 98,436,885       | 259,628,324      | 113,290,830      | 268,603,324      |
| Accident and liabilities | 37,041,119       | 63,249,958       | 39,141,119       | 71,149,958       |
| Auto                     | 16,284,988       | 16,174,638       | 45,023,426       | 50,477,038       |
| Life                     | -                | -                | 3,011,001        | 2,745,029        |
|                          | 151,762,992      | 339,052,920      | 200,466,376      | 392,975,349      |

37 Payables and accrued expenses

|                |            |            |             |             |
|----------------|------------|------------|-------------|-------------|
| Other payables | 49,881,636 | 69,731,243 | 306,873,194 | 308,479,793 |
| Accruals       | 1,050,042  | 1,927,316  | 38,583,454  | 40,684,688  |
|                | 50,931,678 | 71,658,559 | 345,456,648 | 349,164,481 |

38 Bank overdraft

|  | Company & Group  |                  |
|--|------------------|------------------|
|  | 30.6.2008<br>G\$ | 30.6.2007<br>G\$ |
| Republic Bank (Guyana) Limited (secured) | 62,609,013       | 325,493,166      |
| Bank of Nova Scotia (unsecured)          | 19,544,119       | 3,580,701        |
|  | 82,153,132       | 329,073,867      |

Overdraft facility at Republic Bank (Guyana) Limited is secured by equity investments amounting to G\$304,254,650.

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39 (a) Analysis of financial assets and liabilities by measurement basis

|   | Company                   |                      |                    |                    | 2006/2007            |                      |
|---|---------------------------|----------------------|--------------------|--------------------|----------------------|----------------------|
|   | 2007/2008                 |                      |                    |                    |                      |                      |
|   | <u>Available for sale</u> | <u>Investment in</u> | <u>Loans and</u>   | <u>Other</u>       | <u>Total</u>         | <u>Total</u>         |
| G\$                                       | subsidiaries              | receivables          | Assets/Liabilities | G\$                | G\$                  | G\$                  |
|   | G\$                       | G\$                  | at amortized cost  | G\$                |                      |                      |
|   |                           |                      |                    |                    |                      |                      |
| <b>Assets</b>                             |                           |                      |                    |                    |                      |                      |
| Investments                               |                           |                      |                    |                    |                      |                      |
| "Available for Sale"                      | 421,405,730               | -                    | -                  | -                  | 421,405,730          | 413,881,483          |
| "Loans and receivables"                   | -                         | -                    | 74,272,237         | -                  | 74,272,237           | 79,874,883           |
| Investments in subsidiaries               |                           |                      |                    |                    |                      |                      |
| "Hand In Hand Trust Corporation Inc.      | -                         | 317,727,222          | -                  | -                  | 317,727,222          | 317,727,222          |
| " GCIS Inc."                              | -                         | 215,000,000          | -                  | -                  | 215,000,000          | 215,000,000          |
| Properties on hand                        | -                         | -                    | -                  | 8,808,143          | 8,808,143            | 1,612,000            |
| Statutory deposits                        | -                         | -                    | -                  | 129,080,392        | 129,080,392          | 123,683,506          |
| Deferred tax asset                        | -                         | -                    | -                  | 386,545            | 386,545              | 352,921              |
| Receivables and prepayments               | -                         | -                    | 280,407,062        | -                  | 280,407,062          | 297,766,136          |
| Interest accrued                          | -                         | -                    | 1,903,378          | -                  | 1,903,378            | 2,033,798            |
| Cash on deposits                          | -                         | -                    | -                  | 39,550,255         | 39,550,255           | 40,277,265           |
| Cash on hand and at bank                  | -                         | -                    | -                  | 48,424,483         | 48,424,483           | 61,255,428           |
| <b>TOTAL ASSETS</b>                       | <b>421,405,730</b>        | <b>532,727,222</b>   | <b>356,582,677</b> | <b>226,249,818</b> | <b>1,536,965,447</b> |                      |
| 2006/2007                                 | <u>413,881,483</u>        | <u>532,727,222</u>   | <u>379,674,817</u> | <u>227,181,120</u> |                      | <u>1,553,464,642</u> |
| <b>Liabilities</b>                        |                           |                      |                    |                    |                      |                      |
| Medium term borrowings                    | -                         | -                    | 295,000,000        | -                  | 295,000,000          | -                    |
| Loan due to subsidiaries                  | -                         | -                    | 70,000,000         | -                  | 70,000,000           | -                    |
| Claims admitted or intimated but not paid | -                         | -                    | -                  | 151,762,992        | 151,762,992          | 339,052,920          |
| Payables and accrued expenses             | -                         | -                    | -                  | 50,931,678         | 50,931,678           | 71,658,559           |
| Bank overdraft ( secured)                 | -                         | -                    | -                  | 62,609,013         | 62,609,013           | 325,493,166          |
| Bank overdraft ( unsecured)               | -                         | -                    | -                  | 19,544,119         | 19,544,119           | 3,580,701            |
| <b>TOTAL LIABILITIES</b>                  | <b>-</b>                  | <b>-</b>             | <b>365,000,000</b> | <b>284,847,802</b> | <b>649,847,802</b>   |                      |
| 2006/2007                                 | <u>-</u>                  | <u>-</u>             | <u>-</u>           | <u>739,785,346</u> |                      | <u>739,785,346</u>   |

Fair values of financial assets and liabilities have been determined as follows:

(i) " Available for sale " - as stated in Note 17

(ii) " Investment in subsidiaries" - Note 2.1.(b)

(iii) " Loans and receivables" - Note 17

The directors consider that the carrying amounts of the financial assets and liabilities recorded at amortised costs in the financial statements approximate their fair value

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39 (b) Analysis of financial assets and liabilities by measurement basis

|   | Group<br>2007/2008    |                           |                                 |   | Total<br>G\$         | 2006/2007<br><br>Total<br>G\$ |
|---|-----------------------|---------------------------|---------------------------------|---|----------------------|-------------------------------|
|   | "Held<br>to maturity" | Available for sale<br>G\$ | Loans and<br>receivables<br>G\$ | Other<br>Assets/Liabilities<br>at amortized cost<br>G\$ |                      |                               |
| <b>Assets</b>                             |                       |                           |                                 |   |                      |                               |
| Investments                               |                       |                           |                                 |   |                      |                               |
| "Held to Maturity"                        | 3,511,556,118         | -                         | -                               | -   | 3,511,556,118        | 2,859,991,371                 |
| "Available for Sale"                      | -                     | 555,773,097               | -                               | -   | 555,773,097          | 545,216,000                   |
| "Loans and receivables"                   | -                     | -                         | 869,610,488                     | -   | 869,610,488          | 1,154,789,957                 |
| Properties on hand                        | -                     | -                         | -                               | 72,985,195  | 72,985,195           | 52,811,712                    |
| Statutory deposits                        | -                     | -                         | -                               | 1,028,682,874   | 1,028,682,874        | 883,197,653                   |
| Deferred tax asset                        | -                     | -                         | -                               | 12,629,493  | 12,629,493           | 10,666,569                    |
| Receivables and prepayments               | -                     | -                         | 330,018,728                     | -   | 330,018,728          | 360,769,465                   |
| Interest accrued                          | -                     | -                         | 278,123,617                     | -   | 278,123,617          | 206,398,978                   |
| Cash on deposits                          | -                     | -                         | -                               | 2,359,384,193   | 2,359,384,193        | 1,723,290,766                 |
| Cash on hand and at bank                  | -                     | -                         | -                               | 168,009,951   | 168,009,951          | 260,721,071                   |
| <b>TOTAL ASSETS</b>                       | <b>3,511,556,118</b>  | <b>555,773,097</b>        | <b>1,477,752,833</b>            | <b>3,641,691,706</b>                                    | <b>9,186,773,754</b> |                               |
| 2006/2007                                 | 2,859,991,371         | 545,216,000               | 1,721,958,400                   | 2,930,687,771   |                      | 8,057,853,542                 |
| <b>Liabilities</b>                        |                       |                           |                                 |   |                      |                               |
| Medium term borrowings                    | -                     | -                         | 295,000,000                     | -   | 295,000,000          | -                             |
| Customers Deposit                         | -                     | -                         | -                               | 7,205,975,386   | 7,205,975,386        | 6,082,491,910                 |
| Claims admitted or intimated but not paid | -                     | -                         | -                               | 200,466,376   | 200,466,376          | 392,975,349                   |
| Payables and accrued expenses             | -                     | -                         | -                               | 345,456,648   | 345,456,648          | 349,164,481                   |
| Bank overdraft ( secured)                 | -                     | -                         | -                               | 62,609,013  | 62,609,013           | 325,493,166                   |
| Bank overdraft ( unsecured)               | -                     | -                         | -                               | 19,544,119  | 19,544,119           | 3,580,701                     |
| <b>TOTAL LIABILITIES</b>                  | <b>-</b>              | <b>-</b>                  | <b>295,000,000</b>              | <b>7,834,051,542</b>                                    | <b>8,129,051,542</b> |                               |
| 2006/2007                                 | -                     | -                         | -                               | 7,153,705,607   |                      | 7,153,705,607                 |

