



LIPS

Annual Members

Report

2008

www.lipsek.org



FOREWORD

2008 was in many ways a dynamic and challenging year for LIPS.

By the end of 2007 it became evident that in order to improve standards and continue to provide our membership with the best possible income protection, certain aspects of the LIPS scheme needed to be rethought.

Throughout the year our membership had remained largely static, then in 2008, with the world thrown into financial crisis some innovative tactics were required in order to maintain our capital assets.

An active, careful and conservative approach towards our investment strategy ensured that our funds remained secure and strong, while an aggressive LIPS awareness and recruitment drive saw a marked increase in our membership numbers.

The LIPS committee through perseverance and dedication in 2008

successfully managed to overcome obstacles, while also streamlining and improving the overall LIPS product.

As we look ahead, we continue to strive to improve our benefits, product and performance, yet aim to keep LIPS affordable and truly "by Emirates Pilots for Emirates Pilots".

Thank you all for your support. Wishing you health and safe flying for the year ahead.



Garrie Don



Andy Bell



Roger Hall



Paulo Pereira



BY EMIRATES PILOTS, FOR EMIRATES PILOTS

Following a motorcycle accident and potential "loss of licence" insurance claim in 2005, Andrew Bell commissioned an actuarial study into the feasibility of starting an in house income protection scheme for Emirates pilots only. The favourable result of this study led in 2006 to the formation of LIPS. Support of this internal income protection scheme by the pilot group was positive and LIPS grew rapidly. With the responsibilities involved in managing this growing scheme and in order to continue improving, LIPS commenced a restructuring drive late in 2007.

The LIPS committee today includes Captain Garrie Don, Captain Roger Hall and Captain Paulo Pereira with administration and fund management the responsibility of Daniella Williams and *Acuma Wealth Management* in Dubai.

With a large capital sum invested and no claims, LIPS is currently able to withstand over 5 times the statistical industry loss of licence average. Best of all, in this troubling financial time LIPS remains independent of any insurance companies, is thriving and continues to be run by Emirates pilots, for Emirates pilots.

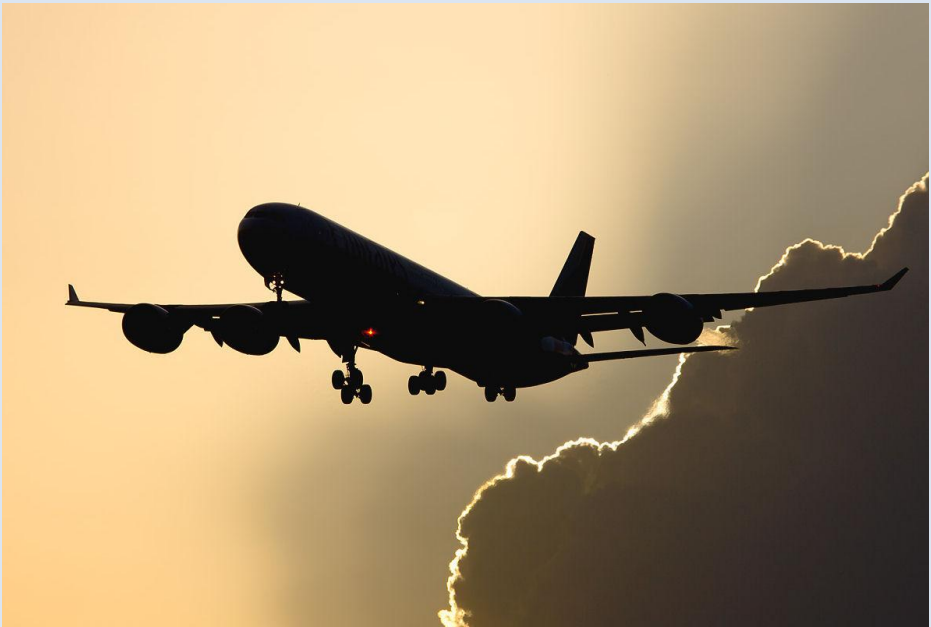


MEMBERSHIP STATUS

Membership of LIPS continues to grow, with approximately 15 pilots joining on average each month. At the end of 2008 LIPS membership was 433 and at the time of writing this report LIPS membership stands at 475.

LIPS has not been called on to pay any Benefit Claims since its inception.

LIPS may issue a Notice of Entitlement to Acuma instructing Acuma to pay to the Member a Leaving Service Benefit. Over the period of the 2008 report, LIPS paid AED 4,992.- as a Leaving Service Benefit to 4 LIPS members.



