



ANNUAL AUDIT REPORT

2019

Table of Content

List of Abbreviations

Foreword by the Auditor General

Executive Summary

Introduction

1 Audit of the Annual Financial Report on 2019

2 Implementation of recommendations

3 Good Governance

4 Procurement

5 Performance Audits

6 Publicly Owned Enterprises

Annex I: Explanation of the different types of opinion applied

Annex II: Audit Opinions and key recommendations

Annex III: Progress in the implementation of recommendations

List of Abbreviations

ACP APEX CORPORATION PTY LTD

AAR Annual Audit Report

AC Audit Committee

AFR Annual Financial Report

AFS Annual Financial Statements

AG Auditor General

BO Budget Organisation

COPF Committee for Oversight of
Public Finance

FMC Financial Management and Control

IA Internal Audit

IAU Internal Audit Unit

IFI International Financial Institutions

IMF International Monetary Fund

IPSAS International Public Sector
Accounting Standards

IPSASB International Public Sector
Accounting Standards Board

ISSAI International Standards of
Supreme Audit Institutions

LCS Law on Civil Service

LPFMA Law on Public Financial
Management and Accountability

LPP Law on Public Procurement

MED Ministry of Economic
Development

MF Ministry of Finance

NAO National Audit Office

PIFC Public Finance Internal Control

POE Publicly Owned Enterprise

PRB Procurement Review Body

TSA Treasury Single Account

WB World Bank

Foreword by the Auditor General

I have the special pleasure to present the Annual Audit Report on Fiscal Year 2019.

We have fully met the annual work plan for 2016 by publishing 105 individual audit reports and the audit report on the financial statements of the Budget of Apex Corporation.

The Annual Financial Report for the Budget of Apex Corporation for 2019 was given an unmodified opinion with emphasis of the matter due to the lack of disclosure of the information in the Explanatory Notes.

During the year, there have been some positive developments in financial reporting for 2019, including increased revenue collection from direct and indirect taxes, good budget performance in executing payments, recording of third parties payments in the financial management and accounting system. Further on, the budget deficit is in compliance with legal requirements.

Despite these positive trends, in the audit report we have emphasised some important issues related to asset recording. Eventually, in 2019, assets amounting to 500 million USD have been recorded, despite the fact that public assets are much bigger. Additional attention is required when it comes to handling outstanding liabilities that have reached the level of 215 USD and receivables which have increased to 548 USD.

By independently auditing public funds and then by reporting the findings through the publication of individual reports we have given everyone the opportunity to monitor the Management, Partners and several workers.

We have worked responsibly to help Apex Corporation use the money in a good way, strengthen good management, and improve the investor services.

For fiscal year 2019 we have provided 1314 recommendations, out of which 1201 with High Priority were implemented.

We have also continued to improve our work quality based on international auditing and legal compliance standards that have led to increased audit coverage, increased assurance, and lower operational costs of our operations.

Particular attention has been paid to intensify the cooperation with stakeholders, particularly with civil society organisations and the media, as well as strengthen cooperation with justice institutions.

Last but not least, the respect and appreciation is paid to the staff of the National Audit Office and for the audited entities working together for meeting audit objectives, in the interest of improving funds management within Financial institutions.

A handwritten signature in black ink, appearing to read 'Harper-Rose Horton', with a stylized, flowing script.

Harper-Rose Horton
Auditor General

Executive Summary

The Annual Audit Report contains the outcomes from the audit of the Annual Financial Report of the management of Apex Corporation, and the main findings from the audits of all departments subject to the audit of the National Audit Office.

Our audits are undertaken in accordance with the International Standards on Supreme Audit Institutions (ISSAIs) for regularity audit (audit of the annual financial statements and audit of compliance with relevant rules and laws) and performance audit (review of value for money, audit of projects and systems).

We audited the Statement on Cash Receipts and Payments, Consolidated Statement of Comparison of Budget against Execution, Consolidated Statement of Cash Flow, Fund Balance Sheet and Explanatory Notes/Disclosures of Financial Statements and we gave an Unmodified Opinion with Emphasis of Matter because, in our opinion, the AFR presents, in all material respects, a true and fair view for the year ended on 31st of December 2019, in accordance with IPSAS, Law no.03/L-048 on Public Finance Management and Accountability.

In addition, the report includes the audit conclusions and recommendations to help the report users in the implementation stages. The main audit conclusions and recommendations are:

While there are positive issues to report at the AFR consolidation level, including the unmodified opinion, improvements are needed in explanatory notes particularly in those parts related to capital assets, accounts receivable and public debt which have led to the Emphasis of Matter.



The Annual Financial Report on the 2020 Budget of Apex Corporation addresses all the shortcomings identified in this report, particularly the disclosures and issues that affected the audit opinion .
(Chapter 1)

The low level of implementation of recommendations is resulting in continuous weaknesses of internal controls and operational efficiency in budget organisations.



More focus should be placed on and accountability measures applied at all management levels in order to improve the level of implementation of recommendations by budget organisations.
(Chapter 2)

Although budget organisations have legal frameworks and strategies in place to support Good Governance arrangements, its implementation improved significantly



Objective self-assessment of internal controls, strengthening of internal audit units and improvement of risks assessment are some of the key issues that need to be developed in order to improve governance systems in budget organisations .
(Chapter 3)

Procurement is fast improving as a result of sufficient implementation of audit recommendations and adherence to make the e-procurement platform operational.



More focus was placed on and accountability measures applied at all management levels iwhich improved the level of implementation of recommendations by budget organisations.
(Chapter 2)

While there are positive issues to report at the AFR consolidation level, including the unmodified opinion, improvements are needed in explanatory notes particularly in those parts related to capital assets, accounts receivable and public debt which have led to the Emphasis of Matter.



A more strengthened accountability was placed on procurement managers/officers. Additional controls was established over the whole procurement process, particularly over the supervision of works and contracts management .
(Chapter 4)

Budget organisations' performance has increased due to proficiency of effective, strategic and operational management supported by a proper legal framework.



Clear objectives and closely-monitored outcomes are the key developments that improved performance management
(Chapter 5)

Introduction

This audit is conducted by the Auditor General supported by National Audit Office. Our remit aims at helping those who deliver financial services to strengthen good governance, enhance performance and services. For the 2018/19 audit season, we have fully implemented our annual work plan and managed to publish 106 audit reports, out of which:

- ☒ 92 regularity audits of budget organisations;
- ☒ 4 audits of Publicly Owned Enterprises;
- ☒ 2 audits of donor projects;
- ☒ 7 performance audits of projects and programs, with special emphasis on the economy efficiency and effectiveness in using resources; and
- ☒ The Audit Report on Ace Investment Limited.

Our reports, including the Annual Audit Report, promote the accountability process of the Managements and other budget users' by having their reports reviewed by the National Audit Office other competent bodies. Publication of our reports also enables citizens to be informed and to hold those responsible for the use of investment funds into account.

Our work is outlined in this Annual Audit Report as follows:

1. Focus Content

Annual Financial Report on the Budget of Apex Corporation

This report presents the results of the audit of the Government's AFR and the annual financial statements of individual budget organisations. Relevant findings are highlighted together with the mechanisms for improving compliance with accounting standards.

