

The Directors are pleased to present the condensed financial statements of the Group and the Company for the year ended 31st December 2013 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 and relevant financial assets and liabilities are stated at their fair values; and
- (ii) held-to-maturity investments, loans and receivables and relevant financial assets and financial liabilities are carried at amortised cost.

The Group has applied IAS 19 (revised 2011) retrospectively in accordance with the transitional provisions as set out in IAS 19. Consequently, the Group has adjusted opening Equity as of 1st January 2012 and the figures for 2012 have been restated as if IAS 19 (revised 2011) had always been applied. The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statements of financial position to reflect the full value of the plan deficit or surplus.

(b) Merger

Following the merger with Cim Insurance Ltd on 30th June 2012, the results for the year ended 31st December 2013 represent the amalgamated figures.

(c) Operations

(i) Short-Term

This year's operational result is encouraging despite the prevailing stiff competition and the high cost of claims. The company consistently pursues its prudent underwriting approach and efficient claims management strategy in order to achieve sustainable growth and profitability.

(ii) Long-Term

The total surplus of the Group for the year has increased by around 14%. This increase is attributable to that of gross premium and investment and other income of 11% and 21% respectively. The life assurance business remains challenging in view of the reduction of disposable income as well as the attraction to tangible assets.

(iii) Both local and international stock markets posted appreciable gains during the year as the global economy improved and provided support to the equity portfolios. In spite of low dividend yields and interest rates, investment income showed an improvement over 2012. The fixed income portfolio, under active management, continued delivering superior yields in spite of persistent excess liquidity, low yields and a subdued inflation rate.

For and on behalf of the Board of Directors

Swan Group Corporate Services Limited
Secretary
25th March 2014

1. Statements of Financial Position

	THE GROUP			THE COMPANY		
	As at 31 st Dec 2013 Rs'000	As at 31 st Dec 2012 Restated Rs'000	As at 1 st Jan 2012 Restated Rs'000	As at 31 st Dec 2013 Rs'000	As at 31 st Dec 2012 Restated Rs'000	As at 1 st Jan 2012 Restated Rs'000
ASSETS						
Non-current assets						
Property and equipment	105,014	105,051	86,703	97,565	100,124	86,517
Investment in subsidiary companies	-	-	-	352,014	352,014	80,220
Investment in associated company and joint venture	67,933	60,929	44,824	500	500	500
Investment in financial assets	949,828	797,849	545,452	918,773	829,582	559,441
Other non-current assets	229,923	210,263	119,191	161,132	153,713	119,192
	1,352,698	1,174,092	796,170	1,529,984	1,435,933	845,870
Current assets	2,586,269	2,417,989	1,455,737	2,145,359	1,832,305	1,279,901
Life business assets	28,425,609	24,264,878	20,556,819	-	-	-
Total assets	32,364,576	27,856,959	22,808,726	3,675,343	3,268,238	2,125,771
EQUITY AND LIABILITIES						
Capital and reserves (attributable to owners of the parent)						
Share capital	41,379	41,379	35,857	41,379	41,379	35,857
Reserves	1,608,787	1,463,178	1,087,045	1,625,158	1,411,651	1,028,907
Owners' interest	1,650,166	1,504,557	1,122,902	1,666,537	1,453,030	1,064,764
Non-controlling interests	193,582	202,983	64,924	-	-	-
Total equity	1,843,748	1,707,540	1,187,826	1,666,537	1,453,030	1,064,764
Life assurance fund	28,425,609	24,264,878	20,556,819	-	-	-
Technical Provisions	1,637,936	1,487,536	846,767	1,637,936	1,487,536	846,767
Non-current liabilities	125,139	102,432	60,779	113,391	89,569	60,627
	30,188,684	25,854,846	21,464,365	1,751,327	1,577,105	907,394
Current liabilities	332,144	294,573	156,535	257,479	238,103	153,613
Total equity and liabilities	32,364,576	27,856,959	22,808,726	3,675,343	3,268,238	2,125,771
Net assets per share (Rs/cst)	199.40	181.80	156.58	201.38	175.58	148.47
Number of shares used in calculation	8,275,769	8,275,769	7,171,346	8,275,769	8,275,769	7,171,346

2. Statements of Profit or Loss

	THE GROUP		THE COMPANY	
	Year Ended 31 st Dec 2013 Rs'000	Year Ended 31 st Dec 2012 Restated Rs'000	Year Ended 31 st Dec 2013 Rs'000	Year Ended 31 st Dec 2012 Restated Rs'000
Gross premiums	4,618,248	3,967,855	2,071,551	1,679,298
Net earned premiums	3,314,677	2,954,153	946,018	788,342
Share of profit of associate and joint venture	14,174	9,662	-	-
Profit before taxation	283,061	202,913	265,832	198,486
Taxation	(29,176)	(16,657)	(29,133)	(16,023)
Profit for the year	253,885	186,256	236,699	182,463
Profit attributable to:				
Owners of the parent	224,561	171,981	236,699	182,463
Non-controlling interests	29,324	14,275	-	-
Earnings per share (Rs/cst)	27.13	22.26	28.60	23.61
Number of shares / weighted average number of shares used in calculation	8,275,769	7,726,575	8,275,769	7,726,575

3. Statements of Profit or Loss and Other Comprehensive Income

	THE GROUP		THE COMPANY	
	Year Ended 31 st Dec 2013 Rs'000	Year Ended 31 st Dec 2012 Restated Rs'000	Year Ended 31 st Dec 2013 Rs'000	Year Ended 31 st Dec 2012 Restated Rs'000
Profit for the year	253,885	186,256	236,699	182,463
Other comprehensive income for the year	(5,078)	28,482	67,014	50,032
Total comprehensive income for the year	248,807	214,738	303,713	232,495
Total comprehensive income attributable to:				
Owners of the parent	235,815	203,151	303,713	232,495
Non-controlling interests	12,992	11,587	-	-
	248,807	214,738	303,713	232,495