Fair values of financial assets and liabilities have been determined as follows:

(i) " Available for sale " - as stated in Note 17

(ii) " Loans and receivables" - Note 17

The directors consider that the carrying amounts of the financial assets and liabilities recorded at amortised costs in the financial statements approximate their fair value

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40 Goodwill

In accordance with IFRS 3 - Business combinations, goodwill for impairment at June 30, 2008 was calculated using the value in use method.

|  | Group            |                  |
|--|------------------|------------------|
|  | <u>30.6.2008</u> | <u>30.6.2007</u> |
|  | G\$              | G\$              |
| Balance at beginning                   | 157,582,464      | 157,582,464      |
| Impairment/ ammortisation for the year | -                | -                |
| Balance at end                         | 157,582,464      | 157,582,464      |
| Goodwill at cost                       | 161,623,040      | 161,623,040      |
| Accumulated impairment/ amortisation   | 4,040,576        | 4,040,576        |
|  | 157,582,464      | 157,582,464      |

Impairment testing of goodwill

Goodwill arising through business combination was generated by the acquisition of GNCB Trust Corporation Inc. now renamed Hand in Hand Trust Corporation Inc. on November 20, 2002.

The following table highlights the goodwill and impairment information in the cash generating unit.

|                                    | <u>Hand in Hand Trust<br/>Corporation Inc</u> |
|------------------------------------|---|
| Carrying amount of goodwill (G\$)  | 157,582,464                                   |
| Basis of recoverable amount        | Value in use                                  |
| Discount rate                      | 7%  |
| Cash flow projection term          | 10 years                                      |
| Growth rate (extrapolation period) | 5%  |

The values assigned to key assumptions reflect past experience. The cash flow projections are based on budgets approved by senior management and the Board of Directors of the relevant company.

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
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41 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Listed below are transactions and balances with related parties.

|  | Company                 |                         | Group                   |                         |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
|  | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$ | <u>30.6.2008</u><br>G\$ | <u>30.6.2007</u><br>G\$ |
| Interest on demand loan from Hand in Hand Mutual Life Assurance Company Limited.   | <u>22,256,351</u>       | <u>16,116,163</u>       | <u>22,256,351</u>       | <u>16,116,163</u>       |
| Interest on demand loan from GCIS Inc.   | <u>6,034,310</u>        | <u>4,875,119</u>        | <u>-</u>                | <u>-</u>                |
| Loans granted during the year by the Hand in Hand Mutual Life Assurance Company Limited.   | <u>295,000,000</u>      | <u>205,000,000</u>      | <u>295,000,000</u>      | <u>205,000,000</u>      |
| Loans granted during the year by the GCIS Inc.   | <u>70,000,000</u>       | <u>78,000,000</u>       | <u>-</u>                | <u>-</u>                |
| Management fees charged to GCIS Inc.   | <u>12,000,000</u>       | <u>12,000,000</u>       | <u>-</u>                | <u>-</u>                |
| The Hand in Hand Mutual Fire Insurance Company Limited and Hand in Hand Mutual Life Assurance Company Limited have a common Board of Directors. During the year, staff and facilities of the Hand in Hand Mutual Fire Insurance Company Limited were utilised by the Hand in Hand Mutual Life Assurance Company Limited. |                         |                         |                         |                         |
| Fees charged   | <u>19,759,131</u>       | <u>17,592,777</u>       | <u>19,759,131</u>       | <u>17,592,777</u>       |
| Key management personnel   |                         |                         |                         |                         |
| (i) Compensation   |                         |                         |                         |                         |
| The Group's key management personnel comprises its Directors and Executive managers. The remuneration paid during the year were:   |                         |                         |                         |                         |
| Short term employee benefit - Managers - 25 (2007 - 24)  | <u>46,675,495</u>       | <u>38,931,581</u>       | <u>115,057,429</u>      | <u>100,925,931</u>      |
| Long term employee benefit   |                         |                         |                         |                         |
| Managers - Benefits from the contribution of pension scheme is similar to the benefits of all employees.   |                         |                         |                         |                         |
| Directors' emoluments - 9 (2007 - 9) (Refer to Note 8)   | <u>14,746,488</u>       | <u>13,405,898</u>       | <u>22,621,426</u>       | <u>20,302,396</u>       |
| (ii) Mortgages:  |                         |                         |                         |                         |
| Staff - (6) 4.5% - 6% (2007-(6) 6%)  | <u>70,784,437</u>       | <u>73,667,437</u>       | <u>86,649,917</u>       | <u>98,135,894</u>       |
| (iii) Loans and advances - 18 (2007 -15)   |                         |                         |                         |                         |
| Rate of interest   | <u>6 - 8%</u>           | <u>6 - 8%</u>           | <u>6 - 8%</u>           | <u>6 - 8%</u>           |

Provisions amounting to \$14,030,826 (\$11,271,961 - 2006/2007) were made for mortgages/loans and advances.

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42 (a) Segmented information

