

Condensed Audited Financial Statements - Year Ended December 31, 2018

The Directors are pleased to present the condensed audited financial statements of the Group and the Company for the Year Ended December 31, 2018 as audited by Messrs BDO & Co.

(a) Basis of Accounting

The condensed audited financial statements have been extracted from the audited financial statements for the year ended December 31, 2018 which have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* are effective from 1 January 2018. The Group has deferred the application of IFRS 9 until the earlier of the effective date of the new insurance contract standard (IFRS 17 *Insurance Contracts*) of 1 January 2022, opting for the temporary exemption from applying IFRS 9 by the amendments to IFRS 4 *Insurance contracts*. Insurance contracts within the scope of IFRS 4 are excluded from the scope of IFRS 15.

(b) Operations

Short Term

The gross written and net earned premiums showed a satisfactory increase against the backdrop of intense market competition. In spite of the adverse natural catastrophe events of the first quarter of 2018, we successfully managed to stabilise the net claims results which contributed to the encouraging net underwriting surplus. Although that we had to account for an impairment regarding our international investments, the profit before tax, nevertheless, posted a marked improvement compared to the previous financial year.

Long Term

In spite of challenging conditions, Swan Life Ltd has shown satisfactory results with gross premium income increasing in line with expectations.

(c) Investments

Heightened volatility on equity markets during the fourth quarter adversely impacted the investment portfolio which, despite doing better than its benchmark, closed slightly lower compared to the previous quarter. The local equity market weakened as foreign investors maintained selling pressure and most stocks declined. On the international platforms, equity indices had a rough quarter amidst US-China trade disputes, a tech sell-off, worries that the US Federal Reserve would tighten monetary policy aggressively into 2019, and softening global growth indications. Both developed and emerging equity indices closed lower, but the latter outperformed their developed counterparts massively on the back of stronger economic fundamentals and a stable US Dollar.

On the fixed income side, the persistently high excess liquidity in the financial system continued to weigh on yields. However, despite these challenges, our fixed income portfolio delivered satisfactory returns on the back of active management.

For and on behalf of the Board of Directors

Swan Corporate Affairs Ltd
Company Secretary
March 29, 2019

1. Statements of Financial Position

	THE GROUP		THE COMPANY	
	Audited as at Dec 31, 2018 Rs'000	Audited as at Dec 31, 2017 Rs'000	Audited as at Dec 31, 2018 Rs'000	Audited as at Dec 31, 2017 Rs'000
ASSETS				
Non-current assets				
Property and equipment	146,314	90,899	95,118	90,258
Investment in subsidiary companies	-	-	530,871	536,371
Investment in associated companies and joint venture	153,753	61,242	34,509	500
Investment in financial assets	1,731,618	1,856,171	1,502,012	1,630,544
Non-current receivables	-	60,832	79,174	59,950
Other non-current assets	206,893	200,509	169,332	163,189
	2,238,578	2,269,653	2,411,016	2,480,812
Current assets				
Life business assets	4,691,394	3,565,349	2,718,834	2,378,332
Total assets	47,574,006	45,716,580	5,129,850	4,859,144
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	41,379	41,379	41,379	41,379
Retained earnings	1,834,071	1,604,806	1,907,368	1,730,617
Other reserves	1,422,819	1,026,634	334,381	473,373
Attributable to owners of the parent	3,298,269	2,672,819	2,283,128	2,245,369
Non-controlling interests	470,795	352,569	-	-
Total equity	3,769,064	3,025,388	2,283,128	2,245,369
Life assurance fund	40,644,034	39,881,578	-	-
Technical Provisions	2,233,651	2,082,371	2,094,396	2,021,414
Non-current liabilities	294,942	214,373	256,721	187,032
	43,172,627	42,178,322	2,351,117	2,208,446
Current liabilities	632,315	512,870	495,605	405,329
Total equity and liabilities	47,574,006	45,716,580	5,129,850	4,859,144
Net assets per share (Rs/cs)	398.55	322.97	275.88	271.32
Number of shares used in calculation	8,275,769	8,275,769	8,275,769	8,275,769

