

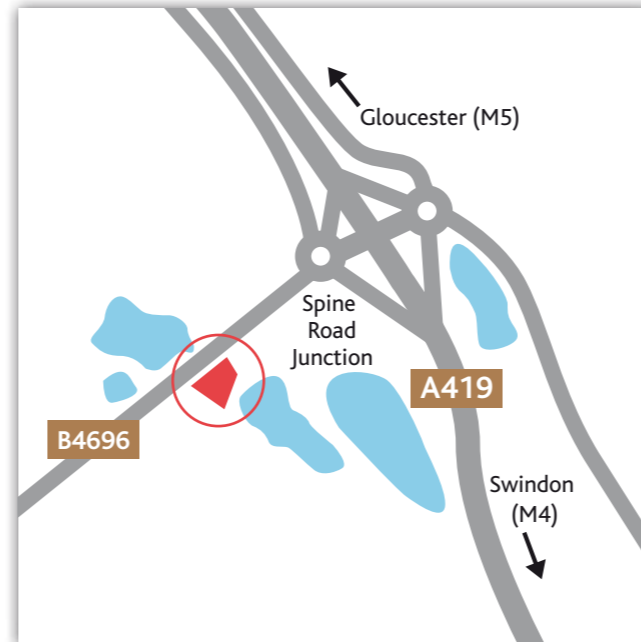


Cirencester friendly
The income protection people

Cirencester Friendly Society Limited is a mutual organisation owned and, to a large extent, managed by Members. We have no shareholders to satisfy only you the Members. Please take the time to look through the information we send you, after all it is your Society and you have a say in how it is run and managed.

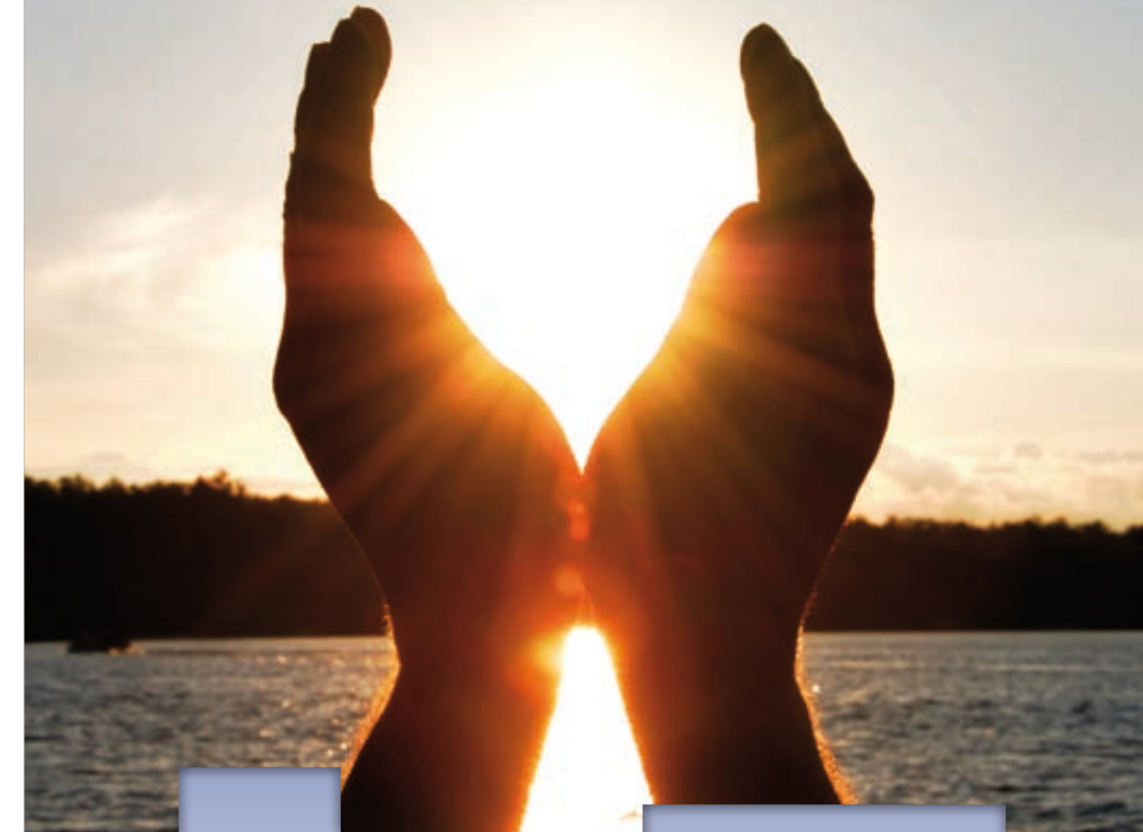


Location of AGM - Cotswold Water Park Four Pillars Hotel



Key Financial Highlights

Year Ended 31 December 2008



Cirencester Friendly Society Limited

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Cirencester friendly is a trading name of Cirencester Friendly Society Limited.
Registered and Incorporated under the Friendly Societies Act 1992. Reg. No. 149F.
Authorised and regulated by the Financial Services Authority.