**Company**

|   | 2007/2008            |                      |  |                    | 2006/2007            |                                 |
|---|----------------------|----------------------|--|--------------------|----------------------|---------------------------------|
|   | <u>Fire</u><br>G\$   | <u>Marine</u><br>G\$ | <u>Accident<br/>and<br/>liabilities</u><br>G\$ | <u>Auto</u><br>G\$ | <u>Total</u><br>G\$  | <u>Total</u><br>G\$<br>Restated |
| Revenue   |                      |                      |  |                    |                      |                                 |
| Premium   | 385,518,967          | 35,314,982           | 66,439,727                                     | 430,999,964        | 918,273,640          | 807,937,995                     |
| Reinsurance premiums  | <u>106,196,554</u>   | <u>6,278,611</u>     | <u>28,737,071</u>                              | <u>32,497,859</u>  | <u>173,710,095</u>   | <u>162,536,037</u>              |
| Premium (net)   | 279,322,413          | 29,036,371           | 37,702,656                                     | 398,502,105        | 744,563,545          | 645,401,958                     |
| Investment income   |                      |                      |  |                    |                      |                                 |
| "Available for sale"  | 26,996,398           | 2,806,353            | 3,643,946                                      | -                  | 33,446,698           | 20,349,777                      |
| "Loans and receivables"   | 2,765,197            | 287,450              | 373,244  | 79,528             | 3,505,419            | 523,680                         |
| Other income  | 12,430,513           | 1,292,188            | 1,677,858                                      | 2,038,293          | 17,438,852           | 18,066,142                      |
| Management fees   | 9,685,763            | 1,006,863            | 1,307,374                                      | -                  | 12,000,000           | 12,000,000                      |
| Unclaimed TCP and others  | 430,539              | 44,756               | 58,114   | 54,070             | 587,478              | 1,046,412                       |
| Gain on exchange  | 3,364,852            | 349,786              | 454,184  | (537,908)          | 3,630,914            | 2,286,294                       |
| Gain on disposal of investments   | <u>5,940,992</u>     | <u>617,583</u>       | <u>801,909</u>                                 | <u>-</u>           | <u>7,360,484</u>     | <u>25,810,072</u>               |
|   | <u>340,936,666</u>   | <u>35,441,350</u>    | <u>46,019,285</u>                              | <u>400,136,088</u> | <u>822,533,390</u>   | <u>725,484,335</u>              |
| Deduct:   |                      |                      |  |                    |                      |                                 |
| Expenditure   |                      |                      |  |                    |                      |                                 |
| Commissions and allowances  | 80,589,270           | 4,830,180            | 9,884,448                                      | 33,575,716         | 128,879,614          | 105,342,956                     |
| Management expenses   | 177,917,224          | 18,495,009           | 24,015,086                                     | 106,440,507        | 326,867,826          | 314,285,117                     |
| Claims (net)  | 77,884,534           | 509,750              | 12,999,601                                     | 176,697,077        | 268,090,962          | 231,629,317                     |
| Triennial cash profit   | 6,047,518            | -                    | -  | -                  | 6,047,518            | 6,305,779                       |
| Taxation  | <u>-</u>             | <u>-</u>             | <u>-</u>                                       | <u>-</u>           | <u>2,554,567</u>     | <u>11,837,936</u>               |
|   | <u>342,438,546</u>   | <u>23,834,939</u>    | <u>46,899,135</u>                              | <u>316,713,300</u> | <u>732,440,487</u>   | <u>669,401,105</u>              |
| Surplus/(deficit) of revenue over<br>expenditure for the year ended<br>30 June 2008 | <u>(1,501,880)</u>   | <u>11,606,412</u>    | <u>(879,850)</u>                               | <u>83,422,788</u>  | <u>90,092,903</u>    | <u>56,083,230</u>               |
|   | <u>Fire</u><br>G\$   | <u>Marine</u><br>G\$ | <u>Accident<br/>and<br/>liabilities</u><br>G\$ | <u>Auto</u><br>G\$ | <u>Total</u><br>G\$  | <u>Total</u><br>G\$             |
| ASSETS  | <u>2,175,078,797</u> | <u>199,245,368</u>   | <u>374,849,628</u>                             | <u>124,337,078</u> | <u>2,873,510,871</u> | <u>2,882,528,686</u>            |
| LIABILITIES   | <u>477,879,546</u>   | <u>34,758,370</u>    | <u>102,433,665</u>                             | <u>34,776,221</u>  | <u>649,847,802</u>   | <u>739,785,346</u>              |

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42 (b) Segmented information

| Group   | 2007/2008            |                    |                                       |                    |                    |                      |                     | 2006/2007             |                          |
|---|----------------------|--------------------|---------------------------------------|--------------------|--------------------|----------------------|---------------------|-----------------------|--------------------------|
|   | Fire<br>G\$          | Marine<br>G\$      | Accident<br>and<br>liabilities<br>G\$ | Auto<br>G\$        | Life<br>G\$        | Trust<br>G\$         | Taxation<br>G\$     | Total<br>G\$          | Total<br>G\$<br>Restated |
| Revenue   |                      |                    |                                       |                    |                    |                      |                     |                       |                          |
| Premium   | 399,001,806          | 35,314,982         | 61,467,409                            | 585,775,363        | 4,659,073          | -                    | -                   | 1,086,218,633         | 979,695,526              |
| Reinsurance premiums  | 104,401,054          | 6,278,611          | 28,737,071                            | 44,809,657         | 1,111,785          | -                    | -                   | 185,338,178           | 177,965,136              |
| Net premiums  | 294,600,752          | 29,036,371         | 32,730,338                            | 540,965,706        | 3,547,288          | -                    | -                   | 900,880,455           | 801,730,390              |
| Investment income   |                      |                    |                                       |                    |                    |                      |                     |                       |                          |
| "Held to maturity"  | 159,250              | -                  | -                                     | 490,025            | 644,101            | 153,538,194          | -                   | 154,831,570           | 191,320,602              |
| "Available for sale"  | 17,204,707           | 1,692,608          | 2,197,788                             | 2,837,853          | 750,718            | 1,153,687            | -                   | 25,837,361            | 20,109,161               |
| "Loans and receivables"   | 2,765,197            | 287,450            | 373,244                               | 79,528             | 678,746            | 116,686,710          | -                   | 120,870,875           | 215,941,635              |
| Other income  | 12,961,810           | 1,267,016          | 1,645,174                             | 4,418,224          | 391,456            | 209,219,604          | -                   | 229,903,284           | 185,599,008              |
| Unclaimed TCP and others  | 430,539              | 44,756             | 58,114                                | 54,070             | -                  | -                    | -                   | 587,479               | 1,046,412                |
| Gain on exchange  | 3,380,790            | 349,786            | 454,184                               | (488,866)          | -                  | 28,078,397           | -                   | 31,774,291            | 14,973,383               |
| Gain on disposal of investments   | 6,559,263            | 617,583            | 801,909                               | 1,902,463          | -                  | -                    | -                   | 9,881,218             | 29,768,577               |
|   | <u>338,062,308</u>   | <u>33,295,570</u>  | <u>38,260,751</u>                     | <u>550,259,002</u> | <u>6,012,309</u>   | <u>508,676,592</u>   | <u>-</u>            | <u>1,474,566,532</u>  | <u>1,460,489,168</u>     |
| Deduct: expenditure   |                      |                    |                                       |                    |                    |                      |                     |                       |                          |
| Commissions and allowance   | 78,496,783           | 4,830,180          | 9,884,448                             | 40,137,707         | -                  | -                    | -                   | 133,349,118           | 109,897,889              |
| Management expenses   | 191,420,312          | 17,988,699         | 23,357,661                            | 162,977,536        | 3,473,190          | 87,628,480           | -                   | 486,845,878           | 667,286,316              |
| Interest  | -                    | -                  | -                                     | -                  | -                  | 310,531,940          | -                   | 310,531,940           | 250,883,462              |
| Claims (net)  | 80,571,734           | 509,750            | 7,199,601                             | 221,984,059        | 7,025,490          | -                    | -                   | 317,290,634           | 273,842,938              |
| Surrenders  | -                    | -                  | -                                     | -                  | 1,081,965          | -                    | -                   | 1,081,965             | 679,804                  |
| Triennial cash profit   | 6,047,518            | -                  | -                                     | -                  | -                  | -                    | -                   | 6,047,518             | 6,305,779                |
| Taxation  | -                    | -                  | -                                     | -                  | -                  | -                    | 26,103,948          | 26,103,948            | 21,325,367               |
|   | <u>356,536,347</u>   | <u>23,328,629</u>  | <u>40,441,710</u>                     | <u>425,099,302</u> | <u>11,580,645</u>  | <u>398,160,420</u>   | <u>26,103,948</u>   | <u>1,281,251,001</u>  | <u>1,330,221,555</u>     |
| Surplus/(deficit) of revenue over<br>expenditure before minority interest | (18,474,039)         | 9,966,941          | (2,180,959)                           | 125,159,700        | (5,568,336)        | 110,516,172          | (26,103,948)        | 193,315,531           | 130,267,613              |
| Less: Minority interest   | 2,467,254            | -                  | (1,985,876)                           | (7,542,838)        | 1,881,065          | (28,599,237)         | -                   | (33,779,632)          | (24,518,447)             |
| Surplus/(deficit) of revenue over<br>expenditure after minority interest  | <u>(16,006,785)</u>  | <u>9,966,941</u>   | <u>(4,166,835)</u>                    | <u>117,616,862</u> | <u>(3,687,271)</u> | <u>81,916,935</u>    | <u>(26,103,948)</u> | <u>159,535,899</u>    | <u>105,749,166</u>       |
| ASSETS  | <u>2,175,078,797</u> | <u>199,245,368</u> | <u>374,849,628</u>                    | <u>153,173,381</u> | <u>47,208,536</u>  | <u>8,233,796,091</u> | <u>-</u>            | <u>11,183,351,801</u> | <u>10,049,072,293</u>    |
| LIABILITIES   | <u>448,027,385</u>   | <u>28,885,003</u>  | <u>96,907,314</u>                     | <u>99,806,150</u>  | <u>8,680,071</u>   | <u>7,561,609,055</u> | <u>-</u>            | <u>8,243,914,978</u>  | <u>7,253,427,178</u>     |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
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NOTES ON THE ACCOUNTS