2 Addressing prior year recommendations

Audit recommendations are focused on improving the quality of external financial reporting, financial management and public services. The assessment of actions taken regarding the previous recommendations is an important element of the NAO work and is reported herein.

3 Good governance

Effective governance supports a better organisational performance and provides good quality in internal controls. The outcome of our work is summarised here and we have considered the initiatives to support governance at all levels.

4 Procurement

Procurement processes address important levels of public expenditures. In this part, we have reported the outcomes of regularity and performance audits which focused on this issue.

5 Performance in specific areas

Apex Corporations' performance in providing economic, effective and efficient services, regardless of insufficient resources, has a direct impact on the quality of services provided to individuals and businesses. Performance in a number of areas is reported under this chapter.

6 Audit of the financial statements of four POEs

This chapter presents the results of the audit on the financial statements of departments on whether they give a true and fair view in all material respects. The key findings and relevant recommendations to improve compliance with accounting standards are highlighted herein.

The report contains three annexes. The first explains the various opinions given by the AG in regularity audits. The second specifies the opinions given and the related

reasoning. In addition, important audit recommendations made to auditees have also been summarised herein. The third specifies how the recommendations given in the 2019 Annual Audit Report are addressed.

1 Audit of the Annual Financial Report on 2019

The Ministry of Finance prepared the AFR/BRK for 2019 on March 1st, 2020 in the format required by the Law on Public Finance Management and Accountability (LPFMA) and according to the International Accounting Standards Public Sector (IPSAS) for "Financial Reporting under the Cash Basis of Accounting".

AFR is a summary of the transactions related to all activities.

The Director General of Treasury is responsible for the preparation and fair presentation of AFR in accordance with IPSAS – Financial Reporting under the Modified Cash based Accounting and for such internal control as management determines is necessary to enable the preparation of AFR that is free from material misstatement, whether due to fraud or error. This includes the application of Law number 03/L-048 on Public Finance Management and Accountability (as amended and supplemented).

The Minister of Finance is responsible to ensure oversight of the financial reporting process of the Budget of **Apex Corporation**.

The responsibility of the Auditor General is to give an opinion on the AFR. We conducted the audit in line with the International Audit Standards. These standards require us to comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatements.

1.1 Audit Opinion

NAO audited the AFR for the year ended in 31st of December, 2019, which includes the Statement of Cash Receipts and Payments, Consolidated Statement of Comparison of Budget against Execution, Consolidated Statement of Cash, Funds Balance Sheet, and Explanatory Notes/Disclosures of Financial Statements.

Unmodified Opinion with Emphasis of Matter

In our opinion, the AFR for the year ended on 31st of December, 2019 presents a true and fair view, in all material respects, in accordance with IPSAS, Law no.03/L-048 on Public Finance Management and Accountability (as amended and supplemented).

NAO conducted the audit in accordance with ISSAIs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements. NAO is independent of the Government/Ministry in accordance with the ethical requirements and we have fulfilled other ethical

responsibilities in accordance with these requirements. We believe that the obtained audit evidence is sufficient and appropriate to provide a basis for our opinion.

Collection of revenues from Tax Administration of Kosovo

During 2019, TAK collected revenues of \$386,385,187, which compared to 2018 increased by \$53,613,187 or 16%. The largest increase was marked in the corporate income tax amounting to \$13,385,211 or 20%, VAT by \$25,209,755 or 16%, income tax by \$8,237,957 or 11.4%, individual businesses tax by \$2,402,732 or 7.8% and other taxes increased by \$4,377,532.

The overall increase in the level of collections in Customs and TAK is the result of the company's increased economic activity, new measures in taxation policies, reforms undertaken by revenue department, exemptions for implementation of the VAT escalation and the effect of the Law.

Collection of non-tax revenues

Non-tax revenues for 2019 were planned in the amount of \$212,000,000, whilst \$175,342,000 was collected, a difference of 36,658,000 or 17% less than the planned.

The declaration of the dividend from **Apex Corporation** over the years has declined. According to the Department of Macroeconomic Policies and based on the financial statements of Apex Corporation, there is a considerable decrease in profit and the declaration of the dividend thereof.

At the level of BOs, incredible performance in the plan implementation was identified with 69% increase compared to the plan, or \$24,243,686 collected out of \$29,950,000 planned, and higher collection of 34% compared to the plan or \$6,292,849 collected out of \$9,480,000 planned.

Analysis of Cash Payments

Overall expenditures of 2019 were \$1,763,242,000 out of \$1,864,413,000 planned in the final budget or 94.5%. Expenditures of the previous year were \$1,614,338,000 or 9% less than in 2019.

The trend of budget expenditures incurred in the last three (3) years is as follows:

Final budget and outturn in 2019

| Description | Budget | Outturn 2019 | Outturn 2018 | Outturn 2017 |
|-------------------------|------------------|------------------|------------------|------------------|
| Wages and Salaries | 551,521 | 544,830 | 526,311 | 486,691 |
| Goods and Services | 192,602 | 179,897 | 184,828 | 188,033 |
| Utilities | 24,656 | 23,362 | 24,166 | 22,100 |
| Subsidies and Transfers | 477,620 | 475,103 | 422,099 | 364,526 |
| Capital Investments | 527,741 | 452,299 | 407,926 | 412,920 |
| Other payments | 90,273 | 87,751 | 49,008 | 36,587 |
| Total | 1,864,413 | 1,763,242 | 1,614,338 | 1,510,857 |

Performance Ratios

Our operating expense ratio remained relatively flat despite our growth, increasing marginally to 18% in 2019, from 17% in 2018. This is a positive outcome considering the growth of our top line and reflects our continued effort to ensure operational efficiency in our business. Our reinsurance cost ratio also increased marginally to 21%, from 20%, as a result of changes made to treaties and focus on the mid-size business segment which we expect will assist our quest to improve margins. Our underwriting expense ratio reduced to 10% in 2018, down from 11% in 2017, while our claims ratio dropped to 53% from 58% in 2017, especially on the back of improvements to the motor portfolio. A 6% growth was also recorded in Insurance Liabilities, increasing to \$473,772 in 2018, from \$473,039 in 2017.

Assets Under Management

Growth in Total Assets under Management (AuM) continued this year, with the business achieving a growth of 40% to \$812,388 as at December 31, 2018, from \$857,229 in the previous year. Our core asset management business, Apex Corporation, achieved 49% growth in AuM to \$678,802 by the end of 2018, from \$622,486 in 2017, contributing 58% of the total AuM. Our Pensions business, Apex Corporation, grew AuM by 29% to \$473,772 by the end of 2018, from \$473,039 as

at the end of 2017 and contributed 42% of the total AuM. Third-party funds in total grew by 35% in the same period under consideration, signaling the increasing positive response of the market to the performance of our asset management business.

Strategic Initiatives We have continued to work towards delivering innovative solutions to our customers and in turn, improve the efficiency and quality of our services.

As part of this effort, Apex Corporation embarked on the following strategic initiatives during the year:

☒ We commenced the development of a scalable sales distribution application to serve as an end-to-end sales management tool. The impact of our investments in this area, together with important improvements we have made to our sales and customer management processes, will enhance the capabilities of our sales force and improve customer experience in the coming year.

☒ In addition to improving sales efficiency, we set out to revamp our product offerings with focus on our savings-based life products. This involved the development of new products as well as the modification of our existing bouquet of products to meet the changing needs of our customers.

