



# Swan Insurance Company Limited

Condensed Audited Financial Statements - Year ended 31<sup>st</sup> December 2012

The Directors are pleased to present the condensed financial statements of the Group and the Company for the year ended 31<sup>st</sup> December 2012 as audited by Messrs BDO & Co.

## (a) Basis of Accounting

The condensed audited financial statements comply with the International Financial Reporting Standards (IFRS) and are prepared under the historical cost convention except that:

- (i) available-for-sale financial assets are stated at fair value.
- (ii) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

## (b) Merger

Following the merger with Cim Insurance Ltd, the results for the year ended 31<sup>st</sup> December 2012 represent the amalgamated figures effective as from 30<sup>th</sup> June 2012.

## (c) Operations

### (i) Short-Term

Despite the fierce competitive environment, the operational results are satisfactory and in line with expectations. The prudent underwriting approach coupled with rigorous claims management enabled us to achieve an appreciable improvement in the Company's underwriting surplus. Exceptional expenses of Rs 65.8M in connection with the merger have however reduced the Company's profit for the year.

### (ii) Long-Term

The total net premium income has experienced an annual growth of 12.5%. Excluding the effects of the merger, this growth comes mainly from the Company's pensions operations. The life assurance sector remains challenging amidst the fragility of the local and global economies.

## (d) Investments

The foreign equity markets have fared well during the year as opposed to the domestic one which showed signs of recovery only during the fourth quarter. On the fixed income side, the portfolio conveyed encouraging yields in spite of prevailing excess liquidity and low interest rates.

For and on behalf of the Board of Directors

Swan Group Corporate Services Limited  
Secretary  
28 March 2013

## 1. Statements of Financial Position

	THE GROUP		THE COMPANY	
	As at 31 <sup>st</sup> Dec 2012 Rs'000	As at 31 <sup>st</sup> Dec 2011 Rs'000	As at 31 <sup>st</sup> Dec 2012 Rs'000	As at 31 <sup>st</sup> Dec 2011 Rs'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property and equipment	105,051	86,703	100,124	86,517
Investments in subsidiary companies	-	-	352,014	80,220
Investments in associated company & joint venture	60,929	44,824	500	500
Investments in financial assets	797,849	545,452	829,582	559,441
Other non-current assets	207,096	115,493	150,544	115,493
	1,170,925	792,472	1,432,764	842,171
<b>Current assets</b>				
Life Business Assets	2,417,989	1,455,737	1,832,305	1,279,901
<b>Total assets</b>	<b>27,873,708</b>	<b>22,834,974</b>	<b>3,265,069</b>	<b>2,122,072</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves</b> (attributable to owners of the parent)				
Share capital	41,379	35,857	41,379	35,857
Reserves	1,481,127	1,107,998	1,429,608	1,049,868
Owners' interest	1,522,506	1,143,855	1,470,987	1,085,725
Non-controlling interests	202,983	64,924	-	-
<b>Total equity</b>	<b>1,725,489</b>	<b>1,208,779</b>	<b>1,470,987</b>	<b>1,085,725</b>
<b>Life Assurance Fund</b>	<b>24,284,794</b>	<b>20,586,765</b>	<b>-</b>	<b>-</b>
<b>Technical provisions</b>	<b>1,487,536</b>	<b>846,767</b>	<b>1,487,536</b>	<b>846,767</b>
<b>Non-current liabilities</b>	<b>81,316</b>	<b>36,129</b>	<b>68,443</b>	<b>35,967</b>
	25,853,646	21,469,661	1,555,979	882,734
<b>Current liabilities</b>	<b>294,573</b>	<b>156,534</b>	<b>238,103</b>	<b>153,613</b>
<b>Total equity and liabilities</b>	<b>27,873,708</b>	<b>22,834,974</b>	<b>3,265,069</b>	<b>2,122,072</b>
Net assets per share (Rs/cs)	183.97	159.50	177.75	151.40
Number of shares used in calculation	8,275,769	7,171,346	8,275,769	7,171,346

## 2. Income Statements

	THE GROUP		THE COMPANY	
	Year Ended 31 <sup>st</sup> Dec 2012 Rs'000	Year Ended 31 <sup>st</sup> Dec 2011 Rs'000	Year Ended 31 <sup>st</sup> Dec 2012 Rs'000	Year Ended 31 <sup>st</sup> Dec 2011 Rs'000
Gross premiums	3,967,855	3,344,050	1,679,298	1,339,600
Net earned premiums	2,954,153	2,463,299	788,342	540,420
Share of profit of associate and joint venture	9,662	1,235	-	-
Profit before taxation	199,643	238,086	195,216	221,420
Taxation	(16,166)	(25,247)	(15,532)	(25,105)
<b>Profit for the year</b>	<b>183,477</b>	<b>212,839</b>	<b>179,684</b>	<b>196,315</b>
<b>Profit attributable to:</b>				
Owners of the parent	169,202	195,848	179,684	196,315
Non-controlling interests	14,275	16,991	-	-
	183,477	212,839	179,684	196,315
Earnings per share (Rs/cs)	21.90	27.31	23.26	27.37
Weighted average number of shares used in calculation	7,726,575	7,171,346	7,726,575	7,171,346

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### 3. Statements of Comprehensive Income