43 Financial risk management

Financial risk management objectives

The Company and Group Management monitors and manages the financial risks relating to the operations of the Company and Group through internal risk reports which analyse exposures by degree and magnitude of risk. These risks include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Company and Group seeks to minimise the effects of these risks by the use of techniques that are governed by management's policies on foreign exchange risk, interest rate risk and credit risk which are approved by the Board of Directors.

Investment risk management is undertaken at the individual investment level and the degree of monitoring of each investment is determined as a result of the outcome of an evaluation of the level of risk involved. An appropriate risk response strategy is implemented immediately for investments that show signs of credit deterioration. Any impairment to a financial asset resulting from an investor's inability to meet its debt service obligations or a company not performing financially in accordance with expectations, is treated in accordance with International Financial reporting Standards.

The Company and Group Management reports monthly to the board of directors on matters relating to risk and management of risk.

(a) Market risk

The Company and Group activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates. The Company and Group uses gap analysis, interest rate sensitivity and exposure limits to financial instruments to manage its exposure to interest rate and foreign currency risk. There has been no change in the Company and Group's exposure to market risk or the manner in which it manages these risks.

(i) Price risk

Price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities traded in the market. Management continually identifies the risk and diversifies the portfolio in order to minimise the risk.

(ii) Interest rate risk

The Company and Group are exposed to interest rate risk but the Company and Group's sensitivity to interest is immaterial as its financial instruments are substantially at fixed rates. The Company and Group's exposures to interest rate risk on financial assets and financial liabilities are listed overleaf:

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

AND SUBSIDIARIES

NOTES ON THE ACCOUNTS

43 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

| Company                       | Average interest rate % | Maturing 30.6.2008  |                      |                    |                      | Total G\$            |
|-------------------------------|-------------------------|---------------------|----------------------|--------------------|----------------------|----------------------|
|                               |                         | Within 1 year       | 1 to 5 years         | Over 5 years       | Non-interest bearing |                      |
|                               |                         | G\$                 | G\$                  | G\$                | G\$                  |                      |
| <b>Assets</b>                 |                         |                     |                      |                    |                      |                      |
| Investments                   |                         |                     |                      |                    |                      |                      |
| "Available for sale"          |                         | -                   | -                    | -                  | 421,405,730          | 421,405,730          |
| "Loans and receivables"       | 3.91                    | 15,898,791          | 21,221,515           | 37,151,931         | -                    | 74,272,237           |
| Investments in subsidiaries   |                         | -                   | -                    | -                  | 532,727,222          | 532,727,222          |
| Properties on hand            |                         | -                   | -                    | -                  | 8,808,143            | 8,808,143            |
| Statutory deposit             | 3.00                    | -                   | -                    | 129,080,392        | -                    | 129,080,392          |
| Receivables and prepayments   | 6.00                    | 13,662,295          | 16,356,773           | 14,888,661         | 235,499,333          | 280,407,062          |
| Interest accrued              |                         | -                   | -                    | -                  | 1,903,378            | 1,903,378            |
| Cash on deposit               | 6.94                    | 39,550,255          | -                    | -                  | -                    | 39,550,255           |
| Cash at banks and on hand     |                         | -                   | -                    | -                  | 48,424,483           | 48,424,483           |
|                               |                         | <u>69,111,341</u>   | <u>37,578,288</u>    | <u>181,120,984</u> | <u>1,248,768,289</u> | <u>1,536,578,902</u> |
| <b>Liabilities</b>            |                         |                     |                      |                    |                      |                      |
| Medium term borrowings        | 8.00                    | -                   | 295,000,000          | -                  | -                    | 295,000,000          |
| Loan due to subsidiaries      | 8.00                    | -                   | 70,000,000           | -                  | -                    | 70,000,000           |
| Claims intimated but not paid |                         | -                   | -                    | -                  | 151,762,992          | 151,762,992          |
| Payables and accrued expenses |                         | -                   | -                    | -                  | 50,931,678           | 50,931,678           |
| Bank overdraft ( secured)     | 13.50                   | 62,609,013          | -                    | -                  | -                    | 62,609,013           |
| Bank overdraft ( unsecured)   | 13.50                   | 19,544,119          | -                    | -                  | -                    | 19,544,119           |
|                               |                         | <u>82,153,132</u>   | <u>365,000,000</u>   | <u>-</u>           | <u>202,694,670</u>   | <u>649,847,802</u>   |
| Interest sensitivity gap      |                         | <u>(13,041,791)</u> | <u>(327,421,712)</u> | <u>181,120,984</u> |                      |                      |

| Company                       | Average interest rate | Maturing 30.6.2007   |                   |                    |                      | Total G\$            |
|-------------------------------|-----------------------|----------------------|-------------------|--------------------|----------------------|----------------------|
|                               |                       | Within 1 year        | 1 to 5 years      | Over 5 years       | Non-interest bearing |                      |
|                               |                       | G\$                  | G\$               | G\$                | G\$                  |                      |
| <b>Assets</b>                 |                       |                      |                   |                    |                      |                      |
| Investments                   |                       |                      |                   |                    |                      |                      |
| "Available for sale"          | 5.00                  | -                    | -                 | 17,737,500         | 396,143,983          | 413,881,483          |
| "Loans and receivables"       | 0.90                  | 16,253,954           | 18,972,126        | 44,648,803         | -                    | 79,874,883           |
| Investments in subsidiaries   |                       | -                    | -                 | -                  | 532,727,222          | 532,727,222          |
| Properties on hand            |                       | -                    | -                 | -                  | 1,612,000            | 1,612,000            |
| Statutory deposit             | 3.00                  | -                    | -                 | 123,683,506        | -                    | 123,683,506          |
| Receivables and prepayments   | 6.00                  | 16,371,625           | 18,164,758        | 8,056,682          | 255,173,071          | 297,766,136          |
| Interest accrued              |                       | -                    | -                 | -                  | 2,033,798            | 2,033,798            |
| Cash on deposit               | 4.34                  | 40,277,265           | -                 | -                  | -                    | 40,277,265           |
| Cash at banks and on hand     |                       | -                    | -                 | -                  | 61,255,428           | 61,255,428           |
|                               |                       | <u>72,902,844</u>    | <u>37,136,884</u> | <u>194,126,491</u> | <u>1,248,945,502</u> | <u>1,553,111,721</u> |
| <b>Liabilities</b>            |                       |                      |                   |                    |                      |                      |
| Claims intimated but not paid |                       | -                    | -                 | -                  | 339,052,920          | 339,052,920          |
| Payables and accrued expenses |                       | -                    | -                 | -                  | 71,658,559           | 71,658,559           |
| Bank overdraft ( secured)     | 13.50                 | 325,493,166          | -                 | -                  | -                    | 325,493,166          |
| Bank overdraft ( unsecured)   | 13.50                 | 3,580,701            | -                 | -                  | -                    | 3,580,701            |
|                               |                       | <u>329,073,867</u>   | <u>-</u>          | <u>-</u>           | <u>410,711,479</u>   | <u>739,785,346</u>   |
| Interest sensitivity gap      |                       | <u>(256,171,023)</u> | <u>37,136,884</u> | <u>194,126,491</u> |                      |                      |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