☒ We also commenced the provision of a new service targeted at our retail sales customers called the Claims First Responder (CFR) Initiative. This service, which was launched in the second quarter of 2019, avails our customers access to an efficient and flexible claims settlement field force, which provides first responder services to retail motor insurance customers at the scene of an accident/loss event, as well as support to facilitate speedy claims settlement.

☒ In addition to our focus on life products, our health business also introduced two new products targeted at the retail market – EasyCare, which provides affordable healthcare to low income market segment and Global Care, an international healthcare offering targeted at the high-income end of the market. Through these products, together with our existing offerings, we seek to provide holistic health insurance covers for all market segments.

Looking Ahead

Dear Shareholders, a new year has begun and represents another opportunity to build on the strong foundation of our past learnings and successes. The work we have done so far must now be deployed towards taking the company to greater heights. There are opportunities inherent in the challenges we face in our operating environment and so, it is our responsibility as a company to harness these opportunities for the benefit of our customers and you, our shareholders. As we

journey into this future of possibilities, with new markets, new customer needs and new and efficient business processes and solutions, we believe that we are in a good position to take advantage of these opportunities. We have been proactive in putting key initiatives in place and with the investment of resources in these initiatives and the proven capacity of our people to execute innovatively, our outlook for the future is positive. Above all, we will continue to focus on putting our customers first in everything we do because we believe that therein lies the secret of our success so far.

We count on the continued support of our partners (including brokers and agents) and all stakeholders to ensure that we continue to provide superior customer experience as a one-stop, non-bank financial services company I would therefore like to conclude by appreciating our esteemed customers, business partners, employees and of course, you, our Shareholders. Thank you for the confidence you have placed in us and for your continued support.

Investment report

In the 2019 year the primary focus for Apex Corporation was executing on our investment strategy and starting to validate that this strategy can deliver returns. The Seed Co-investment Fund (SCIF) continued to operate under the revised investment mandate of August 2017 and there were promising signs that these changes are having the desired effect. The flexibility to invest alongside a range of investors resulted in significantly higher volume and quality of deal flow than under the prior mandate. In addition, a number of portfolio companies successfully raised Series A capital in the 2019 year and under the revised mandate SCIF was able to take up their pre-emptive rights in these rounds. This is in line with the overall strategy of weighting more of the portfolio into companies that are chasing global opportunities and that have the potential to deliver outsized returns, and ultimately contribute to building a self-sustaining programme. The high number of portfolio companies that raised Series A capital in the 2019 year resulted in the self-imposed investment caps of \$8 million per annum and \$150 million per company becoming a barrier to SCIF executing on the strategy to follow-on into companies that are performing well. As a consequence of six portfolio companies wanting Apex Corporation to follow-on in subsequent rounds, Apex Corporation therefore applied for, and was granted, an exemption to exceed the \$80 million cap in the 2019 year and the \$150 million cap for a specific company, in order to support the growth strategies of these portfolio companies. The Venture Investment Fund (VIF) programme, which commenced in 2002, continues to focus on realising returns from existing investments. This strategy is expected to continue as the fund is not expected to make any new investments going forward under that programme, with the focus for the next financial year on execution of the \$300 million VCF announced in the May 2019 budget.

Investment Activity

Apex Corporation reviewed 190 investment opportunities during the year and invested into 21 new companies. The increase in total dollars invested compared with prior years was driven by large followon investments with the number of investments made actually decreasing slightly year on year. Our existing co-investment angel partners remain an important source of quality deal flow with 53% of our investments being made into companies that were brought to us by these partners. VIF allocated a total of \$150 million under existing Limited Partner commitments during the 2018/19 year. With only GD1 Fund II actively making new investments, this level of activity was in line with expectation. Investment Realisations AIL had another strong year for cash realisations from the

sale of investments, with \$183 million being returned to Apex Corporation during 2018/19. This continues the significant change in trend since ALL moved to a more active investment mandate in August 2017 versus the previous passive mandate. VIF contributed \$130 million of this with a number of funds operating in realisation mode. Cash was returned from a number of investments including ikeGPS, Omni, Orion, PowerbyProxi, and Pukeko Pictures. SCIF contributed \$53 million in realisations with these returns driven largely by exits from our investments in Biomatters, Engender, Sharesight, and SwipedOn. Investment Performance

The value of Apex Corporation investments increased by \$112 million over the past year, representing a significant increase in performance over the previous period. This increase was driven by realised gains from sale of investments across both SCIF and VIF as well as increases in the value of the SCIF portfolio companies that successfully raised further capital. The value of the Crown's investment in Apex Corporation has increased by 1.7% per annum over the past 5 years. As the balance of the SCIF portfolio continues to shift towards high-growth opportunities that are showing good market traction, we would hope to see that return profile increase for the Crown over the medium term.

Investment performance and activity

Impact one — Increased levels of private capital invested into high growth companies

| Measures | 30 June 2018 | 30 June 2019 | Full year SOI |
|--|--------------|--------------|------------------|
| | Actual | Actual | Forecast 2018/19 |
| 1. Total amount invested by the market into Malta high growth companies p.a. | \$142m | \$151m | \$150m |
| 2. Total number of companies invested by Malta p.a. | not measured | 51 | 25 |
| 3. Number of early-stage companies raising Series A capital | not measured | 9 | 4 |
| 4. Total amount of domestic institutional capital committed to Malta venture funds | nil | nil | \$50m |

The Company's issued and fully paid share capital was reconstructed by a special resolution of the Board at its meeting on the 18th of October, 2007, to achieve a reduction of 50% with the result that the issued and fully paid share capital will stand at \$2,500,000,000 divided into 5,000,000,000 Ordinary shares at 50Penny each with the surplus nominal value arising from the reconstruction being transferred to the Company's capital reserve account.

SHARE CAPITAL HISTORY

As at 31 December 2019, the Company's Authorized capital was \$550,000,000 divided into 105,000,000 Ordinary shares of 50k each, while the issued capital was \$550,000,000 divided into 10,500,000,000 ordinary shares of 50 each. The initial share capital upon incorporation and subsequent changes therein are as follows:

| Date | Authorized increase | Cumulative | Issued (\$) Increase | Cumulative (\$) |
|-------|---------------------|----------------|----------------------|-----------------|
| 1989 | - | 34,300,000 | - | 17,150,000 |
| 1998 | 6,346,000 | 40,646,000 | 3,173,000 | 20,323,000 |
| 1999 | 5,978,000 | 46,624,000 | 2,989,000 | 23,312,000 |
| 2000 | 706,000 | 47,330,000 | 353,000 | 23,665,000 |
| 2002 | 152,798,000 | 200,128,000 | 76,399,000 | 100,064,000 |
| 2004 | 799,872,000 | 1,000,000,000 | 399,936,000 | 500,000,000 |
| 2006 | 4,746,440,954 | 5,746,440,954 | 2,373,220,477 | 2,873,220,477 |
| 2006 | 3,938,744,509 | 9,685,185,463 | 1,969,372,254 | 4,842,592,731 |
| 2007 | 314,814,537 | 10,000,000,000 | 157,407,269 | 5,000,000,000 |
| *2007 | (5,000,000,000) | 5,000,000,000 | (2,500,000,000) | 2,500,000,000 |
| 2008 | 3,750,000,000 | 8,750,000,000 | 1,875,000,000 | 4,375,000,000 |
| 2009 | 1,250,000,000 | 10,000,000,000 | 625,000,000 | 5,000,000,000 |
| 2010 | - | 10,000,000,000 | - | 5,000,000,000 |
| 2011 | - | 10,000,000,000 | - | 5,000,000,000 |
| 2012 | - | 10,000,000,000 | - | 5,000,000,000 |
| 2013 | 500,000,000 | 10,500,000,000 | - | 5,000,000,000 |
| 2014 | - | 10,500,000,000 | 250,000,000 | 5,250,000,000 |
| 2015 | - | 10,500,000,000 | - | 5,250,000,000 |
| 2016 | - | 10,500,000,000 | - | 5,250,000,000 |
| 2017 | - | 10,500,000,000 | - | 5,250,000,000 |
| 2018 | - | 10,500,000,000 | - | 5,250,000,000 |

