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FP Marine Risks Limited

Overseas Company Accounts

For the year ended 31 March 2009

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Content:

Income statement for the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Note	2009 $	2008 $
Turnover	2	75,185,869	57,564,431
Direct expenses		(7,324,749)	(4,340,878)
		67,861,120	53,223,553
Other operating income	3	756,207	689,340
Administrative expenses		(59,664,131)	(49,686,715)
Profit from operations		8,953,196	4,226,178
Finance costs		(24,850)	(45,416)
Profit before taxation	4	8,928,346	4,180,762
Income tax		(1,986,966)	(983,754)
Profit for the year		6,941,380	3,197,008
Interim and final dividend declared and paid during the year	6	527,660	756,313

Balance sheet at 31 March 2009
(Expressed in Hong Kong dollars)

	Note	2009 $	2008 $
Fixed assets			
Tangible fixed assets	7	1,923,923	1,962,319
Club debentures		970,000	1,540,000
Deferred tax		10,770	31,951
		2,904,693	3,534,270
Current assets			
Trade and other receivables	8	283,501,956	221,547,727
Amount due from ultimate holding company		269,632	224,018
Amount due from fellow subsidiaries		6,747,280	4,499,680
Amount due from a related company		500,242	356,949
Cash and cash equivalents		77,405,059	53,055,054
		368,424,169	279,683,428
Current Liabilities			
Trade and other payables		331,386,718	250,899,030
Taxation payable		3,441,304	2,944,917
Obligations under finance leases	9	178,283	250,285
Amount due to intermediate holding company		2,095,818	1,621,366
Amount due to a related company		1,059,202	-
		338,161,325	255,715,598
Net current assets		30,262,844	23,967,830
Non-current liabilities			
Obligations under finance leases	9	-	178,283
NET ASSETS		33,167,537	27,323,817

Balance sheet at 31 March 2009 (continued)
(Expressed in Hong Kong dollars)

	Note	2009 $	2008 $
Equity			
Share capital	10	825,544	825,544
Share premium	11	1,226,196	1,226,196
Fair value reserve		906,000	1,476,000
Retained profits		30,209,797	23,796,077
TOTAL EQUITY		33,167,537	27,323,817

Statement of changes in equity
for the year ended 31 March 2009
(Expressed in Hong Kong dollars)

	Share capital $	Share premium $	Fair value reserve $	Retained profits $	Total $
At 1 April 2007	700,544	1,226,196	1,086,000	21,355,382	24,368,122
Issue of new ordinary shares	125,000	-	-	-	125,000
Profit for the year	-	-	-	3,197,008	3,197,008
Dividends	-	-	-	(756,313)	(756,313)
Change in fair value of club debentures	-	-	390,000	-	390,000
At 31 March 2008	825,544	1,226,196	1,476,000	23,796,077	27,323,817
At 1 April 2008	825,544	1,226,196	1,476,000	23,796,077	27,323,817
Profit for the year	-	-	-	6,941,380	6,941,380
Dividends	-	-	-	(527,660)	(527,660)
Change in fair value of club debentures	-	-	(570,000)	-	(570,000)
At 31 March 2009	825,544	1,226,196	906,000	30,209,797	33,167,537

Notes to the financial statements
(Expressed in Hong Kong dollars)

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance A summary of the significant accounting policies adopted by the company is set out below

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the company Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the company for the current and prior accounting periods reflected in these financial statements

(b) Basis of preparation

The measurement basis used in the preparation of the financial statements is the historical cost basis

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

1 Significant accounting policies (continued)

(c) Club debentures

Club debentures are initially stated at cost These are subsequently measured at fair value The fair value is re-measured at each balance sheet date with the resultant gain or loss being recognised directly in equity

When there is objective evidence that club debentures are impaired, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that asset previously recognised in profit or loss

(d) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over the estimated useful lives as follows

Leasehold improvements	the lower of 10 years or the remaining terms of the lease
Furniture and fixtures	4 years
Computer equipment	4 years
Office equipment	4 years

Both the useful life of an asset and its residual value, if any, are reviewed annually

The carrying amount of other property, plant and equipment are reviewed for indications of impairment at each balance sheet date An impairment loss is recognised to the extent that the carrying amount of an asset, or the cash-generating unit to which it belongs, is more than its recoverable amount The recoverable amount of an asset, or of the cash-generating unit to which it belongs, is the greater of its net selling price and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risk specific to the assets An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal