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NOTES ON THE ACCOUNTS

43 Financial risk management - cont'd

(a) Market risk - cont'd

(ii) Interest rate risk - cont'd

|                                   | Average interest rate | Maturing 30.6.2008   |                      |                      |                          | Total G\$            |
|-----------------------------------|-----------------------|----------------------|----------------------|----------------------|--------------------------|----------------------|
|                                   |                       | Within 1 year G\$    | 2 to 5 years G\$     | Over 5 years G\$     | Non-interest bearing G\$ |                      |
| <b>Group Assets</b>               |                       |                      |                      |                      |                          |                      |
| Investments                       |                       |                      |                      |                      |                          |                      |
| "Held to Maturity"                | 7.25                  | 978,451,867          | 1,286,525,920        | 1,246,578,331        | -                        | 3,511,556,118        |
| "Available for sale"              | 4.50                  | 17,642,462           | -                    | 142,037,306          | 396,093,329              | 555,773,097          |
| "Loans and receivables"           | 8.00                  | 534,794,012          | 258,362,958          | 76,453,518           | -                        | 869,610,488          |
| Properties on hand                |                       | -                    | -                    | -                    | 72,985,197               | 72,985,197           |
| Statutory deposit                 | 3.00                  | -                    | -                    | 175,304,474          | 853,378,400              | 1,028,682,874        |
| Receivables and prepayments       | 6.00                  | 13,662,295           | 16,356,773           | 14,888,661           | 285,110,999              | 330,018,728          |
| Interest accrued                  |                       | -                    | -                    | -                    | 278,123,617              | 278,123,617          |
| Cash on deposit                   | 3.50 - 3.75           | 400,686,293          | 1,958,698,170        | -                    | -                        | 2,359,384,463        |
| Cash at banks and on hand         |                       | -                    | -                    | -                    | 168,009,951              | 168,009,951          |
|                                   |                       | <u>1,945,236,929</u> | <u>3,519,943,821</u> | <u>1,655,262,290</u> | <u>2,053,701,493</u>     | <u>9,174,144,533</u> |
| <b>Liabilities</b>                |                       |                      |                      |                      |                          |                      |
| Medium term borrowings            | 8.00                  | -                    | 295,000,000          | -                    | -                        | 295,000,000          |
| Customers Deposit - Savings       | 4.00                  | 469,007,014          | -                    | -                    | -                        | 469,007,014          |
| Customers Deposit - Fixed deposit | 2.75 - 3.75           | 5,581,796,922        | 1,153,522,533        | 1,648,917            | -                        | 6,736,968,372        |
| Claims intimated but not paid     |                       | -                    | -                    | -                    | 200,466,376              | 200,466,376          |
| Payables and accrued expenses     |                       | -                    | -                    | -                    | 345,456,648              | 345,456,648          |
| Bank overdraft ( secured)         | 13.50                 | 62,609,013           | -                    | -                    | -                        | 62,609,013           |
| Bank overdraft ( unsecured)       | 13.50                 | 19,544,119           | -                    | -                    | -                        | 19,544,119           |
|                                   |                       | <u>82,153,132</u>    | <u>1,448,522,533</u> | <u>-</u>             | <u>545,923,024</u>       | <u>8,129,051,542</u> |
| Interest sensitivity gap          |                       | <u>1,863,083,797</u> | <u>2,071,421,288</u> | <u>1,655,262,290</u> |                          |                      |

|                                   | Average interest rate | Maturing 30.6.2007   |                      |                      |                          | Total G\$            |
|-----------------------------------|-----------------------|----------------------|----------------------|----------------------|--------------------------|----------------------|
|                                   |                       | Within 1 year G\$    | 1 to 5 years G\$     | Over 5 years G\$     | Non-interest bearing G\$ |                      |
| <b>Group Assets</b>               |                       |                      |                      |                      |                          |                      |
| Investments                       |                       |                      |                      |                      |                          |                      |
| "Held to Maturity"                | 7.83                  | 439,333,867          | 1,220,350,618        | 1,200,306,886        | -                        | 2,859,991,371        |
| "Available for sale"              | 4.50                  | -                    | -                    | 150,646,918          | 394,569,082              | 545,216,000          |
| "Loans and receivables"           | 8.82                  | 586,066,226          | 418,876,584          | 149,847,147          | -                        | 1,154,789,957        |
| Properties on hand                |                       | -                    | -                    | -                    | 52,811,712               | 52,811,712           |
| Statutory deposit                 | 3.00                  | -                    | -                    | 169,907,588          | 713,290,065              | 883,197,653          |
| Receivables and prepayments       | 6.00                  | 16,371,625           | 18,164,758           | 8,056,682            | 318,176,400              | 360,769,465          |
| Interest accrued                  |                       | -                    | -                    | -                    | 206,398,978              | 206,398,978          |
| Cash on deposit                   | 3.50 - 3.75           | 1,622,796,193        | 100,494,573          | -                    | -                        | 1,723,290,766        |
| Cash at banks and on hand         |                       | -                    | -                    | -                    | 260,721,071              | 260,721,071          |
|                                   |                       | <u>2,664,567,911</u> | <u>1,757,886,533</u> | <u>1,678,765,221</u> | <u>1,945,967,308</u>     | <u>8,047,186,973</u> |
| <b>Liabilities</b>                |                       |                      |                      |                      |                          |                      |
| Customers Deposit - Savings       | 4.00                  | 421,475,088          | -                    | -                    | -                        | 421,475,088          |
| Customers Deposit - Fixed deposit | 2.75 - 3.75           | 3,877,800,635        | 1,782,909,908        | 306,279              | -                        | 5,661,016,822        |
| Claims intimated but not paid     |                       | -                    | -                    | -                    | 392,975,349              | 392,975,349          |
| Payables and accrued expenses     |                       | -                    | -                    | -                    | 349,164,481              | 349,164,481          |
| Bank overdraft ( secured)         | 13.50                 | 325,493,166          | -                    | -                    | -                        | 325,493,166          |
| Bank overdraft ( unsecured)       | 13.50                 | 3,580,701            | -                    | -                    | -                        | 3,580,701            |
|                                   |                       | <u>329,073,867</u>   | <u>-</u>             | <u>-</u>             | <u>742,139,830</u>       | <u>1,071,213,697</u> |
| Interest sensitivity gap          |                       | <u>2,335,494,044</u> | <u>1,757,886,533</u> | <u>1,678,765,221</u> |                          |                      |

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED  
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NOTES ON THE ACCOUNTS

43 Financial risk management

(a) Market risk - cont'd

(iii) Foreign currency risk

The Company and Group is exposed to foreign currency risk due to fluctuations in exchange rates on investments and foreign bank balances. The currencies which the Company and Group are mainly exposed to are Pounds Sterling, United States dollar and Canadian dollar.

The equivalent Guyana dollar value of assets are shown below:-

| Company | 2007/2008 |            |         |                |
|---------|-----------|------------|---------|----------------|
|         | £         | US\$       | Can\$   | G\$ equivalent |
| Assets  | 584,568   | 239,815    | 458,025 | 360,046,541    |
|         | 2006/2007 |            |         |                |
|         | £         | US\$       | Can\$   | G\$ equivalent |
| Assets  | 696,967   | 261,555    | 432,302 | 393,649,535    |
|         | Group     |            |         |                |
|         | 2007/2008 |            |         |                |
|         | £         | US\$       | Can\$   | G\$ equivalent |
| Assets  | 745,941   | 24,054,612 | 458,025 | 5,185,134,299  |
|         | 2006/2007 |            |         |                |
|         | £         | US\$       | Can\$   | G\$ equivalent |
| Assets  | 877,829   | 17,515,815 | 432,302 | 3,929,578,945  |

**Foreign currency sensitivity analysis:**

The following table details the company's sensitivity to a 3% increase or decrease in the Guyana dollar against the relevant currencies. Although a rate is not formally adopted and used as a measure, 3% gives prudent possibility of a change in rate.