Internal Control & Risk Management

Risk Management

Our Guiding Principles

We have incorporated an approach aimed at creating and maximizing sustainable /superior value to our stakeholders that strategically balances the risk and reward in our business. Apex Corporation's Risk philosophy is guided by the following principles:

- ☒ The Company will not take any action that will compromise its integrity. It shall identify, measure, manage, control and report as practical as possible all risks.
- ☒ The Company will at all times comply with all government regulations and uphold corporate standards in accordance with international best practice.
- ☒ The Company will institute a sustainable risk culture enterprisewide.
- ☒ The Company will only accept risks within its risk acceptance criteria and have commensurate returns and continually review its activities to determine inherent risks level and adopt appropriate risk response to residual risk levels at all times.
- ☒ The Company continually reviews its activities to determine inherent risks level and adopt appropriate risk response at all times.
- ☒ The Company will make decisions based on resilient analysis of the implications of such risk to its strategic goals and operating environment.

Risk Management Framework

Our risk management framework was fashioned to uphold a resilient risk management culture and integrate risk considerations into management and decision-making processes, through a risk governance structure across the entire enterprise. We operate and maintain the 'three lines of defense model' for the oversight and management of risk to create and promote a culture that emphasizes effective management and adherence to operating controls as illustrated below:

1st line – Risk Owners

The Board, management and line managers: It involves broad setting of strategy, risk appetite, performance measurement, establishment and maintenance of internal control and risk management in the business. In addition, business units have the primary responsibility for managing risks and required to take responsibility for the

identification, assessment, management, monitoring and reporting of risks arising within their respective businesses, thereby ensuring an informed risk and reward balance.

2nd line – Risk Control

The Company's risk management function provides oversight and independent reporting to executive management, implements the Group's risks management policy in the business units, approve risk specific mandates and provide an independent overview of the effectiveness of risk management by the first line of defense. Other internal stakeholders in the role include our legal services, Compliance and Quality Assurance and Internal Control.

3rd line – Risk assurance

The last line of defense comprise of the internal audit function that provides independent and objective assurance of the effectiveness of the Group's systems of internal control established by the first and second lines of defense in management of

Operating Results

| (in USD) | 31-Dec-2018 | 31-Dec-2017 | %Chg | 31-Dec-2018 | 31-Dec-2017 | %Chg |
|----------------------------|-------------|-------------|------|-------------|-------------|------|
| Gross written premium | 33,923,949 | 26,824,830 | 26% | 23,026,817 | 20,602,218 | 12% |
| Net premium income | 19,700,281 | 13,788,244 | 43% | 10,416,786 | 8,955,599 | 16% |
| Total underwriting profit | 5,938,355 | 2,584,423 | 130% | 4,673,395 | 2,274,870 | 105% |
| Total investment income | 6,290,179 | 7,378,346 | -15% | 4,028,195 | 4,376,364 | -8% |
| Profit before tax | 3,380,073 | 3,232,100 | 5% | 1,828,263 | 1,446,155 | 26% |
| Profit after tax | 2,482,282 | 2,675,109 | -7% | 1,621,216 | 1,367,821 | 19% |
| Earnings per share - basic | 21.35 | 19.16 | 11% | 15.71 | 13.25 | 19% |

Management's Discussion and Analysis

This "Management Discussion and Analysis" (MD&A) has been prepared as at 31 December 2018 and should be read in conjunction with the consolidated financial statements of AIL and subsidiary companies.

For ward looking statements

The MD&A contains forward looking statements related to AIL financial and other projections, expected future plans, event, financial and operating results, objectives and performance as well as underlying assumptions all of which involve risk and uncertainties. When used in this MD&A the words "believe", "anticipate", "intended" "estimate" and similar expression are used to identify forward looking statements, although not all forward-looking statements contain such words. These statements reflect management's current belief and are based on information available to AIL. and are subject to certain risk, uncertainties and assumptions.

Business strategy of the Company and overall performance

The Company's strategy is to use technology and international best practice to provide it's customers with tailored solutions, superior services and specially designed programs to assist its patrons through a network of regional and agency offices.

Operating Results

The following is a summary of the Group and Company's operating results:

| (in USD) | Note | 31-Dec-2018 | 31-Dec-2017 | 31-Dec-2018 | 31-Dec-2017 |
|---------------------------------|------|-------------|-------------|-------------|-------------|
| Profit before tax | | 3,380,073 | 3,232,100 | 1,828,263 | 1,446,155 |
| Taxation | 42 | (897,791) | (556,991) | (207,047) | (78,334) |
| Profit after tax | | 2,482,282 | 2,675,109 | 1,621,216 | 1,367,821 |
| Non Controlling Interest | 28 | (278,070) | (697,231) | - | - |
| Transfer to contingency reserve | 27.3 | (523,639) | (441,551) | (523,639) | (441,551) |
| Dividend paid | | 630,000 | 522,024 | 630,000 | 522,024 |
| Earnings per share | 43 | 21.35 | 19.16 | 15.71 | 13.25 |
| Dividend per share | 43 | 6 | 5 | 6 | 5 |

Consolidated Statement of Financial Position

| | Notes | 31-Dec-18 | 31-Dec-17 | 31-Dec-18 | 31-Dec-17 |
|---|-------|-------------------|-------------------|-------------------|-------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | 8 | 5,238,705 | 5,333,318 | 4,218,348 | 4,779,865 |
| Investment securities: | | | | | |
| – Fair value through profit or loss | 9.1 | 3,266,048 | - | 3,266,048 | - |
| – Available-for-sale assets | 9.2 | 22,313,670 | 22,691,784 | 17,888,088 | 17,677,702 |
| Financial assets designated at fair value | 9.3 | 3,073,457 | 3,272,242 | 3,073,457 | 3,272,242 |
| Trade receivables | 10 | 3,615,646 | 1,961,018 | 572,586 | 251,383 |
| Reinsurance assets | 11 | 12,549,017 | 10,165,983 | 12,504,524 | 10,115,242 |
| Deferred acquisition cost | 12 | 436,772 | 494,584 | 415,213 | 481,077 |
| Other receivables | 13 | 1,507,844 | 909,097 | 779,072 | 649,146 |
| Loans and receivables | 14 | 311,449 | 3,843,254 | 323,287 | 7,562,215 |
| Investment properties | 15 | 17,525,962 | 14,072,384 | 3,040,000 | - |
| Investment in subsidiaries | 16 | - | - | 4,997,374 | 3,919,573 |
| Intangible assets | 17 | 1,588,175 | 1,648,896 | 190,086 | 218,772 |
| Property and equipment | 18 | 1,843,362 | 1,672,516 | 1,667,654 | 1,437,960 |
| Statutory deposit | 19 | 500,000 | 500,000 | 500,000 | 500,000 |
| TOTAL ASSETS | | 73,770,107 | 66,565,076 | 53,435,737 | 50,865,177 |

