

### Condensed Audited Financial Statements - Year Ended December 31, 2016

### 1. Statements of Financial Position

The Directors are pleased to present the condensed audited financial statements of the Group and the Company for the Year Ended December 31, 2016 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 31 December 2016 which have been prepared in accordance with International Financial Reporting Standards.

#### (b) Operations

##### Short Term

Despite the challenging market and economic environment, Swan General Ltd achieved overall satisfactory operational results. The growth of business was in line with expectations. On the claims side, the unusual pattern of claims in several lines of business observed at the beginning of the year has stabilised.

##### Long Term

Swan Life Ltd posted a good performance with premium income increasing appreciably in spite of an economic environment characterised by excess liquidity and low interest rates.

#### (c) Investments

The investment fund performed well and closed higher over the 2016 financial year as all asset classes delivered encouraging returns. The portfolio of local equity investments rose appreciably even though the main stock market index ended the year marginally negative on the back of selling pressure from foreign investors. On the international side, equity investments delivered a decent performance despite political events including Brexit and the US presidential elections. US electoral promises of cutting down taxes and spending massively on infrastructure stimulated world stock exchanges and generated positive returns for our portfolio. Emerging markets' equities were boosted by a stable US Dollar and stronger commodity prices.

Despite the high excess liquidity in the financial system which pressured long term yields down, the active diversification and yield-seeking strategy supported the fixed income portfolio.

Included in "Investment and other income" is an exceptional profit on the deemed disposal of a financial asset following the amalgamation of a listed entity.

#### For and on behalf of the Board of Directors

Swan Corporate Affairs Ltd  
Company Secretary  
March 28, 2017

#### ASSETS

##### Non-current assets

Property and equipment  
Investments in subsidiary companies  
Investments in associated company and joint ventures  
Investments in financial assets  
Other non-current assets

##### Current assets

##### Life business assets

##### Total assets

#### EQUITY AND LIABILITIES

##### Capital and reserves

Share capital  
Retained earnings  
Reserves  
Owners' interest  
Non-controlling interests  
Total equity

##### Life assurance fund

##### Technical Provisions

##### Non-current liabilities

##### Current liabilities

##### Total equity and liabilities

##### Net assets per share (Rs/cs)

##### Number of shares used in calculation

THE GROUP		THE COMPANY	
As at Dec 31, 2016 Rs'000	As at Dec 31, 2015 Rs'000	As at Dec 31, 2016 Rs'000	As at Dec 31, 2015 Rs'000
94,403	-	93,113	96,019
-	97,596	535,957	465,418
85,926	90,176	501	500
1,623,125	1,552,221	1,415,881	1,358,820
218,034	222,872	165,388	166,879
2,021,488	1,962,865	2,210,840	2,087,636
3,002,043	2,937,762	1,962,878	1,971,279
34,487,118	32,095,961	-	-
39,510,649	36,996,588	4,173,718	4,058,915
41,379	41,379	41,379	41,379
1,494,110	1,412,831	1,619,522	1,497,298
858,538	882,932	382,533	445,191
2,394,027	2,337,142	2,043,434	1,983,868
344,523	350,294	-	-
2,738,550	2,687,436	2,043,434	1,983,868
34,487,118	32,095,961	-	-
1,814,025	1,634,440	1,774,508	1,611,117
165,240	109,120	129,686	102,369
36,466,383	33,836,521	1,904,194	1,713,486
305,716	472,631	226,090	361,561
39,510,649	36,996,588	4,173,718	4,058,915
289,28	282,40	246,92	239,71
8,275,769	8,275,769	8,275,769	8,275,769