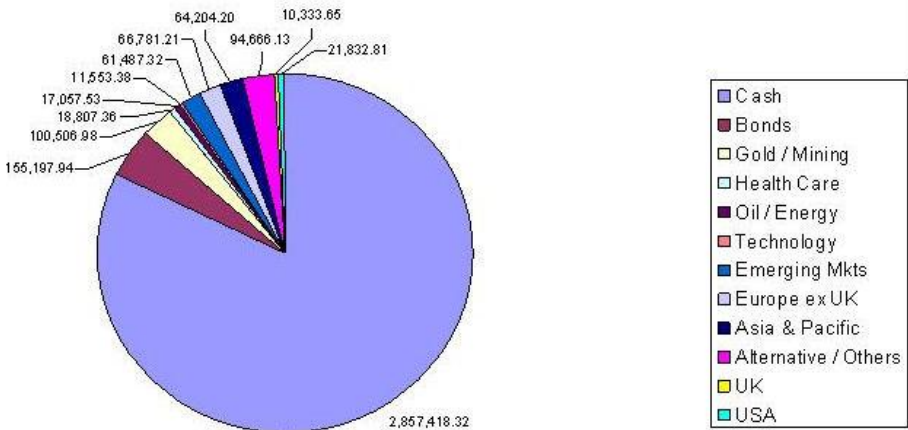
LIPS FINANCIAL

Your funds in the LIPS account need to be there in good times and bad. As a result, LIPS invests your funds very carefully. This conservative strategy has served members very well in 2008.

In a period of unprecedented financial turmoil, LIPS members' funds have stayed safe and secure, with the bulk of fund holdings remaining in cash.

At the start of 2008, through our in-house technical analysis of charts together with advice from other sources, we believed equities were not the place to be in 2008 and early 2009. This view has been shown to be correct.

LIPS Ltd Asset Allocation by Market Value as at 31st Dec 2008



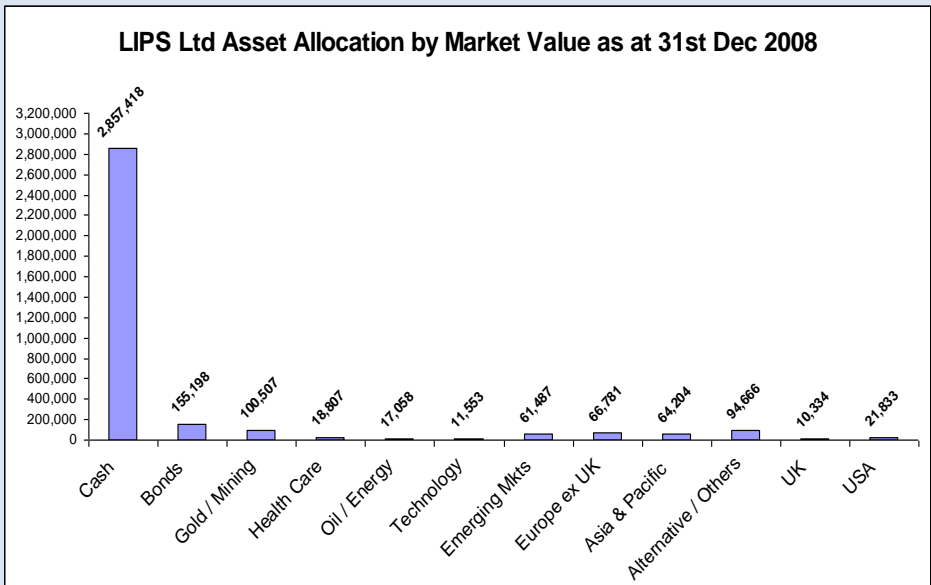
Our emphasis in 2008 was therefore on cash, gold, bonds and only a very limited exposure to equities. This enabled LIPS to weather the current financial storms very



well; with only a small loss for the year of less than 2.5%. At the time of writing, the return over the previous 12 months is now positive, at 2.88%.

We continue to believe 2009 will be very volatile. As a result, LIPS directors retain a very defensive posture for member funds. With the vast majority of LIPS funds in cash, limited exposure to gold equities, market neutral funds (make money whether markets are going up or down) and a very small holding in global equities.

LIPS funds will not be exposed to a significant holding in equities until we are positive the world financial situation is improving. Only then will LIPS consider increasing holdings in equities to a greater degree. With our growth goal of 5%-10% per year, LIPS will continue to be a conservatively run fund, ready to serve members financial needs in good times and bad.





ADMINISTRATION

Since September 2007, the Emirates Pilots Loss of Income Protection Scheme was given a complete makeover which resulted in LIPS Limited, registered and incorporated as a company Limited by Guarantee with the members as the ultimate beneficiaries of the scheme and its assets.

This would not have been possible without the expertise of the team at Acuma who, in conjunction with Sovereign Corporate Services, set up the legal framework to register the company and open the local UAE bank account with Standard Chartered Bank.

Through careful planning with various guidelines, the LIPS committee and Acuma set up and implemented procedures and processes to enable the smooth and transparent administration of the scheme. Acuma have provided the administration, accounting, legal and wealth management expertise to make the scheme the success it is today.

While the scheme is still in its infancy, the administration procedures will continue to be dynamic, constantly adapting to accommodate the future needs and expectations of the members. The LIPS committee and associated partners are dedicated to providing the commitment of professionalism, integrity and transparency to ensure the continued success of the scheme.



Daniella Williams



Cзыrine Mabini