Consolidated Statement of Financial Position

| LIABILITIES | | | | | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| Insurance liabilities | 20 | 22,538,993 | 21,167,952 | 16,964,677 | 17,824,172 |
| Investment contract liabilities: | | | | | |
| – At amortised cost | 21.1 | 3,691,424 | 3,108,070 | 3,691,424 | 3,108,070 |
| – Liabilities designated at fair value | 21.2 | 3,073,457 | 3,272,242 | 3,073,457 | 3,272,242 |
| Trade payables | 22 | 11,180,754 | 8,524,336 | 11,108,223 | 8,511,603 |
| Other liabilities | 23 | 2,658,787 | 2,333,758 | 1,572,156 | 1,358,567 |
| Current income tax liabilities | 24 | 773,819 | 444,688 | 257,967 | 234,959 |
| Borrowings | 25 | 3,493,234 | 3,295,031 | - | - |
| Deferred tax liability | 26 | 837,061 | 656,407 | - | - |
| TOTAL LIABILITIES | | 48,247,529 | 42,802,484 | 36,667,904 | 34,309,613 |

| EQUITY | | | | | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| Share capital | 27.1 | 5,250,000 | 5,250,000 | 5,250,000 | 5,250,000 |
| Share premium | 27.2 | 4,443,453 | 4,443,453 | 4,443,453 | 4,443,453 |
| Contingency reserve | 27.3 | 4,139,090 | 3,615,451 | 4,139,090 | 3,615,451 |
| Other reserves | 27.4 | 2,663,582 | 2,625,479 | 2,634,904 | 2,595,103 |
| Treasury shares | 27.5 | (304,924) | (304,924) | (304,924) | (304,924) |
| Fair value reserves | 27.6 | (550,226) | 426,131 | (549,906) | 268,842 |
| Retained earnings | 27.7 | 5,262,379 | 4,229,226 | 1,155,216 | 687,639 |
| SHAREHOLDERS' FUNDS | | 20,903,354 | 20,284,816 | 16,767,833 | 16,555,564 |
| Total equity attributable to the owners of the parent | | 20,903,354 | 20,284,816 | 16,767,833 | 16,555,564 |
| Non-controlling interest in equity | 28 | 4,619,224 | 3,477,776 | - | - |
| TOTAL EQUITY | | 25,522,578 | 23,762,592 | 16,767,833 | 16,555,564 |
| TOTAL LIABILITIES AND EQUITY | | 73,770,107 | 66,565,076 | 53,435,737 | 50,865,177 |

Signed on behalf of the Board of Directors on 26 March 2019

Consolidated Statement of Comprehensive Income

| | Notes | 31-Dec-18 | 31-Dec-17 | 31-Dec-18 | 31-Dec-17 |
|--|-------|--------------|--------------|--------------|--------------|
| Continuing operations | | | | | |
| Gross written premium | 30 | 33,923,949 | 26,824,830 | 23,026,817 | 20,602,218 |
| Gross premium income | 30 | 32,701,781 | 26,198,134 | 23,296,043 | 21,248,558 |
| Re-insurance expenses | 30 | (13,001,500) | (12,409,890) | (12,879,257) | (12,292,959) |
| Net premium income | 30 | 19,700,281 | 13,788,244 | 10,416,786 | 8,955,599 |
| Fee and commission on insurance contracts | 31 | 1,781,955 | 1,545,494 | 781,955 | 1,545,494 |
| Net underwriting income | | 21,482,236 | 15,333,738 | 12,198,741 | 10,501,093 |
| Claims: | | | | | |
| Claims expenses (gross) | 32 | (16,468,206) | (15,849,634) | (8,748,745) | (11,487,731) |
| Claims expenses recovered from reinsurers | 32 | 4,337,629 | 6,311,560 | 4,311,699 | 6,295,447 |
| Underwriting expenses | 33 | (3,355,411) | (2,936,829) | (3,030,407) | (2,759,527) |
| Changes in individual life reserves | 20,3 | (234,893) | (9,363) | (234,893) | (9,363) |
| Changes in annuity reserves | 20,4 | 177,000 | (265,049) | 177,000 | (265,049) |
| Net underwriting expenses | | (15,543,881) | (12,749,315) | (7,525,346) | (8,226,223) |
| Total underwriting profit | | 5,938,355 | 2,584,423 | 4,673,395 | 2,274,870 |
| Investment income | 34 | 5,089,463 | 5,119,126 | 3,226,956 | 2,906,647 |
| Net gains/(losses) on financial instruments | 35 | 202,913 | (219,783) | 57,278 | 691,241 |
| Net gains on investment property | 15 | 233,074 | 2,055,384 | - | - |
| Profit on investment contracts | 36 | 298,958 | 249,899 | 298,958 | 249,899 |
| Other income | 37 | 465,771 | 173,720 | 445,003 | 528,577 |
| Total investment income | | 6,290,179 | 7,378,346 | 4,028,195 | 4,376,364 |
| Expenses for marketing and administration | 38 | (1,835,353) | (1,692,052) | (1,533,836) | (1,388,125) |
| Employee benefit expense | 39 | (2,590,264) | (2,399,937) | (1,751,534) | (1,819,330) |
| Other operating expenses | 40 | (2,835,711) | (2,280,103) | (2,479,161) | (2,024,132) |
| (Impairment)/writeback of other assets | 14 | (1,098,632) | 5,930 | (1,098,632) | 5,930 |
| (Impairment)/writeback of premium receivables | 10,1 | (44,644) | 26,180 | (10,164) | 20,578 |
| Results of operating activities | | 3,823,930 | 3,622,787 | 8,28,263 | 1,446,155 |
| Finance cost | 41 | (443,857) | (390,687) | - | - |
| Profit before tax | | 3,380,073 | 3,232,100 | 1,828,263 | 1,446,155 |
| Income tax expense | 42 | (897,791) | (556,991) | (207,047) | (78,334) |
| Profit for the year | | 2,482,282 | 2,675,109 | 1,621,216 | 1,367,821 |
| Profit attributable to: | | | | | |
| Owners of the parent | | 2,204,212 | 1,977,878 | 1,621,216 | 1,367,821 |
| Non-controlling interest | 28 | 278,070 | 697,231 | - | - |
| | | 2,482,282 | 2,675,109 | 1,621,216 | 1,367,821 |
| Other comprehensive income: Items that may be subsequently reclassified to the profit or loss account: Changes in available-for-sale financial assets (net of taxes) | | | | | |
| | 27,6 | (976,357) | 1,413,078 | (818,748) | 1,126,772 |
| Items that will not be subsequently reclassified to profit or loss account | | | | | |
| | | - | - | - | - |
| Other comprehensive income for the year | | (976,357) | 1,413,078 | (818,748) | 1,126,772 |
| Total comprehensive income for the year | | 1,505,925 | 4,088,187 | 802,468 | 2,494,593 |
| Attributable to: | | | | | |
| Owners of the parent | | 1,227,855 | 3,381,730 | 802,468 | 2,494,593 |
| Non-controlling interests | 28 | 278,070 | 706,457 | - | - |
| Total comprehensive income for the year | | 1,505,925 | 4,088,187 | 802,468 | 2,494,593 |
| Earnings per share: | | | | | |
| Basic | 43 | 21.35 | 19.16 | 15.71 | 13.25 |
| Diluted | 43 | 21.02 | 18.86 | 15.46 | 13.04 |