### 2. Statements of Profit or Loss and Other Comprehensive Income

	THE GROUP	
	Year Ended Dec 31, 2016 Rs'000	Year Ended Dec 31, 2015 Rs'000
Gross premiums	6,392,318	5,676,978
Net earned premiums	4,948,565	4,227,657
Share of profit of associated company and joint ventures	6,568	14,475
Profit before taxation	268,084	310,214
Taxation	(13,605)	(25,841)
Profit for the year	254,479	284,373
Other comprehensive income for the year	(50,991)	(60,297)
Total comprehensive income for the year	203,488	224,076
Profit attributable to:		
Owners of the parent	230,670	257,424
Non-controlling interests	23,809	26,949
	254,479	284,373
Total comprehensive income attributable to:		
Owners of the parent	179,663	191,578
Non-controlling interests	23,825	32,498
	203,488	224,076
Earnings per share (Rs/cs)	27.87	31.11
Number of shares used in calculation	8,275,769	8,275,769

	THE COMPANY	
	Year Ended Dec 31, 2016 Rs'000	Year Ended Dec 31, 2015 Rs'000
	2,401,074	2,204,745
	1,256,469	1,001,560
	-	-
	233,731	269,363
	(12,198)	(19,100)
	221,533	250,263
	(62,658)	(66,612)
	158,875	183,651
	221,533	250,263
	158,875	183,651
	-	-
	158,875	183,651
	26.77	30.24
	8,275,769	8,275,769

### 3. Statements of Changes in Equity

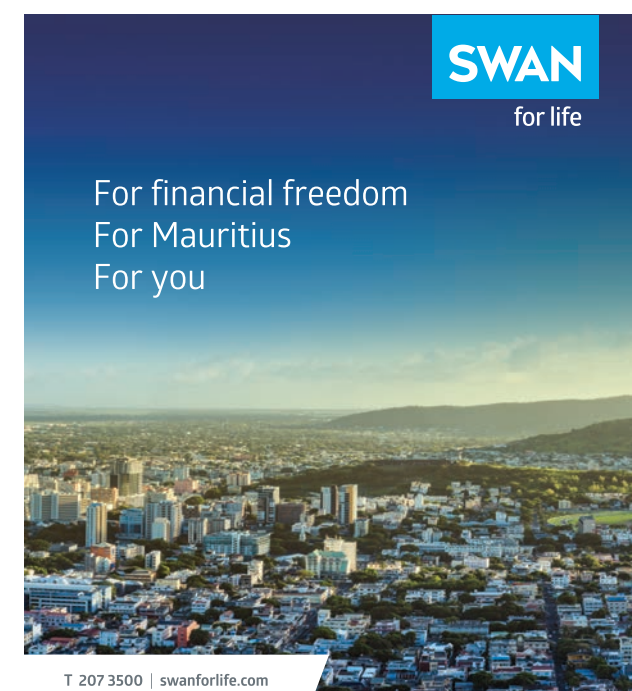
	Attributable to owners of the parent							Total Rs'000	Non-controlling Interests Rs'000	Total Equity Rs'000
	Share Capital Rs'000	Fair Value Reserve Rs'000	Other Reserves Rs'000	Proprietors' Fund Rs'000	Retained Earnings Rs'000	Amalgamation Reserve Rs'000	Actuarial gains/ (losses) Rs'000			
<b>(a) THE GROUP</b>										
Balance at January 1, 2016	41,379	228,359	54,848	387,720	1,412,831	267,477	(55,472)	2,337,142	350,294	2,687,436
Profit for the year	-	-	-	-	230,670	-	-	230,670	23,809	254,479
Other comprehensive income for the year	-	(19,844)	(388)	5,454	-	-	(36,229)	(51,007)	16	(50,991)
Other movement	-	-	-	-	-	-	-	-	23,281	23,281
Transactions with non controlling interests	-	-	-	-	(50,082)	-	-	(50,082)	(20,458)	(70,540)
Non distributable reserve	-	-	-	26,613	-	-	-	26,613	6,707	33,320
Dividends	-	-	-	-	(99,309)	-	-	(99,309)	(39,126)	(138,435)
Balance at December 31, 2016	41,379	208,515	54,460	419,787	1,494,110	267,477	(91,701)	2,394,027	344,523	2,738,550
Balance at January 1, 2015	41,379	309,212	23,334	35,734	1,323,750	267,477	(48,484)	1,952,402	238,942	2,191,344
Profit for the year	-	-	-	-	257,424	-	-	257,424	26,949	284,373
Other comprehensive income for the year	-	(80,853)	31,514	(9,519)	-	-	(6,988)	(65,846)	5,549	(60,297)
Other movement	-	-	-	-	999	-	-	999	28,811	29,810
Transactions with non controlling interests	-	-	-	-	(70,033)	-	-	(70,033)	(23,271)	(93,304)
Non distributable reserve	-	-	-	361,505	-	-	-	361,505	110,495	472,000
Derecognition of subsidiaries	-	-	-	-	-	-	-	-	4,683	4,683
Dividends	-	-	-	-	(99,309)	-	-	(99,309)	(41,864)	(141,173)
Balance at December 31, 2015	41,379	228,359	54,848	387,720	1,412,831	267,477	(55,472)	2,337,142	350,294	2,687,436
<b>(b) THE COMPANY</b>										
Balance at January 1, 2016	41,379	251,359	28,719	-	1,497,298	220,593	(55,480)	1,983,868	-	1,983,868
Profit for the year	-	-	-	-	221,533	-	-	221,533	-	221,533
Reclassification	-	(14,380)	14,380	-	-	-	-	-	-	-
Other comprehensive income for the year	-	(26,429)	-	-	-	-	(36,229)	(62,658)	-	(62,658)
Dividends	-	-	-	-	(99,309)	-	-	(99,309)	-	(99,309)
Balance at December 31, 2016	41,379	210,550	43,099	-	1,619,522	220,593	(91,709)	2,043,434	-	2,043,434
Balance at January 1, 2015	41,379	310,983	28,719	-	1,346,344	220,593	(48,492)	1,899,526	-	1,899,526
Profit for the year	-	-	-	-	250,263	-	-	250,263	-	250,263
Other comprehensive income for the year	-	(59,624)	-	-	-	-	(6,988)	(66,612)	-	(66,612)
Dividends	-	-	-	-	(99,309)	-	-	(99,309)	-	(99,309)
Balance at December 31, 2015	41,379	251,359	28,719	-	1,497,298	220,593	(55,480)	1,983,868	-	1,983,868

