

# Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 US\$M	2017 US\$M
Gross written premium		13,657	13,328
Unearned premium movement		(56)	283
Gross earned premium revenue	2.1	13,601	13,611
Outward reinsurance premium		(1,562)	(2,475)
Deferred reinsurance premium movement		(399)	215
Outward reinsurance premium expense		(1,961)	(2,260)
Net earned premium (a)		11,640	11,351
Gross claims expense	2.2	(8,931)	(10,951)
Reinsurance and other recoveries revenue	2.2	1,526	2,837
Net claims expense (b)	2.2	(7,405)	(8,114)
Gross commission expense		(2,222)	(2,280)
Reinsurance commission revenue	2.1	265	342
Net commission (c)		(1,957)	(1,938)
Underwriting and other expenses (d)		(1,798)	(1,806)
<b>Underwriting result (a)+(b)+(c)+(d)</b>		<b>480</b>	<b>(507)</b>
Investment and other income – policyholders' funds	3.1	357	458
Investment expenses – policyholders' funds	3.1	(11)	(11)
<b>Insurance profit (loss)</b>		<b>826</b>	<b>(60)</b>
Investment and other income – shareholders' funds	3.1	207	318
Investment expenses – shareholders' funds	3.1	(6)	(7)
Financing and other costs	5.1.2	(305)	(302)
Gains (losses) on sale of entities and businesses	7.1.1	12	(1)
Unrealised losses on assets held for sale	7.1.2	(25)	–
Share of net loss of associates		(2)	(1)
Amortisation and impairment of intangibles	7.2	(80)	(740)
Profit (loss) before income tax from continuing operations		627	(793)
Income tax expense	6.1	(72)	(423)
Profit (loss) after income tax from continuing operations		555	(1,216)
Loss after income tax from discontinued operations	7.1.3	(177)	(37)
Profit (loss) after income tax		378	(1,253)
<b>Other comprehensive income (loss)</b>			
<i>Items that may be reclassified to profit or loss</i>			
Net movement in foreign currency translation reserve	5.3.2	275	(70)
Net movement in cash flow hedges	5.3.2	–	(1)
Share of net other comprehensive loss of associates		–	(1)
Income tax relating to these components of other comprehensive income		38	(20)
Other comprehensive income (loss) from discontinued operations after income tax		147	(20)
<i>Items that will not be reclassified to profit or loss</i>			
Gains on remeasurement of defined benefit superannuation plans		20	16
Income tax relating to these components of other comprehensive income		(5)	(22)
Other comprehensive income (loss) after income tax		475	(118)
Total comprehensive income (loss) after income tax		853	(1,371)
<b>Profit (loss) after income tax from continuing operations attributable to:</b>			
Ordinary equity holders of the company		567	(1,212)
Non-controlling interests		(12)	(4)
		555	(1,216)
<b>Profit (loss) after income tax attributable to:</b>			
Ordinary equity holders of the company		390	(1,249)
Non-controlling interests		(12)	(4)
		378	(1,253)
<b>Total comprehensive income (loss) after income tax attributable to:</b>			
Ordinary equity holders of the company		865	(1,367)
Non-controlling interests		(12)	(4)
		853	(1,371)
<b>EARNINGS PER SHARE FOR PROFIT (LOSS) AFTER INCOME TAX ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
	NOTE	2018 US CENTS	2017 US CENTS
<b>For profit (loss) after income tax from continuing operations</b>			
Basic earnings (loss) per share	5.5	42.1	(88.8)
Diluted earnings (loss) per share	5.5	41.7	(88.8)
<b>For profit (loss) after income tax</b>			
Basic earnings (loss) per share	5.5	29.0	(91.5)
Diluted earnings (loss) per share	5.5	28.6	(91.5)

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Consolidated balance sheet

AS AT 31 DECEMBER 2018

	NOTE	2018 US\$M	2017 US\$M
<b>Assets</b>			
Cash and cash equivalents	5.2	863	572
Investments	3.2	21,989	25,554
Derivative financial instruments	5.6	176	223
Trade and other receivables	2.6	5,185	4,906
Current tax assets		75	22
Deferred insurance costs	2.5	1,662	2,257
Reinsurance and other recoveries on outstanding claims	2.3	5,551	6,311
Other assets		11	7
Assets held for sale	7.1.2	533	63
Defined benefit plan surpluses	8.6	36	33
Property, plant and equipment		196	276
Deferred tax assets	6.2	442	514
Investment properties		35	15
Investments in associates		28	30
Intangible assets	7.2	2,800	3,079
<b>Total assets</b>		<b>39,582</b>	<b>43,862</b>
<b>Liabilities</b>			
Derivative financial instruments	5.6	208	144
Trade and other payables	2.7	1,327	2,327
Current tax liabilities		31	160
Liabilities held for sale	7.1.2	453	28
Unearned premium	2.5	6,212	6,887
Outstanding claims	2.3	19,579	21,579
Provisions		137	104
Defined benefit plan deficits	8.6	26	60
Deferred tax liabilities	6.2	21	56
Borrowings	5.1	3,188	3,616
<b>Total liabilities</b>		<b>31,182</b>	<b>34,961</b>
<b>Net assets</b>		<b>8,400</b>	<b>8,901</b>
<b>Equity</b>			
Share capital	5.3.1	7,830	8,931
Treasury shares held in trust		(7)	(50)
Reserves	5.3.2	(1,363)	(1,785)
Retained profits		1,921	1,763
Shareholders' funds		8,381	8,859
Non-controlling interests		19	42
<b>Total equity</b>		<b>8,400</b>	<b>8,901</b>

The consolidated balance sheet should be read in conjunction with the accompanying notes.



# Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2018

<b>2018</b>	SHARE CAPITAL US\$M	TREASURY SHARES HELD IN TRUST US\$M	RESERVES US\$M	RETAINED PROFITS US\$M	SHARE- HOLDERS' FUNDS US\$M	NON- CONTROLLING INTERESTS US\$M	TOTAL EQUITY US\$M
As at 1 January	8,931	(50)	(1,785)	1,763	8,859	42	8,901
Profit (loss) after income tax	-	-	-	390	390	(12)	378
Other comprehensive income	-	-	460	15	475	-	475
Total comprehensive income (loss)	-	-	460	405	865	(12)	853
<b>Transactions with owners in their capacity as owners</b>							
Shares bought back on-market and cancelled	(243)	-	-	-	(243)	-	(243)
Shares acquired and held in trust	-	(30)	-	-	(30)	-	(30)
Share-based payment expense	-	-	34	-	34	-	34
Shares vested and/or released	-	69	(53)	-	16	-	16
Contributions of equity, net of transaction costs and tax	1	-	-	-	1	-	1
Net changes in non-controlling interests	-	-	-	-	-	(7)	(7)
Reclassification on disposal of owner occupied property	-	-	(2)	2	-	-	-
Dividends paid on ordinary shares	-	-	-	(252)	(252)	(4)	(256)
Dividend reinvestment under Bonus Share Plan	-	-	-	3	3	-	3
Foreign exchange movement	(859)	4	(17)	-	(872)	-	(872)
As at 31 December	7,830	(7)	(1,363)	1,921	8,381	19	8,400

<b>2017</b>	SHARE CAPITAL US\$M	TREASURY SHARES HELD IN TRUST US\$M	RESERVES US\$M	RETAINED PROFITS US\$M	SHARE- HOLDERS' FUNDS US\$M	NON- CONTROLLING INTERESTS US\$M	TOTAL EQUITY US\$M
As at 1 January	8,350	-	(1,654)	3,588	10,284	50	10,334
Loss after income tax	-	-	-	(1,249)	(1,249)	(4)	(1,253)
Other comprehensive loss	-	-	(112)	(6)	(118)	-	(118)
Total comprehensive loss	-	-	(112)	(1,255)	(1,367)	(4)	(1,371)
<b>Transactions with owners in their capacity as owners</b>							
Shares bought back on-market and cancelled	(108)	-	-	-	(108)	-	(108)
Shares acquired and held in trust	-	(156)	-	-	(156)	-	(156)
Share-based payment expense	-	-	39	-	39	-	39
Shares vested and/or released	-	108	(74)	-	34	-	34
Contributions of equity, net of transaction costs and tax	1	-	-	-	1	-	1
Dividends paid on ordinary shares	-	-	-	(578)	(578)	(4)	(582)
Dividend reinvestment under Bonus Share Plan	-	-	-	8	8	-	8
Foreign exchange movement	688	(2)	16	-	702	-	702
As at 31 December	8,931	(50)	(1,785)	1,763	8,859	42	8,901

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Consolidated statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 US\$M	2017 US\$M
<b>Operating activities</b>			
Premium received		14,302	14,565
Reinsurance and other recoveries received		1,589	1,516
Outward reinsurance paid		(2,564)	(2,575)
Claims paid		(9,874)	(9,114)
Acquisition and other underwriting costs paid		(3,961)	(4,190)
Interest received		492	487
Dividends received		219	91
Other operating payments		(201)	(226)
Interest paid		(240)	(290)
Income taxes paid		(205)	(92)
Net cash flows from operating activities	8.3	(443)	172
<b>Investing activities</b>			
Proceeds on sale of growth assets		1,494	2,855
Payments for purchase of growth assets		(2,152)	(2,609)
Net payments for foreign exchange transactions		(46)	(3)
Net proceeds on sale of interest bearing financial assets		2,192	198
Payments for purchase of intangible assets		(70)	(87)
Proceeds on sale of property, plant and equipment		5	2
Payments for purchase of property, plant and equipment		(30)	(68)
Payments for purchase of investment in associates		-	(2)
Proceeds on disposal of entities and businesses (net of cash disposed)		313	11
Net cash flows from investing activities		1,706	297
<b>Financing activities</b>			
Purchase of treasury shares		(30)	(156)
Proceeds from settlement of staff share loans		1	1
Proceeds from borrowings		3	1,002
Repayment of borrowings		(409)	(923)
Shares bought back on market and cancelled		(243)	(108)
Dividends paid		(237)	(537)
Net cash flows from financing activities		(915)	(721)
Net movement in cash and cash equivalents		348	(252)
Cash and cash equivalents at the beginning of the year		572	847
Effect of exchange rate changes		(35)	(20)
Cash transferred to assets held for sale		(22)	(3)
Cash and cash equivalents at the end of the year	5.2	863	572

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