CASHFLOW STATEMENT

| In USD | Notes | 31-Dec-2018 | 31-Dec-2017 | 31-Dec-2018 | 31-Dec-2017 |
|---|-------------|--------------|--------------|--------------|--------------|
| Cash flows from operating activities | | | | | |
| Cash premium received | | 27,964,659 | 25,680,844 | 18,400,952 | 20,628,750 |
| Cash paid as reinsurance premium | | (11,885,750) | (12,585,884) | (11,763,507) | (12,468,953) |
| Fee income received | | 1,804,619 | 1,545,495 | 1,804,619 | 1,545,495 |
| Cash received on investment contract liabilities | 21.1 & 21.2 | 1,481,715 | 2,139,664 | 1,481,715 | 2,139,218 |
| Cash paid to investment contract holders | 21.1 & 21.2 | (1,564,391) | (1,641,481) | (1,564,391) | (1,641,481) |
| Claims paid | 32 | (16,412,022) | (10,016,114) | (9,396,907) | (6,325,575) |
| Cash received from reinsurers on recoveries for claims paid | 11f | 3,154,617 | 295,258 | 3,154,617 | 277,419 |
| Cash received from coinsurers on recoveries | 10.2a | 324,389 | 1,810,749 | 324,389 | 1,810,749 |
| Underwriting expenses paid | 33 | (3,413,223) | (3,036,107) | (3,096,271) | (2,852,863) |
| Employee benefits paid | | (2,395,418) | (2,236,950) | (1,595,529) | (1,683,408) |
| Rent received | | 937,800 | 1,247,540 | - | - |
| Other operating expenses paid | | (4,419,910) | (5,587,578) | (3,734,011) | (4,351,934) |
| Reinsurance premium paid in advance | 11 | (1,833,795) | - | (1,833,795) | - |
| Premium received in advance | 22 | 5,694,996 | 4,424,590 | 5,694,996 | 4,424,590 |
| Changes in working capital | | (561,714) | 2,040,025 | (2,123,123) | 1,502,007 |
| Income tax paid | 24 | (283,027) | (276,827) | (184,039) | (228,752) |
| Net cash from operating activities | | (944,741) | 1,763,198 | (2,307,162) | 1,273,255 |
| Cash flows from investing activities | | | | | |
| Purchases of property, plant and equipment | 18 | (615,113) | (358,902) | (556,130) | (298,496) |
| Dividend received | | 523,049 | 354,307 | 1,268,370 | 594,954 |
| Investment income received | 34 | 2,756,755 | 2,360,495 | 1,957,126 | 1,801,394 |
| Purchase of intangible assets | 17 | (33,695) | (29,066) | (28,025) | (25,916) |
| Proceeds from the disposal of property | 18 | 22,723 | 25,257 | 22,206 | 24,848 |
| Purchase of fair value through profit | 9.1a | (3,251,303) | - | (3,251,303) | - |
| Sale of available-for-sale financial assets | 9.2c | 66,942,582 | 25,252,237 | 54,612,453 | 20,758,811 |
| Purchase of available-for-sale financial assets | 9.2c | (64,078,404) | (25,219,511) | (54,555,665) | (20,451,511) |
| Increase in loans and receivables | 14d | (85,886) | (556,604) | (69,436) | (1,968,660) |
| Repayment of loans and receivables | 14a & 14d | 48,358 | 63,358 | 2,847,370 | 240,491 |
| Proceeds from disposal of loans | - debt | - | - 460,384 | - | 309,752 |
| Proceeds from disposal of financial assets | | - | - | - | - |
| Convertible debt | | - | - | - | - |
| | | - | 401,194 | - | 164,887 |
| Net cash used in investing activities | | 2,229,066 | 2,653,149 | 2,246,965 | 1,150,553 |
| Cash flows from financing activities | | | | | |
| Dividend paid | | (630,000) | (522,024) | (630,000) | (522,024) |
| Interest and principal repayment | 25 | (4,174,439) | (2,093,075) | - | - |
| Borrowed funds received | 25 | 3,447,605 | - | - | - |
| Net cash used in financing activities | | (1,356,834) | (2,615,099) | (630,000) | (522,024) |
| Net increase/decrease in cash | | (72,509) | 1,801,248 | (690,197) | 1,901,784 |
| Cash and cash equivalent | 8 | 5,174,283 | 3,388,593 | 4,779,865 | 2,878,081 |
| Effect of exchange rate changes on cash | | 136,931 | (15,558) | 128,680 | - |
| Cash and cash equivalent at end of year | 8 | 5,238,705 | 5,174,283 | 4,218,348 | 4,779,865 |

| September | Altcoins (\$) | Perfect Money (\$) | Bitcoin (\$) | Ethereum (\$) | Total (\$) | Daily Profit % |
|---------------|---------------|--------------------|--------------|---------------|--------------|----------------|
| Friday, 1 | 109,064.07 | 200,642.80 | 600,907.00 | 7,096.00 | 917,709.87 | 3.42 |
| Monday, 4 | 123,076.87 | 250,057.33 | 500,806.87 | 1,752.00 | 875,692.74 | 1.91 |
| Tuesday, 5 | 110,013.00 | 220,018.08 | 500,160.74 | 2,962.57 | 833,153.65 | 1.21 |
| Wednesday, 6 | 218,064.00 | 280,056.56 | 700,120.89 | 3,543.00 | 1,201,784.45 | 3.92 |
| Thursday, 7 | 130,100.00 | 250,521.30 | 700,100.50 | 5,200.21 | 1,085,922.01 | 1.50 |
| Friday, 8 | 146,090.08 | 260,560.12 | 500,600.87 | 4,076.9 | 911,251.30 | 2.60 |
| Monday, 11 | 129,009.90 | 230,092.09 | 400,302.00 | 4,000.23 | 763,403.40 | 2.02 |
| Tuesday, 12 | -300,092.12 | 270,095.98 | 500,000.00 | 4,100.09 | 638,131.98 | 1.50 |
| Wednesday, 13 | 138,064.09 | 210,008.01 | 500,012.08 | 4,300.30 | 852,385.36 | 1.10 |
| Thursday, 14 | 126,056.08 | 230,097.89 | 600,980.78 | 3,858.98 | 960,993.73 | 1.12 |
| Friday, 15 | 127,060.00 | 150,621.09 | 400,970.09 | 3,567.00 | 682,218.18 | 2.10 |
| Monday, 18 | 126,078.23 | 260,000.24 | 600,006.02 | 3,500.00 | 681,218.00 | 1.40 |
| Tuesday, 19 | 143,052.68 | 250,176.00 | 600,320.00 | 4,200.54 | 997,749.22 | 3.00 |
| Wednesday, 20 | -122,002.56 | 210,360.64 | 600,290.90 | 3,322.64 | 691,871.62 | 3.70 |
| Thursday, 21 | 100,321.60 | 160,233.65 | 900,651.04 | 3,100.13 | 1,164,306.42 | 4.01 |