The sensitivity analysis shows the impact of all assets and liabilities that are held in foreign currencies. A positive number below indicates an increase in reserves if the currency were strengthened 3% against the Guyana dollar. If the currencies were weakened 3% against the Guyana dollar, there would be an equal and opposite impact on the revenue account and the balances would be negative.

|               | Company   |           |           | Group     |           |           |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|
|               | 2007/2008 | 2007/2008 | 2007/2008 | 2007/2008 | 2007/2008 | 2007/2008 |
|               | £         | US\$      | Can\$     | £         | US\$      | Can\$     |
|               | G\$M      | G\$M      | G\$M      | G\$M      | G\$M      | G\$M      |
|               | Impact    | Impact    | Impact    | Impact    | Impact    | Impact    |
| Profit/(loss) | 6.8       | 1.4       | 2.6       | 8.6       | 144.3     | 2.6       |

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43 Financial Risk Management - cont'd

(b) Liquidity risk

Liquidity risk is the risk that the Company and Group will encounter difficulty in raising funds to meet its commitments associated with financial instruments.

|                               | Average Interest Rate % | At 30 June 2008     |                   |                    |                      |                      |                      |
|-------------------------------|-------------------------|---------------------|-------------------|--------------------|----------------------|----------------------|----------------------|
|                               |                         | On Demand G\$       | 1 to 3 months G\$ | 3 to 12 months G\$ | 1 to 5 years G\$     | Over 5 years G\$     | Total G\$            |
| <b>Company Assets</b>         |                         |                     |                   |                    |                      |                      |                      |
| Investments                   |                         | -                   | -                 | -                  | -                    | -                    | -                    |
| "Available for sale"          |                         | -                   | -                 | -                  | -                    | 421,405,730          | 421,405,730          |
| "Loans and receivables"       | 3.91                    | 13,410,171          | 525,231           | 1,963,389.00       | 21,221,515           | 37,151,931           | 74,272,237           |
| Investments in subsidiaries   |                         | -                   | -                 | -                  | -                    | 532,727,222          | 532,727,222          |
| Properties on hand            |                         | -                   | -                 | -                  | -                    | 8,808,143            | 8,808,143            |
| Statutory deposit             | 3.00                    | -                   | -                 | -                  | -                    | 129,080,392          | 129,080,392          |
| Receivables and prepayments   |                         | 124,235,297         | 87,521,005        | 23,512,609         | 22,827,799           | 22,310,352           | 280,407,062          |
| Interest accrued              |                         | 1,903,378           | -                 | -                  | -                    | -                    | 1,903,378            |
| Cash on deposit               | 6.94                    | 39,550,255          | -                 | -                  | -                    | -                    | 39,550,255           |
| Cash at banks and on hand     |                         | 48,424,483          | -                 | -                  | -                    | -                    | 48,424,483           |
|                               |                         | <u>227,523,584</u>  | <u>88,046,236</u> | <u>25,475,998</u>  | <u>44,049,314</u>    | <u>1,151,483,770</u> | <u>1,536,578,902</u> |
| <b>Liabilities</b>            |                         |                     |                   |                    |                      |                      |                      |
| Medium term borrowings        | 8.00                    | -                   | -                 | -                  | 295,000,000          | -                    | 295,000,000          |
| Loan due to subsidiaries      | 8.00                    | -                   | -                 | -                  | 70,000,000           | -                    | 70,000,000           |
| Claims intimated but not paid |                         | 151,762,992         | -                 | -                  | -                    | -                    | 151,762,992          |
| Payables and accrued expenses |                         | 39,987,483          | 9,602,917         | 1,326,278          | -                    | 15,000               | 50,931,678           |
| Bank overdraft ( secured)     | 13.50                   | 62,609,013          | -                 | -                  | -                    | -                    | 62,609,013           |
| Bank overdraft ( unsecured)   | 13.50                   | 19,544,119          | -                 | -                  | -                    | -                    | 19,544,119           |
|                               |                         | <u>273,903,607</u>  | <u>9,602,917</u>  | <u>1,326,278</u>   | <u>365,000,000</u>   | <u>15,000</u>        | <u>649,847,802</u>   |
| Interest sensitivity gap      |                         | <u>(46,380,023)</u> | <u>78,443,319</u> | <u>24,149,720</u>  | <u>(320,950,686)</u> | <u>1,151,468,770</u> | <u>886,731,100</u>   |

  

|                               | Average Interest Rate % | At 30 June 2007      |                   |                    |                   |                      |                      |
|-------------------------------|-------------------------|----------------------|-------------------|--------------------|-------------------|----------------------|----------------------|
|                               |                         | On Demand G\$        | 1 to 3 months G\$ | 3 to 12 months G\$ | 1 to 5 years G\$  | Over 5 years G\$     | Total G\$            |
| <b>Company Assets</b>         |                         |                      |                   |                    |                   |                      |                      |
| Investments                   |                         | -                    | -                 | -                  | -                 | -                    | -                    |
| "Available for sale"          | 5.00                    | -                    | -                 | -                  | -                 | 413,881,483          | 413,881,483          |
| "Loans and receivables"       | 0.90                    | 12,562,527           | 1,072,115         | 2,619,312          | 18,972,126        | 44,648,803           | 79,874,883           |
| Investments in subsidiaries   |                         | -                    | -                 | -                  | -                 | 532,727,222          | 532,727,222          |
| Properties on hand            |                         | -                    | -                 | -                  | -                 | 1,612,000            | 1,612,000            |
| Statutory deposit             | 3.00                    | -                    | -                 | -                  | -                 | 123,683,506          | 123,683,506          |
| Receivables and prepayments   |                         | 209,155,523          | 32,899,110        | 20,302,585.00      | 24,996,559        | 10,412,359           | 297,766,136          |
| Interest accrued              |                         | 2,033,798            | -                 | -                  | -                 | -                    | 2,033,798            |
| Cash on deposit               | 4.34                    | 40,277,265           | -                 | -                  | -                 | -                    | 40,277,265           |
| Cash at banks and on hand     |                         | 61,255,428           | -                 | -                  | -                 | -                    | 61,255,428           |
|                               |                         | <u>325,284,541</u>   | <u>33,971,225</u> | <u>22,921,897</u>  | <u>43,968,685</u> | <u>1,126,965,373</u> | <u>1,553,111,721</u> |
| <b>Liabilities</b>            |                         |                      |                   |                    |                   |                      |                      |
| Claims intimated but not paid |                         | 339,052,920          | -                 | -                  | -                 | -                    | 339,052,920          |
| Payables and accrued expenses |                         | 54,656,884           | 15,748,483        | 1,238,192          | -                 | 15,000               | 71,658,559           |
| Bank overdraft ( secured)     | 13.50                   | 325,493,166          | -                 | -                  | -                 | -                    | 325,493,166          |
| Bank overdraft ( unsecured)   | 13.50                   | 3,580,701            | -                 | -                  | -                 | -                    | 3,580,701            |
|                               |                         | <u>722,783,671</u>   | <u>15,748,483</u> | <u>1,238,192</u>   | <u>-</u>          | <u>15,000</u>        | <u>739,785,346</u>   |
| Interest sensitivity gap      |                         | <u>(397,499,130)</u> | <u>18,222,742</u> | <u>21,683,705</u>  | <u>43,968,685</u> | <u>1,126,950,373</u> | <u>813,326,375</u>   |