1 Significant accounting policies (continued)

(e) Finance leases

Leases which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases Where the company acquires the use of assets under finance leases, the amounts representing the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, of such assets are included in fixed assets and the corresponding liabilities, net of finance charges, are recorded as obligations under finance leases Depreciation is provided at rates which write off the cost of the assets over the term of the relevant lease or, where the company will obtain ownership of the asset, the life of the asset, as set out in note 1(d) Finance charges implicit in the lease payments are charged to the income statement over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period

(f) Operating leases

Leases which do not transfer substantially all the risks and rewards of ownership to the lessee are classified as operating leases

Where the company has the use of assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made Contingent rentals are charged to the income statement in the accounting period in which they are incurred

(g) Insurance broking receivables and payables

Insurance brokers usually act as agents in placing the insurable risks of their clients with insurers and, as such, generally are not liable as principals for amounts arising from such transactions Notwithstanding these legal relationships, trade receivables and trade payables arising from insurance broking transactions are shown as assets and liabilities respectively This recognises the arrangement the company has with most of its clients, which entitles the company to retain the investment income on any cash flows arising from these transactions

Trade receivables are initially recognised at fair value and thereafter stated at cost less allowance for impairment of doubtful debts

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted where the effect of discounting is material

Trade payables are initially recognised at fair value and thereafter stated at cost as the effect of discounting is immaterial

1 Significant accounting policies (continued)

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which form an integral part of the company's cash management

(i) Redeemable share capital

Redeemable share capital is only classified as equity if it is redeemable only at the company's option, and any dividends are discretionary Dividends on preference share capital classified as equity are recognised as distributions within equity

Redeemable share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary The liability is recognised initially at fair value less attributable transaction costs Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period Dividends thereon are recognised on an accruals basis in profit or loss as part of finance costs

(j) Share capital

Ordinary shares are classified as equity Share capital is determined using the nominal value of shares that have been issued

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction

(k) Revenue recognition

Provided it is probable that the economic benefits will flow to the company, and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows

(i) Commission/brokerage income

Commission/brokerage income received or receivable which do not require the agent to render further service is recognised as revenue by the agent on the effective commencement or renewal dates of the related policies

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method

1 Significant accounting policies (continued)

(l) Employee benefits

(i) Salaries, annual bonuses, paid annual leave, leave passage, contribution to defined contribution retirement plans and the cost to the company of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the company

(ii) Contributions to Mandatory Provident Funds and Defined Contribution Plan as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and Hong Kong Occupational Retirement Schemes Ordinance, are recognised as an expense in the income statement as incurred

(m) Share-based employee compensation

The company participates in the FP International Holdings Limited ("FPIH") Equity Participation Programme for staff and Incentive Share Award Programme for its directors to provide them with the benefits of share ownership in the company

The fair value of the redeemable shares issued by FPIH to staff and directors less amounts paid by directors and staff is recognised as an employee cost over the vesting period The fair value is measured at the grant date based on formula set out in the share scheme agreements Until the liabilities are settled, the company remeasures the fair value of these liabilities at each reporting date and at the date of settlement, with changes in fair value recognised in the income statement

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases Deferred tax assets also arise from unused tax losses and unused tax credits Apart from differences which arise on initial recognition of assets and liabilities, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date Deferred tax assets and liabilities are not discounted

1 Significant accounting policies (continued)

(o) Foreign currency translation

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date Exchange gains and losses are recognised in the income statement

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Hong Kong dollars using the foreign exchange rates ruling at the transaction dates Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined

(p) Related parties

For the purposes of these financial statements, a party is considered to be related to the company if

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the company or exercise significant influence over the company in making financial and operating policy decisions, or has joint control over the company,

(ii) the company and the party are subject to common control,

(iii) the party is a subsidiary, an associate of the company or a joint venture in which the company is a venturer,

(iv) the party is a member of key management personnel of the company or the company's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals,

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals, or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the company or of any entity that is a related party of the company

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity

2 Turnover

The principal activity of the company is that of an insurance broker Turnover represents brokerage commissions earned

3 Other operating income

	2009 $	2008 $
Interest income	107,991	620,246
Other income	648,216	69,094
	756,207	689,340

4 Profit before income tax

Profit before income tax is arrived at after charging/(crediting)·

	2009 $	2008 $
Auditors' remuneration	183,600	183,600
Depreciation	1,271,686	1,335,845
Loss on disposals of property, plant and equipment	463	-

5 Directors' remuneration

	2009 $	2008 $
Other emoluments	9,579,063	9,704,701

6 Dividends

	2009 $	2008 $
Interim dividend declared and paid $0 60 per ordinary share (2008 $0 86)	495,000	709,500
Final dividend declared and paid $0 60 per redeemable share (2008 $0 86)	32,660	46,813
	527,660	756,313