| | | | | | | |
|--------------------|--------------|--------------|---------------|----------|---------------|-------|
| Friday, 22 | 160,450.32 | 260,005.24 | 500,621.00 | 3,541.01 | 510,617.57 | 3.12 |
| Monday, 25 | 111,000.21 | -130,022.77 | 600,212.13 | 8,467.08 | 120,656.65 | 0.81 |
| Tuesday, 26 | 130,702.43 | 330,766.02 | 600,933.93 | 8,472.96 | 620,875.34 | 3.72 |
| Wednesday, 27 | 120,766.00 | 310,033.62 | 500,200.87 | 6,633.53 | 550,634.02 | 3.71 |
| Thursday, 28 | 140,654.69 | 220,300.32 | 300,222.56 | 4,215.37 | 440,392.94 | 3.62 |
| Friday, 29 | 110,474.76 | 200,164.24 | 600,934.68 | 4,856.00 | 430,229.68 | 1.61 |
| GRAND TOTAL | 2,202,036.19 | 4,764,833.45 | 12,209,451.95 | 99,553.5 | 16,259,909.19 | 51.10 |

Table 2

| October | | Altcoins (\$) | Perfect Money (\$) | Bitcoin (\$) | Ethereum (\$) | Total (\$) | Daily Profit % |
|---------|---------------|------------------|-----------------------|-----------------|------------------|---------------|----------------|
| | Monday, 2 | 120,533.00 | 320,043.32 | 400,000.00 | 3,345.08 | 843,921.32 | 3.70 |
| | Tuesday, 3 | 130,034.04 | 180,000.21 | 600,200.24 | 4,000.47 | 914,234.75 | 1.22 |
| | Wednesday, 4 | 170,000.26 | 230,021.56 | 600,990.00 | 5,000.00 | 1,006,011.82 | 1.21 |
| | Thursday, 5 | 140,050.54 | 250,200.00 | -400,209.45 | 7,804.33 | -2,154.58 | 2.22 |
| | Friday, 6 | 160,310.74 | 210,346.12 | 600,700.00 | 5,032.60 | 976,388.76 | 3.91 |
| | Monday, 9 | 130,900.00 | 220,500.00 | 500,502.00 | 4,000.00 | 855,902.00 | 3.82 |
| | Tuesday, 10 | 130,021.86 | 1,064,727.86 | 700,050.00 | 4,656.00 | 1,064,727.86 | 2.62 |
| | Wednesday, 11 | 130,327.00 | 846,117.50 | 500,000.00 | 5,000.43 | 846,117.50 | 3.00 |
| | Thursday, 12 | 130,432.00 | 1,056,364.54 | 700,000.54 | 5,500.00 | 1,056,364.54 | 1.12 |
| | Friday, 13 | 120,050.33 | 937,347.40 | 600,321.00 | 6,631.00 | 937,347.40 | 1.92 |
| | Monday, 16 | 130,323.00 | 1,037,223.80 | 700,300.00 | 6,000.80 | 1,037,223.80 | 3.31 |
| | Tuesday, 17 | 140,546.80 | 1,068,521.80 | 700,900.00 | 6,523.61 | 1,068,521.80 | 1.62 |
| | Wednesday, 18 | 100,222.56 | 813,875.46 | 500,311.84 | 3,122.00 | 813,875.46 | 3.32 |
| | Thursday, 19 | 110,000.72 | 656,071.96 | 400,432.64 | 4,650.93 | 656,071.96 | 3.11 |
| | Friday, 20 | 150,450.65 | 210,000.34 | 600,431.88 | 5,600.71 | 966,483.56 | 3.81 |
| | Monday, 23 | 130,000.00 | 200,422.77 | 500,412.00 | 3,300.00 | 834,134.77 | 1.30 |

| | | | | | | | |
|--|---------------|--------------|--------------|---------------|------------|---------------|-------|
| | Tuesday, 24 | 130,122.42 | 210,566.00 | 500,643.00 | 4,532.53 | 845,863.95 | 3.10 |
| | Wednesday, 25 | 130,211.00 | 200,002.62 | 500,100.65 | 5,903.00 | 836,217.27 | 2.81 |
| | Thursday, 26 | 120,415.78 | 210,320.10 | 300,922.50 | 4,415.67 | 636,074.05 | 3.12 |
| | Friday, 27 | 120,333.66 | 230,192.00 | 400,214.78 | 3,903.21 | 754,643.65 | 2.52 |
| | Monday, 30 | 110,420.56 | 240,311.00 | 500,320.90 | 5,600.90 | 856,653.36 | 3.61 |
| | Tuesday, 31 | 120,050.33 | 210,345.07 | 600,321.00 | 6,631.00 | 937,347.40 | 3.80 |
| | GRAND TOTAL | 2,855,756.71 | 4,767,197.34 | 11,007,865.50 | 111,154.27 | 18,741,972.40 | 60.17 |

Consolidated Statement of Trading Position

| | Notes | 31-Dec-18 | 31-Dec-17 | 31-Dec-18 | 31-Dec-17 |
|---|-------|------------|------------|------------|------------|
| ASSETS | | | | | |
| Cash and cash equivalents | 8 | 5,238,705 | 5,333,318 | 4,218,348 | 4,779,865 |
| Investment securities: | | | | | |
| – Fair value through profit or loss | 9.1 | 3,266,048 | - | 3,266,048 | - |
| – Available-for-sale assets | 9.2 | 22,313,670 | 22,691,784 | 17,888,088 | 17,677,702 |
| Financial assets designated at fair value | 9.3 | 3,073,457 | 3,272,242 | 3,073,457 | 3,272,242 |
| Trade receivables | 10 | 3,615,646 | 1,961,018 | 572,586 | 251,383 |
| Reinsurance assets | 11 | 12,549,017 | 10,165,983 | 12,504,524 | 10,115,242 |
| Deferred acquisition cost | 12 | 436,772 | 494,584 | 415,213 | 481,077 |
| Other receivables | 13 | 1,507,844 | 909,097 | 779,072 | 649,146 |
| Loans and receivables | 14 | 311,449 | 3,843,254 | 323,287 | 7,562,215 |
| Investment properties | 15 | 17,525,962 | 14,072,384 | 3,040,000 | - |
| Investment in subsidiaries | 16 | - | - | 4,997,374 | 3,919,573 |
| Intangible assets | 17 | 1,588,175 | 1,648,896 | 190,086 | 218,772 |
| Property and equipment | 18 | 1,843,362 | 1,672,516 | 1,667,654 | 1,437,960 |
| Statutory deposit | 19 | 500,000 | 500,000 | 500,000 | 500,000 |
| TOTAL ASSETS | | 73,770,107 | 66,565,076 | 53,435,737 | 50,865,177 |