We realise that members lead busy lives and do not always have the time or inclination to read the Society's full Annual Report and Accounts.

That is why we have produced this leaflet which provides the financial highlights for the Society for 2008.

We hope you find it useful.

	2008	2007	Change
	£000's	£000's	%
Premium Income	10,218	8,759	16.7
Operating Surplus	5,004	4,662	7.3
Surplus prior to apportionments and provisions	3,545	5,053	(29.8)
Fund for Future Appropriations	12,389	12,957	(4.4)
	%	%	
Sickness Benefit as a % of premiums	18.6	16.2	2.4
Growth in Acquisition costs	23.7	23.5	0.2
Growth in Administration costs	18.4	29.7	(11.3)
Operating surplus as a % of total income	40.1	43.5	(3.4)
Claims paid	86.8	88.7	(1.9)
BONUSES			
Health and Wealth – Dividend	£1.02	£1.38	(26.1)
Income Assured – Surplus Allocation	£6.90	£9.96	(30.7)
Income Assured Plus – Surplus Allocation	£5.16	£7.50	(31.2)
Income Assured Plus – Surplus Allocation (investment only)	£0.51	£0.51	(-)
Bonus Allocation/Interest	2.75%	4.00%	(31.2)

(Interest for retired Members is credited at the stated interest rate on the balance to their deposit account and may be added to the balance or paid six monthly upon request)

The ordinary membership of the Society for the year (excluding retired deposit account Members) is set out below:

Membership at 1 January 2008	26,757
Members admitted during the year	5,985
	<u>32,742</u>
(Less) Maturities, Deaths, Surrenders and Lapses	(2,763)
Membership at 31 December 2008	<u>29,979</u>

Commentary on the year

As can be seen from the Summary Income and Expenditure Account the premium income rose by approximately £1.5m to £10.2m in the year which with the investment income and gains produced a Total Income for the year of £13.5m, 17% higher than 2007.

Claims paid out by the Society have risen during the year to a total of £1.9m, an increase in real terms of 34% indicating the continued commitment of the Society to meet the needs of Members when illness or accidental injury stop them from working and earning their living.

Management expenditure increased during 2008 and now represents a total of 43% of total income. However this was in line with expectations with the main reasons for the increase being introductory commission payments amounting to £567k to IFAs acting on behalf of our Members along with additional staff costs of £189k.

Due to the growth in business levels, and being a prudent Society, we are setting aside more money by way of reserves so we can meet potential claims in the future. To this end we added £1.8m to reserves in 2008.

During the later part of 2008, due to the developing global financial crisis, the Society took positive action to reduce its exposure to both corporate bonds and equities subsequently disposing of all holdings before the end of October. This action limited the losses actually suffered to a manageable level and allowed the Society to invest in Gilts which, by the year end, had risen in value which further reduced the effect of the losses. The net loss on investments suffered during the year was £1.8m which represented less than 4% of the total value of assets under management.

The Board are pleased to report that distributions made to Members of the Society were able to be made at approximately 70% of the 2007 level.

	2008	2007
	£000's	£000's
INCOME		
Premiums	10,218	8,759
Investment Income	2,257	1,920
Other Income	94	86
Total Income	<u>12,569</u>	<u>10,765</u>
EXPENDITURE		
Sickness Benefit Paid	(1,904)	(1,421)
Management Expenses	(5,495)	(4,520)
Net Gains/(Losses on Investment)	(1,553)	305
Total Expenditure	<u>(8,952)</u>	<u>(5,636)</u>
SURPLUS		
Total Income less Total Expenditure	3,617	5,129
(Less) Transfer to reserves	(1,816)	(1,333)
	<u>1,801</u>	<u>3,796</u>
DISTRIBUTION TO MEMBERS		
Interest paid or credited to retired Member Accounts	(72)	(76)
Bonuses credited to Member Accounts	(2,297)	(3,162)
Balance for the Year Transferred To/(From) Reserves	<u>(568)</u>	<u>558</u>

Balance Sheet

The Society increased the value of assets under its management to £47.2m by the year end, an increase of £1.24m (2.7%) over 2007.

Also at 31 December 2008 the Society had a level of solvency significantly in excess of the minimum capital resources requirements prescribed by the Financial Services Authority's 'Integrated Prudential Sourcebook'.