### 4. Statements of Cash Flows

	THE GROUP		THE COMPANY	
	Year Ended Dec 31, 2016 Rs'000	Year Ended Dec 31, 2015 Rs'000	Year Ended Dec 31, 2016 Rs'000	Year Ended Dec 31, 2015 Rs'000
Net cash generated from operating activities	160,008	169,950	113,067	89,806
Net cash generated from investing activities	92,234	8,888	71,159	60,670
Net cash used in financing activities	(287,798)	(162,159)	(235,506)	(104,508)
(Decrease)/ increase in cash and cash equivalents	(35,556)	16,679	(51,280)	45,968
Movement in cash and cash equivalents:				
At January 1	168,233	127,481	120,367	72,435
(Decrease)/increase	(35,556)	16,679	(51,280)	45,968
Effect of exchange rate changes	5,719	24,073	893	1,964
At December 31	138,396	168,233	69,980	120,367

### 5. Segment Information - (Group)

	Life Rs'000	Casualty Rs'000	Property Rs'000	Total Rs'000
Year ended December 31, 2016				
Gross premiums	3,859,237	1,849,631	683,450	6,392,318
Underwriting surplus	-	280,418	162,206	442,624
Investment & other income	-	-	-	280,450
Management expenses, depreciation & amortisation	-	-	-	(461,558)
Share of profit of associated company & joint ventures	-	-	-	6,568
Profit before tax	-	-	-	268,084
Year ended December 31, 2015				
Gross premiums	3,388,287	1,587,999	700,692	5,676,978
Underwriting surplus	-	283,039	210,992	494,031
Investment & other income	-	-	-	277,037
Management expenses, depreciation & amortisation	-	-	-	(475,329)
Share of profit of associated company & joint venture	-	-	-	14,475
Profit before tax	-	-	-	310,214



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