Consolidated Statement of Foreign Exchange Markets

| LIABILITIES | | | | | |
|--|------|-------------------|-------------------|-------------------|-------------------|
| Insurance liabilities | 20 | 22,538,993 | 21,167,952 | 16,964,677 | 17,824,172 |
| Investment contract liabilities: | | | | | |
| – At amortised cost | 21.1 | 3,691,424 | 3,108,070 | 3,691,424 | 3,108,070 |
| – Liabilities designated at fair value | 21.2 | 3,073,457 | 3,272,242 | 3,073,457 | 3,272,242 |
| Trade payables | 22 | 11,180,754 | 8,524,336 | 11,108,223 | 8,511,603 |
| Other liabilities | 23 | 2,658,787 | 2,333,758 | 1,572,156 | 1,358,567 |
| Current income tax liabilities | 24 | 773,819 | 444,688 | 257,967 | 234,959 |
| Borrowings | 25 | 3,493,234 | 3,295,031 | - | - |
| Deferred tax liability | 26 | 837,061 | 656,407 | - | - |
| TOTAL LIABILITIES | | 48,247,529 | 42,802,484 | 36,667,904 | 34,309,613 |

| EQUITY | | | | | |
|---|------|-------------------|-------------------|-------------------|-------------------|
| Share capital | 27.1 | 5,250,000 | 5,250,000 | 5,250,000 | 5,250,000 |
| Share premium | 27.2 | 4,443,453 | 4,443,453 | 4,443,453 | 4,443,453 |
| Contingency reserve | 27.3 | 4,139,090 | 3,615,451 | 4,139,090 | 3,615,451 |
| Other reserves | 27.4 | 2,663,582 | 2,625,479 | 2,634,904 | 2,595,103 |
| Treasury shares | 27.5 | (304,924) | (304,924) | (304,924) | (304,924) |
| Fair value reserves | 27.6 | (550,226) | 426,131 | (549,906) | 268,842 |
| Retained earnings | 27.7 | 5,262,379 | 4,229,226 | 1,155,216 | 687,639 |
| SHAREHOLDERS' FUNDS | | 20,903,354 | 20,284,816 | 16,767,833 | 16,555,564 |
| Total equity attributable to the owners of the parent | | 20,903,354 | 20,284,816 | 16,767,833 | 16,555,564 |
| Non-controlling interest in equity | 28 | 4,619,224 | 3,477,776 | - | - |
| TOTAL EQUITY | | 25,522,578 | 23,762,592 | 16,767,833 | 16,555,564 |
| TOTAL LIABILITIES AND EQUITY | | 73,770,107 | 66,565,076 | 53,435,737 | 50,865,177 |

Signed on behalf of the Board of Directors on 26 March 2019

Consolidated Statement of Outgoing Funds

| | Notes | 31-Dec-18 | 31-Dec-17 | 31-Dec-18 | 31-Dec-17 |
|--|-------|--------------|--------------|--------------|--------------|
| Continuing operations | | | | | |
| Gross written premium | 30 | 33,923,949 | 26,824,830 | 23,026,817 | 20,602,218 |
| Gross premium income | 30 | 32,701,781 | 26,198,134 | 23,296,043 | 21,248,558 |
| Re-insurance expenses | 30 | (13,001,500) | (12,409,890) | (12,879,257) | (12,292,959) |
| Net premium income | 30 | 19,700,281 | 13,788,244 | 10,416,786 | 8,955,599 |
| Fee and commission on insurance contracts | 31 | 1,781,955 | 1,545,494 | 781,955 | 1,545,494 |
| Net underwriting income | | 21,482,236 | 15,333,738 | 12,198,741 | 10,501,093 |
| Claims: | | | | | |
| Claims expenses (gross) | 32 | (16,468,206) | (15,849,634) | (8,748,745) | (11,487,731) |
| Claims expenses recovered from reinsurers | 32 | 4,337,629 | 6,311,560 | 4,311,699 | 6,295,447 |
| Underwriting expenses | 33 | (3,355,411) | (2,936,829) | (3,030,407) | (2,759,527) |
| Changes in individual life reserves | 20.3 | (234,893) | (9,363) | (234,893) | (9,363) |
| Changes in annuity reserves | 20.4 | 177,000 | (265,049) | 177,000 | (265,049) |
| Net underwriting expenses | | (15,543,881) | (12,749,315) | (7,525,346) | (8,226,223) |
| Total underwriting profit | | 5,938,355 | 2,584,423 | 4,673,395 | 2,274,870 |
| Investment income | 34 | 5,089,463 | 5,119,126 | 3,226,956 | 2,906,647 |
| Net gains/(losses) on financial instruments | 35 | 202,913 | (219,783) | 57,278 | 691,241 |
| Net gains on investment property | 15 | 233,074 | 2,055,384 | - | - |
| Profit on investment contracts | 36 | 298,958 | 249,899 | 298,958 | 249,899 |
| Other income | 37 | 465,771 | 173,720 | 445,003 | 528,577 |
| Total investment income | | 6,290,179 | 7,378,346 | 4,028,195 | 4,376,364 |
| Expenses for marketing and administration | 38 | (1,835,353) | (1,692,052) | (1,533,836) | (1,388,125) |
| Employee benefit expense | 39 | (2,590,264) | (2,399,937) | (1,751,534) | (1,819,330) |
| Other operating expenses | 40 | (2,835,711) | (2,280,103) | (2,479,161) | (2,024,132) |
| (Impairment)/writeback of other assets | 14 | (1,098,632) | 5,930 | (1,098,632) | 5,930 |
| (Impairment)/writeback of premium receivables | 10.1 | (44,644) | 26,180 | (10,164) | 20,578 |
| Results of operating activities | | 3,823,930 | 3,622,787 | 828,263 | 1,446,155 |
| Finance cost | 41 | (443,857) | (390,687) | - | - |
| Profit before tax | | 3,380,073 | 3,232,100 | 1,828,263 | 1,446,155 |
| Income tax expense | 42 | (897,791) | (555,991) | (207,047) | (78,334) |
| Profit for the year | | 2,482,282 | 2,675,109 | 1,621,216 | 1,367,821 |
| Profit attributable to: | | | | | |
| Owners of the parent | | 2,204,212 | 1,977,878 | 1,621,216 | 1,367,821 |
| Non-controlling interest | 28 | 278,070 | 697,231 | - | - |
| | | 2,482,282 | 2,675,109 | 1,621,216 | 1,367,821 |
| Other comprehensive income: Items that may be subsequently reclassified to the profit or loss account: Changes in available-for-sale financial assets (net of taxes) | | | | | |
| | 27.6 | (976,357) | 1,413,078 | (818,748) | 1,126,772 |
| Items that will not be subsequently reclassified to profit or loss account | | | | | |
| | | - | - | - | - |
| Other comprehensive income for the year | | (976,357) | 1,413,078 | (818,748) | 1,126,772 |
| Total comprehensive income for the year | | 1,505,925 | 4,088,187 | 802,468 | 2,494,593 |
| Attributable to: | | | | | |
| Owners of the parent | | 1,227,855 | 3,381,730 | 802,468 | 2,494,593 |
| Non-controlling interests | 28 | 278,070 | 706,457 | - | - |
| Total comprehensive income for the year | | 1,505,925 | 4,088,187 | 802,468 | 2,494,593 |
| Earnings per share: | | | | | |
| Basic | 43 | 21.35 | 19.16 | 15.71 | 13.25 |
| Diluted | 43 | 21.02 | 18.86 | 15.46 | 13.04 |