4. Statements of Changes in Equity

	Attributable to owners of the parent									
	Share Capital Rs'000	Fair Value Reserves Rs'000	Revaluation and Other Reserves Rs'000	Proprietors' Fund Rs'000	Retained Earnings Rs'000	Amalgamation Reserves Rs'000	Actuarial Gains (Losses) Rs'000	Total Rs'000	Non-Controlling Interests Rs'000	Total Equity Rs'000
(a) THE GROUP										
Balance at 1 st January 2013 (As restated)	41,379	152,203	19,071	(1,521)	1,046,676	267,477	(20,728)	1,504,557	202,983	1,707,540
Issue of shares	-	-	-	-	-	-	-	-	1,426	1,426
Total comprehensive income for the year:										
- Profit for the year	-	-	-	-	224,561	-	-	224,561	29,324	253,885
- Other comprehensive income for the year	-	91,422	(2,171)	(49,098)	-	-	(28,899)	11,254	(16,332)	(5,078)
Other movement	-	-	-	-	-	-	-	-	9,938	9,938
Dividend	-	-	-	-	(90,206)	-	-	(90,206)	(33,757)	(123,963)
Balance at 31st December 2013	41,379	243,625	16,900	(50,619)	1,181,031	267,477	(49,627)	1,650,166	193,582	1,843,748
Balance at 1 st January 2012 (As restated)	35,857	102,396	12,090	49,063	944,449	-	(20,953)	1,122,902	64,924	1,187,826
Issue of share capital	5,522	-	-	-	-	-	-	5,522	8,795	14,317
Total comprehensive income for the year:										
- Profit for the year	-	-	-	-	171,981	-	-	171,981	14,275	186,256
- Other comprehensive income for the year	-	49,807	6,981	(25,843)	-	-	225	31,170	(2,688)	28,482
Other movement	-	-	-	(28,748)	590	-	-	(28,158)	127,582	99,424
Consolidation adjustment	-	-	-	4,007	-	-	-	4,007	(4,007)	-
Effect of amalgamation	-	-	-	-	-	267,477	-	267,477	14,330	281,807
Dividend	-	-	-	-	(70,344)	-	-	(70,344)	(20,228)	(90,572)
Balance at 31st December 2012	41,379	152,203	19,071	(1,521)	1,046,676	267,477	(20,728)	1,504,557	202,983	1,707,540



Swan Insurance Company Limited

Condensed Audited Financial Statements - Year Ended 31st December 2013

Continued

Attributable to owners of the parent

	Share Capital Rs'000	Fair Value Reserves Rs'000	Revaluation and Other Reserves Rs'000	Retained Earnings Rs'000	Amalgamation Reserves Rs'000	Actuarial Gains (Losses) Rs'000	Total Rs'000
(b) THE COMPANY							
Balance at 1 st January 2013 (As restated)	41,379	152,203	28,719	1,030,872	220,593	(20,736)	1,453,030
Total comprehensive income for the year:							
Profit for the year	-	-	-	236,699	-	-	236,699
Other comprehensive income	-	95,913	-	-	-	(28,899)	67,014
Dividend	-	-	-	(90,206)	-	-	(90,206)
Balance at 31st December 2013	41,379	248,116	28,719	1,177,365	220,593	(49,635)	1,666,537
Balance at 1 st January 2012 (As restated)	35,857	102,396	28,719	918,753	-	(20,961)	1,064,764
Issue of share capital	5,522	-	-	-	-	-	5,522
Total comprehensive income for the year:							
Profit for the year	-	-	-	182,463	-	-	182,463
Other comprehensive income for the year	-	49,807	-	-	-	225	50,032
Effect of amalgamation	-	-	-	-	220,593	-	220,593
Dividend	-	-	-	(70,344)	-	-	(70,344)
Balance at 31st December 2012	41,379	152,203	28,719	1,030,872	220,593	(20,736)	1,453,030

5. Statements of Cash Flows

	THE GROUP		THE COMPANY	
	Year Ended 31 st Dec 2013 Rs'000	Year Ended 31 st Dec 2012 Rs'000	Year Ended 31 st Dec 2013 Rs'000	Year Ended 31 st Dec 2012 Rs'000
Net cash (used in)/generated from operating activities	(60,619)	72,548	(45,160)	78,519
Net cash generated from/(used in) investing activities	60,669	(110,254)	126,698	(345,216)
Net cash used in financing activities	(90,153)	(68,163)	(72,239)	(63,464)
(Decrease)/increase in cash and cash equivalents	(90,103)	(105,869)	9,299	(330,161)
Movement in cash and cash equivalents				
At 1 st January	383,014	381,247	124,627	353,072
(Decrease)/increase	(90,103)	(105,869)	9,299	(330,161)
Effect of exchange rate changes	(5,156)	2,124	(1,427)	738
Cash and cash equivalents from amalgamation	-	105,512	-	100,978
At 31 st December	287,755	383,014	132,499	124,627

6. Segment Information - (Group)

Year ended 31 st December 2013	Life Rs'000	Casualty Rs'000	Property Rs'000	Total Rs'000
Gross premiums	2,541,153	1,454,440	622,655	4,618,248
Net earned premiums	2,363,115	793,839	157,723	3,314,677
Underwriting surplus	-	321,054	130,153	451,207
Year ended 31st 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

Swan Group

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