7 Tangible fixed assets

	Leasehold improvement $	Furniture and fixture $	Computer equipment $	Total $
Cost				
At 1 April 2008	3,268,334	1,886,526	2,596,955	7,751,815
Additions	-	127,734	1,116,819	1,244,553
Disposals	-	(1,680)	(12,300)	(13,980)
At 31 March 2009	3,268,334	2,012,580	3,701,474	8,982,388
Accumulated depreciation				
At 1 April 2008	2,531,854	1,343,738	1,913,904	5,789,496
Charge for the year	498,264	295,608	477,814	1,271,686
Written back on disposals	-	(1,435)	(1,282)	(2,717)
At 31 March 2009	3,030,118	1,637,911	2,390,436	7,058,465
Net book value				
At 31 March 2009	238,216	374,669	1,311,038	1,923,923

	Leasehold improvement $	Furniture and fixture $	Computer equipment $	Total $
Cost				
At 1 April 2007	3,268,334	1,706,342	2,420,356	7,395,032
Additions	-	180,184	176,599	356,783
At 31 March 2008	3,268,334	1,886,526	2,596,955	7,751,815
Accumulated depreciation				
At 1 April 2007	1,911,338	1,055,699	1,486,614	4,453,651
Charge for the year	620,516	288,039	427,290	1,335,845
At 31 March 2008	2,531,854	1,343,738	1,913,904	5,789,496
Net book value				
At 31 March 2008	736,480	542,788	683,051	1,962,319

8 Trade and other receivables

Included in trade and other receivables are rental deposits of $1,580,012 (2008 $1,576,351) which are recoverable after more than one year All remaining balance can be recovered within one year

9 Obligations under finance leases

At 31 March 2009, the company had obligations under finance leases repayable as follows

	2009		2008	
	Present value of the minimum lease payments	**Total minimum lease payments**	**Present value of the minimum lease payments**	**Total minimum lease payments**
	$	**$**	**$**	**$**
Within 1 year	178,283	183,424	250,285	275,136
After 1 year but within 5 years	-	-	178,283	183,424
	178,283		428,568	458,560
Less Total future interest expenses		5,141		29,992
Present value of lease obligations		178,283		428,568

10 Share capital

	2009 Number of shares	2009 Amount $	2008 Number of shares	2008 Amount $
Authorised				
Ordinary shares of $1 each	1,000,000	1,000,000	1,000,000	1,000,000
Redeemable shares of $0 01 each	100,000	1,000	100,000	1,000
	1,100,000	1,001,000	1,100,000	1,001,000
Issued and fully paid				
Ordinary shares of $1 each	825,000	825,000	825,000	825,000
Redeemable shares of $0 01				
At 1 April and at 31 March	54,434	544	54,434	544
	879,434	825,544	879,434	825,544

In November 2007, the company issued 125,000 ordinary shares to its immediate parent company to increase the working capital

In March 2007, the Company, with the approval of all the redeemable shareholders, amended the rights of the redeemable shares so that they are only redeemable at the company's option The redeemable shares were then reclassified as equity

The redeemable shares rank pari passu with ordinary shares in respect of dividends and return of capital but do not carry any voting rights at any general meeting of the company

11 Share premium

	2009 $	2008 $
Balance at 1 April and at 31 March	1,226,196	1,226,196

12 Material related party transactions

The company entered into the following financing arrangements with group companies which are required to be disclosed pursuant to section 161B of the Hong Kong Companies Ordinance due to Philip Bilney and Charles Whiteaway, who are directors of the company, having a controlling interest in these companies

	Amount due to the company		Amount due from the company		Maximum amount outstanding
	31 March 2009 $	31 March 2008 $	31 March 2009 $	31 March 2008 $	during the year $
FP Group Limited	269,632	224,018	-	-	269,632
FP International Holdings Limited	-	-	2,095,818	1,621,366	2,095,818
FP Reinsurance Brokers Limited	6,286,832	4,419,680	-	-	6,286,832
Chalgrove Limited	80,000	80,000	-	-	80,000
Powick Bridge Limited	350,408	-	-	-	350,408
Lansdown Hill Limited	15,020	-	-	-	15,020
Roundway Down Limited	15,020	-	-	-	15,020

All the above balances are unsecured, interest free and repayable on demand

On behalf of the Board, I approve the accounts as reported

Charles Whiteaway
Director
Date 6th August 2009