2. Statements of Profit or Loss and Other Comprehensive Income

	THE GROUP		THE COMPANY	
	Year Ended Dec 31, 2018 Rs'000	Year Ended Dec 31, 2017 Rs'000	Year Ended Dec 31, 2018 Rs'000	Year Ended Dec 31, 2017 Rs'000
Gross premiums	7,530,856	6,813,857	2,881,757	2,652,735
Net earned premiums	5,874,968	5,314,230	1,581,543	1,448,295
Share of profit of associated companies and joint venture	21,864	408	-	-
Profit before taxation	382,662	282,786	303,452	253,621
Income tax expense	(30,218)	(17,375)	(27,392)	(16,982)
Profit for the year	352,444	265,411	276,060	236,639
Other comprehensive income for the year, net of tax	113,191	258,024	(138,992)	93,930
Total comprehensive income for the year	465,635	523,435	137,068	330,569
Profit attributable to:				
Owners of the parent	327,769	244,296	276,060	236,639
Non-controlling interests	24,675	21,115	-	-
	352,444	265,411	276,060	236,639
Total comprehensive income attributable to:				
Owners of the parent	393,653	481,582	137,068	330,569
Non-controlling interests	71,982	41,853	-	-
	465,635	523,435	137,068	330,569
Earnings per share (Rs/cs)	39.61	29.52	33.36	28.59
Number of shares used in calculation	8,275,769	8,275,769	8,275,769	8,275,769

3. Statements of Changes in Equity

Attributable to owners of the parent company

	Share Capital Rs'000	Fair Value Reserve Rs'000	Other Reserves Rs'000	Proprietors' Fund Rs'000	Retained Earnings Rs'000	Amalgamation Reserve Rs'000	Actuarial gains/(losses) Rs'000	Total Rs'000	Non-controlling Interests Rs'000	Total Equity Rs'000
(a) THE GROUP										
Balance at January 1, 2018	41,379	350,387	31,321	476,056	1,604,806	267,477	(98,607)	2,672,819	352,569	3,025,388
Profit for the year	-	-	-	-	327,769	-	-	327,769	24,675	352,444
Other comprehensive income for the year	-	(155,354)	5,273	217,990	-	-	(2,025)	65,884	47,307	113,191
Issue of shares	-	-	-	-	-	-	-	-	497	497
Other movement	-	-	-	-	-	-	-	-	24,283	24,283
Non distributable reserve	-	-	-	330,301	-	-	-	330,301	68,999	399,300
Dividends	-	-	-	-	(99,309)	-	-	(99,309)	(40,344)	(139,653)
Non-controlling interest arising on business combinations	-	-	-	-	805	-	-	805	(7,191)	(6,386)
Balance at December 31, 2018	41,379	195,033	36,594	1,024,347	1,834,071	267,477	(100,632)	3,298,269	470,795	3,769,064
Balance at January 1, 2017	41,379	208,515	54,460	419,787	1,494,110	267,477	(91,701)	2,394,027	344,523	2,738,550
As previously stated	-	-	(108)	-	(34,291)	-	(3,090)	(37,489)	(7,804)	(45,293)
Corrections of prior period errors	41,379	208,515	54,352	419,787	1,459,819	267,477	(94,791)	2,356,538	336,719	2,693,257
As restated	-	-	-	-	244,296	-	-	244,296	21,115	265,411
Profit for the year	-	141,872	(23,031)	122,261	-	-	(3,816)	237,286	20,738	258,024
Other comprehensive income for the year	-	-	-	-	-	-	-	-	25,532	25,532
Other movement	-	-	-	(65,992)	-	-	-	(65,992)	(13,785)	(79,777)
Non distributable reserve	-	-	-	-	(99,309)	-	-	(99,309)	(37,783)	(137,092)
Dividends	-	-	-	-	-	-	-	-	33	33
Non-controlling interest arising on business combinations	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2017	41,379	350,387	31,321	476,056	1,604,806	267,477	(98,607)	2,672,819	352,569	3,025,388