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43 Financial Risk Management - cont'd

(b) Liquidity risk - cont'd

|                                   | Average Interest Rate % | At 30 June 2008      |                      |                        |                      |                      |                      |
|-----------------------------------|-------------------------|----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
|                                   |                         | On Demand            | 1 to 3 months        | 3 to 12 months         | 1 to 5 years         | Over 5 years         | Total                |
|                                   |                         | G\$                  | G\$                  | G\$                    | G\$                  | G\$                  | G\$                  |
| <b>Group Assets</b>               |                         |                      |                      |                        |                      |                      |                      |
| Investments                       |                         |                      |                      |                        |                      |                      |                      |
| "Held to Maturity"                | 7.25                    | -                    | 303,627,100          | 674,824,767            | 1,286,525,920        | 1,246,578,331        | 3,511,556,118        |
| "Available for sale"              | 4.50                    | -                    | 17,642,462           | -                      | -                    | 538,130,635          | 555,773,097          |
| "Loans and receivables"           | 8.00                    | 16,386,008           | 1,398,820            | 517,009,184            | 258,362,958          | 76,453,518           | 869,610,488          |
| Properties on hand                |                         | -                    | -                    | -                      | -                    | 72,985,197           | 72,985,197           |
| Statutory deposit                 | 3.00                    | -                    | -                    | -                      | -                    | 1,028,682,874        | 1,028,682,874        |
| Receivables and prepayments       |                         | 145,299,438          | 101,287,018          | 23,512,609             | 22,827,799           | 37,091,864           | 330,018,728          |
| Interest accrued                  |                         | 3,093,536            | 126,320,589          | 46,001,713             | 41,183,538           | 61,524,241           | 278,123,617          |
| Cash on deposit                   | 3.50 - 3.75             | 2,359,384,193        | -                    | -                      | -                    | -                    | 2,359,384,193        |
| Cash at banks and on hand         |                         | 168,009,951          | -                    | -                      | -                    | -                    | 168,009,951          |
|                                   |                         | <u>2,692,173,126</u> | <u>550,275,989</u>   | <u>1,261,348,273</u>   | <u>1,608,900,215</u> | <u>3,061,446,660</u> | <u>9,174,144,263</u> |
| <b>Liabilities</b>                |                         |                      |                      |                        |                      |                      |                      |
| Medium term borrowings            | 8.00                    | -                    | -                    | -                      | 295,000,000          | -                    | 295,000,000          |
| Customers Deposit - Savings       | 4.00                    | 469,007,014          | -                    | -                      | -                    | -                    | 469,007,014          |
| Customers Deposit - Fixed deposit | 2.75 - 3.75             | -                    | 1,012,110,685        | 4,569,686,237          | 1,153,522,533        | 1,648,917            | 6,736,968,372        |
| Claims intimated but not paid     |                         | 200,466,376          | -                    | -                      | -                    | -                    | 200,466,376          |
| Payables and accrued expenses     |                         | 81,597,557           | 262,517,813          | 1,326,278              | -                    | 15,000               | 345,456,648          |
| Bank overdraft ( secured)         | 13.50                   | 62,609,013           | -                    | -                      | -                    | -                    | 62,609,013           |
| Bank overdraft ( unsecured)       | 13.50                   | 19,544,119           | -                    | -                      | -                    | -                    | 19,544,119           |
|                                   |                         | <u>833,224,079</u>   | <u>1,274,628,498</u> | <u>4,571,012,515</u>   | <u>1,448,522,533</u> | <u>1,663,917</u>     | <u>8,129,051,542</u> |
| Interest sensitivity gap          |                         | <u>1,858,949,047</u> | <u>(724,352,509)</u> | <u>(3,309,664,242)</u> | <u>160,377,682</u>   | <u>3,059,782,743</u> | <u>1,045,092,721</u> |

|                                   | Average Interest Rate % | At 30 June 2007      |                        |                        |                      |                      |                      |
|-----------------------------------|-------------------------|----------------------|------------------------|------------------------|----------------------|----------------------|----------------------|
|                                   |                         | On Demand            | 1 to 3 months          | 3 to 12 months         | 1 to 5 years         | Over 5 years         | Total                |
|                                   |                         | G\$                  | G\$                    | G\$                    | G\$                  | G\$                  | G\$                  |
| <b>Group Assets</b>               |                         |                      |                        |                        |                      |                      |                      |
| Investments                       |                         |                      |                        |                        |                      |                      |                      |
| "Held to Maturity"                | 7.83                    | -                    | 72,000,000             | 367,333,867            | 1,220,350,618        | 1,200,306,886        | 2,859,991,371        |
| "Available for sale"              | 4.50                    | -                    | -                      | -                      | -                    | 545,216,000          | 545,216,000          |
| "Loans and receivables"           | 8.82                    | 16,247,866           | 1,552,289              | 568,266,071            | 418,876,584          | 149,847,147          | 1,154,789,957        |
| Properties on hand                |                         | -                    | -                      | -                      | -                    | 52,811,712           | 52,811,712           |
| Statutory deposit                 | 3.00                    | -                    | -                      | -                      | -                    | 883,197,653          | 883,197,653          |
| Receivables and prepayments       |                         | 238,362,609          | 51,998,398             | 20,302,585             | 24,996,559           | 25,109,314           | 360,769,465          |
| Interest accrued                  |                         | 2,781,882            | 64,170,878             | 86,369,500             | 17,217,484           | 35,859,234           | 206,398,978          |
| Cash on deposit                   | 3.50 - 3.75             | 1,723,290,766        | -                      | -                      | -                    | -                    | 1,723,290,766        |
| Cash at banks and on hand         |                         | 260,721,071          | -                      | -                      | -                    | -                    | 260,721,071          |
|                                   |                         | <u>2,241,404,194</u> | <u>189,721,565</u>     | <u>1,042,272,023</u>   | <u>1,681,441,245</u> | <u>2,892,347,946</u> | <u>8,047,186,973</u> |
| <b>Liabilities</b>                |                         |                      |                        |                        |                      |                      |                      |
| Customers Deposit - Savings       | 4.00                    | 421,475,088          | -                      | -                      | -                    | -                    | 421,475,088          |
| Customers Deposit - Fixed deposit | 2.75 - 3.75             | 140,767              | 1,637,953,534          | 2,239,706,334          | 1,782,909,908        | 306,279              | 5,661,016,822        |
| Claims intimated but not paid     |                         | 392,975,349          | -                      | -                      | -                    | -                    | 392,975,349          |
| Payables and accrued expenses     |                         | 101,373,599          | 229,341,345            | 18,434,537             | -                    | 15,000               | 349,164,481          |
| Bank overdraft ( secured)         | 13.50                   | 325,493,166          | -                      | -                      | -                    | -                    | 325,493,166          |
| Bank overdraft ( unsecured)       | 13.50                   | 3,580,701            | -                      | -                      | -                    | -                    | 3,580,701            |
|                                   |                         | <u>1,245,038,670</u> | <u>1,867,294,879</u>   | <u>2,258,140,871</u>   | <u>1,782,909,908</u> | <u>321,279</u>       | <u>7,153,705,607</u> |
| Interest sensitivity gap          |                         | <u>996,365,524</u>   | <u>(1,677,573,314)</u> | <u>(1,215,868,848)</u> | <u>(101,468,663)</u> | <u>2,892,026,667</u> | <u>893,481,366</u>   |

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43 Financial Risk Management - cont'd

(c) CREDIT RISK

Concentration of Assets and Liabilities

The Company and Group faces credit risk in respect of its receivables and cash and cash equivalents. However, this risk is controlled by close monitoring of these assets by the Company and Group. The maximum credit risk faced by the Company and Group are the balances reflected in in the financial statements.