	THE GROUP		THE COMPANY	
	Year Ended	Year Ended	Year Ended	Year Ended
	31 <sup>st</sup> Dec 2012	31 <sup>st</sup> Dec 2011	31 <sup>st</sup> Dec 2012	31 <sup>st</sup> Dec 2011
	Rs'000	Rs'000	Rs'000	Rs'000
Profit for the year	183,477	212,839	179,684	196,315
Other comprehensive income	28,257	23,912	49,807	(48,334)
<b>Total comprehensive income</b>	<b>211,734</b>	<b>236,751</b>	<b>229,491</b>	<b>147,981</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	200,147	221,388	229,491	147,981
Non-controlling interests	11,587	15,363	-	-
	<b>211,734</b>	<b>236,751</b>	<b>229,491</b>	<b>147,981</b>

### 4. Statements of Changes in Equity

#### Attributable to owners of the parent

(a) THE GROUP	Share Capital Rs'000	Fair value reserves Rs'000	Other reserves Rs'000	Proprietors' fund Rs'000	Retained Earnings Rs'000	Amalgamation Reserve Rs'000	Total Rs'000	Non-Controlling Interests Rs'000	Total Equity Rs'000
Balance at 1 <sup>st</sup> January 2012	35,857	102,396	12,090	49,063	944,449	-	1,143,855	64,924	1,208,779
Issue of share capital	5,522	-	-	-	-	-	5,522	8,795	14,317
Total comprehensive income for the year	-	49,807	6,981	(25,843)	169,202	-	200,147	11,587	211,734
Transactions with owners	-	-	-	4,007	-	-	4,007	(4,007)	-
Other movement	-	-	-	(28,748)	590	-	(28,158)	127,582	99,424
Effect of amalgamation	-	-	-	-	-	267,477	267,477	14,330	281,807
Dividends	-	-	-	-	(70,344)	-	(70,344)	(20,228)	(90,572)
<b>Balance at 31<sup>st</sup> December 2012</b>	<b>41,379</b>	<b>152,203</b>	<b>19,071</b>	<b>(1,521)</b>	<b>1,043,897</b>	<b>267,477</b>	<b>1,522,506</b>	<b>202,983</b>	<b>1,725,489</b>
Balance at 1 <sup>st</sup> January 2011	35,857	150,730	49,321	(32,214)	809,557	-	1,013,251	50,853	1,064,104
Total comprehensive income for the year	-	(48,334)	(7,403)	81,277	195,848	-	221,388	15,363	236,751
Dividends	-	-	-	-	(60,956)	-	(60,956)	(17,131)	(78,087)
Consolidation adjustment	-	-	(29,828)	-	-	-	(29,828)	15,839	(13,989)
<b>Balance at 31<sup>st</sup> December 2011</b>	<b>35,857</b>	<b>102,396</b>	<b>12,090</b>	<b>49,063</b>	<b>944,449</b>	<b>-</b>	<b>1,143,855</b>	<b>64,924</b>	<b>1,208,779</b>
(b) THE COMPANY	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000	Rs'000		
Balance at 1 <sup>st</sup> January 2012	35,857	102,396	28,719	-	918,753	-	1,085,725		
Issue of share capital	5,522	-	-	-	-	-	5,522		
Total comprehensive income for the year	-	49,807	-	-	179,684	-	229,491		
Effect of amalgamation	-	-	-	-	-	220,593	220,593		
Dividends	-	-	-	-	(70,344)	-	(70,344)		
<b>Balance at 31<sup>st</sup> December 2012</b>	<b>41,379</b>	<b>152,203</b>	<b>28,719</b>	<b>-</b>	<b>1,028,093</b>	<b>220,593</b>	<b>1,470,987</b>		
Balance at 1 <sup>st</sup> January 2011	35,857	150,730	28,719	-	783,394	-	998,700		
Total comprehensive income for the year	-	(48,334)	-	-	196,315	-	147,981		
Dividends	-	-	-	-	(60,956)	-	(60,956)		
<b>Balance at 31<sup>st</sup> December 2011</b>	<b>35,857</b>	<b>102,396</b>	<b>28,719</b>	<b>-</b>	<b>918,753</b>	<b>-</b>	<b>1,085,725</b>		

### 5. Statements of Cash Flows

	THE GROUP		THE COMPANY	
	Year Ended	Year Ended	Year Ended	Year Ended
	31 <sup>st</sup> Dec 2012	31 <sup>st</sup> Dec 2011	31 <sup>st</sup> Dec 2012	31 <sup>st</sup> Dec 2011
	Rs'000	Rs'000	Rs'000	Rs'000
Net cash generated from operating activities	72,548	135,175	78,519	117,834
Net cash used in investing activities	(4,742)	(7,749)	(244,238)	(33,294)
Net cash used in financing activities	(68,163)	(17,131)	(63,464)	-
(Decrease)/increase in cash and cash equivalents	(357)	110,295	(229,183)	84,540
<b>Movement in cash and cash equivalents</b>				
At 1 <sup>st</sup> January	381,247	272,119	353,072	269,573
(Decrease)/increase	(357)	110,295	(229,183)	84,540
Effect of exchange rate changes	2,124	(1,167)	738	(1,041)
<b>At 31<sup>st</sup> December</b>	<b>383,014</b>	<b>381,247</b>	<b>124,627</b>	<b>353,072</b>

### 6. Segment Information - (Group)

	Life	Casualty	Property	Total
	Rs'000	Rs'000	Rs'000	Rs'000
Year ended 31 <sup>st</sup> December 2012				
Gross premiums	2,286,160	1,080,396	601,299	3,967,855
Net earned premiums	2,163,414	534,614	256,125	2,954,153
Underwriting surplus	-	239,088	161,393	400,481
Year ended 31 <sup>st</sup> December 2011				
Gross premiums	2,004,450	895,671	443,929	3,344,050
Net earned premiums	1,922,879	424,020	116,400	2,463,299
Underwriting surplus	-	194,624	123,356	317,980