(b) THE COMPANY

Balance at January 1, 2018	41,379	308,296	43,099	-	1,730,617	220,593	(98,615)	2,245,369	-	2,245,369
Profit for the year	-	-	-	-	276,060	-	-	276,060	-	276,060
Other comprehensive income for the year	-	(136,967)	-	-	-	-	(2,025)	(138,992)	-	(138,992)
Dividends	-	-	-	-	(99,309)	-	-	(99,309)	-	(99,309)
Balance at December 31, 2018	41,379	171,329	43,099	-	1,907,368	220,593	(100,640)	2,283,128	-	2,283,128
Balance at January 1, 2017	41,379	210,550	43,099	-	1,619,522	220,593	(91,709)	2,043,434	-	2,043,434
As previously stated	-	-	-	-	(26,235)	-	(3,090)	(29,325)	-	(29,325)
Corrections of prior period errors	41,379	210,550	43,099	-	1,593,287	220,593	(94,799)	2,014,109	-	2,014,109
As restated	-	-	-	-	236,639	-	-	236,639	-	236,639
Profit for the year	-	97,746	-	-	-	-	(3,816)	93,930	-	93,930
Other comprehensive income for the year	-	-	-	-	(99,309)	-	-	(99,309)	-	(99,309)
Dividends	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2017	41,379	308,296	43,099	-	1,730,617	220,593	(98,615)	2,245,369	-	2,245,369

4. Statements of Cash Flows

	THE GROUP		THE COMPANY	
	Year Ended Dec 31, 2018 Rs'000	Year Ended Dec 31, 2017 Rs'000	Year Ended Dec 31, 2018 Rs'000	Year Ended Dec 31, 2017 Rs'000
Net cash generated from operating activities	133,637	79,617	92,536	47,904
Net cash generated from investing activities	298,715	16,711	220,870	21,036
Net cash (used in)/generated from financing activities	(163,945)	(17,647)	(121,774)	25,380
Increase in cash and cash equivalents	268,407	78,681	191,632	94,320
Movement in cash and cash equivalents:				
At January 1	224,022	138,396	161,842	69,980
Increase	268,407	78,681	191,632	94,320
Effect of foreign exchange rate changes	4,870	6,945	5,964	(2,458)
At December 31	497,299	224,022	359,438	161,842

5. Segment Information - (Group)

	Life Rs'000	Casualty Rs'000	Property Rs'000	Total Rs'000
Year Ended December 31, 2018				
Gross premiums	4,400,340	2,344,287	786,229	7,530,856
Underwriting surplus	1,070	389,282	211,937	602,289
Investment & other income	-	-	-	348,381
Management expenses, depreciation & amortisation	-	-	-	(589,872)
Share of profit of associated companies & joint venture	-	-	-	21,864
Profit before taxation	-	-	-	382,662
Year Ended December 31, 2017				
Gross premiums	4,026,740	2,068,459	718,658	6,813,857
Underwriting surplus	-	284,291	212,629	496,920
Investment & other income	-	-	-	292,559
Management expenses, depreciation & amortisation	-	-	-	(507,101)
Share of profit of associated company & joint venture	-	-	-	408
Profit before taxation	-	-	-	282,786

This communique is issued pursuant to the Listing Rule 12.14 and the Securities Act 2005. Copies of these condensed audited financial statements and the statements of officers' interests, pursuant to Rule 8 of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007 are available free of charge from the Company Secretary at the registered office of the Company at Swan Centre, 10 Intendance Street, Port Louis. The condensed audited financial statements can also be viewed on the Company's website.

The Board of Directors of Swan General Ltd accepts full responsibility for the accuracy of the information contained in these condensed audited financial statements.