|  | Company            |                    | Group                |                      |
|--|--------------------|--------------------|----------------------|----------------------|
|  | 2007/2008          | 2006/2007          | 2007/2008            | 2006/2007            |
| Loans and receivables - (i)                            | 88,303,063         | 91,146,844         | 883,641,314          | 1,166,061,918        |
| Accrued interest - Note 22 - (ii)                      | 1,903,378          | 2,033,798          | 278,123,617          | 206,398,978          |
| Receivables ( excluding prepayments) - Note 21 - (iii) | 279,946,271        | 297,766,136        | 317,708,161          | 349,856,528          |
|  | <u>370,152,712</u> | <u>390,946,778</u> | <u>1,479,473,092</u> | <u>1,722,317,424</u> |

The above balances are classified as follows:

|                               |                    |                    |                      |                      |
|-------------------------------|--------------------|--------------------|----------------------|----------------------|
| Current                       | 337,808,851        | 358,967,442        | 1,186,625,378        | 1,345,733,831        |
| Past due but not impaired (i) | 17,382,583         | 15,978,649         | 277,886,436          | 360,582,906          |
| Impaired (ii)                 | 14,961,278         | 16,000,687         | 14,961,278           | 16,000,687           |
|                               | <u>370,152,712</u> | <u>390,946,778</u> | <u>1,479,473,092</u> | <u>1,722,317,424</u> |

(i) Ageing of trade and other receivables which were past due but not impaired.

|   |                   |                   |                    |                    |
|---|-------------------|-------------------|--------------------|--------------------|
| Past due 30 - 89 days                                     | 6,481,699         | 7,842,704         | 37,879,187         | 40,864,472         |
| Past due 90 - 179 days                                    | 7,997,460         | 5,828,733         | 30,081,372         | 98,393,259         |
| Past due over - 180 days but less than 1 year             | 1,197,706         | 731,242           | 7,009,709          | 9,014,284          |
| Past due more than 1 year                                 | 1,705,718         | 1,575,970         | 202,916,168        | 212,310,891        |
|   | <u>17,382,583</u> | <u>15,978,649</u> | <u>277,886,436</u> | <u>360,582,906</u> |
| Provision for bad debts                                   | <u>4,770,072</u>  | <u>7,755,602</u>  | <u>60,761,904</u>  | <u>106,619,480</u> |
| Ageing of trade and other receivables which are impaired: |                   |                   |                    |                    |
| 120 + days  | <u>14,961,278</u> | <u>16,000,687</u> | <u>14,961,278</u>  | <u>16,000,687</u>  |
| Provision for bad debts (specific)                        | <u>14,961,278</u> | <u>16,000,687</u> | <u>14,961,278</u>  | <u>16,000,687</u>  |

(ii) As detailed in note 22, Accrued Interest represents amounts due or accrued on the various investments of the Company and Group.

These amounts would either be received in the new financial year, or would materialise on the maturity of the investment(s) in accordance with their terms and conditions

(iii) Receivables comprise a number of advances and loans to staff and sales representatives on which interest is earned. It also includes amounts owing to the Company and Group by other organisations.

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44 INSURANCE RISK

The principal risks that the Company and GCIS Inc. face under its insurance contracts are that actual claims are greater than estimated, actual claims are not adequately mitigated by re-insurance, and that total claims from the portfolio of contracts exceed the estimate used in pricing those contracts. The risks and mitigating factors are discussed below.

Risk management objectives and policies

The Company and GCIS Inc. mitigates its risks by engaging in both facultative and excess of loss reinsurance treaties. Reinsurance coverage for perils and other risks excluded from the excess of loss treaty are facultatively reinsured on a yearly renewal basis. The Company also engages in redlining where it reserves the the right to offer no coverage in specific geographic areas.

The Company and GCIS Inc. declines, rates up, applies excesses, accepts small participation or a combination of more than one of the preceeding as part of its overall prudent underwriting principles.

Terms and conditions of insurance contracts

All insurance contracts issued by the Company and GCIS Inc. include conditions aimed at protecting it. Some of these include stating assumed risks clearly (aimed at removing any ambiguity), inclusion of excess clauses, reserving the right to terminate the policy with notice, and clearly stating the maximum limit of any liability. The Company and GCIS Inc. promises to settle claims as soon as possible, all consideration given to proper investigations to establish that the insured event and losses have occurred.

Sensitivity analysis

The Company's and GCIS Inc profitability is sensitive to the flow of monies (1) inwards from policyholders; and (2) outwards to policyholders. If policyholders are unable to pay their premiums, the inflow of cash will be constrained. If claims are above anticipated averages, there will be a strain on the company's finances and it would have to seek alternative financing solutions. Its cash flow would therefore be affected negatively.

Concentration of insurance risks

Insurance Risks are spread in a number of geographical areas. However, the majority of the Company's and GCIS Inc. risks are in Georgetown and its environs. A significant portion of total risk is distributed among properties on Regent and Water Streets in Georgetown.

Claims development

Claims are provided for and kept as a liability until they are settled or have expired. At the time of loss, a provision is made based on best estimates. There is some amount of uncertainty surrounding the timing of payments and the exact amount to be paid for most claims. There are occasions where the provision is in excess of the incurred loss. This is adjusted at the time of claim settlement or at the point of revision of provisions, whichever is earlier. Similarly, there are times when the provision is insufficient to cover the losses estimated. These too are adjusted at the earlier of claims payment or overall claims revision.

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

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45 Insurance Act 1998

- Section 27 of Regulation 14 of 2007, made under the Insurance Act of 1998 states that "for the purposes of those regulations, the financial year of an insurer shall end on the expiration of the thirty-first day of December in each year".

The insurance companies within the group have decided to change their financial year-end to comply with the requirement of the Act.

|                                     | Group                 |                       |
|-------------------------------------|-----------------------|-----------------------|
|                                     | <u>30.6.2008</u>      | <u>30.6.2007</u>      |
|                                     | G\$                   | G\$                   |
| 46 Assets held in Trust             |                       |                       |
| Hand in Hand Trust Corporation Inc. | <u>12,482,891,662</u> | <u>11,327,415,861</u> |

Assets held in Trust which are not beneficially owned by Hand in Hand Trust Corporation Inc. but for which the company has responsibilities in accordance with Trust Deeds, have been excluded from these financial statements. These assets include investments valued at G\$11,924,355,342 and buildings valued at G\$558,536,320 as at 30 June 2008.

47 Pending litigations

At the end of the year, there were certain pending litigations against the Group, the outcome of which cannot be quantified at this stage.

THE HAND IN HAND MUTUAL FIRE INSURANCE COMPANY LIMITED

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48 Restatement and reclassification

During the year ended June 30, 2008, the company corrected the treatment of accounting for unrealised gains/losses on "Available for Sale" financial assets.

Previously the gain/losses on these assets were taken into the Revenue Account. These gains/losses are now being recognised through the "Statement of Changes in Equity" in accordance with IAS 39 - Financial Instruments Recognition and Measurement.

This correction in accounting policy has been applied retrospectively and the comparatives for the prior years have been restated.

The effects of this change are tabulated below:-

|  | Company       | Group         |
|--|---------------|---------------|
|  | G\$           | G\$           |
| The effect on the years prior to June 30, 2006 |               |               |
| <b>Statement of Changes in Equity</b>          |               |               |
| Premium Capital reduced by                     | (28,884,073)  | (28,884,073)  |
| General Reserve reduced by                     | (112,096,266) | (134,810,755) |
| Investment Reserve increased by                | 140,980,339   | 163,694,828   |

The effect on the year ended June 30, 2007

**Statement of Changes in Equity**

|                                 |              |              |
|---------------------------------|--------------|--------------|
| Premium Capital increased by    | 3,367,996    | 3,367,996    |
| General Reserve reduced by      | (35,168,278) | (54,278,882) |
| Investment Reserve increased by | 31,800,282   | 50,910,886   |

Certain prior year balances were also reclassified to conform with the current year presentation.