

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTE	2017 US\$M	2016 US\$M
Gross written premium		14,191	14,395
Unearned premium movement		255	(119)
Gross earned premium revenue	2.1	14,446	14,276
Outward reinsurance premium		(2,615)	(2,653)
Deferred reinsurance premium movement		210	(557)
Outward reinsurance premium expense		(2,405)	(3,210)
Net earned premium (a)		12,041	11,066
Gross claims expense	2.2	(11,418)	(9,042)
Reinsurance and other recoveries revenue	2.2	2,881	2,600
Net claims expense (b)	2.2	(8,537)	(6,442)
Gross commission expense		(2,482)	(2,425)
Reinsurance commission revenue	2.1	366	391
Net commission (c)		(2,116)	(2,034)
Underwriting and other expenses (d)		(1,961)	(1,922)
Underwriting result (a)+(b)+(c)+(d)		(573)	668
Investment and other income – policyholders' funds	3.1	488	422
Investment expenses – policyholders' funds	3.1	(13)	(15)
Insurance (loss) profit		(98)	1,075
Investment and other income – shareholders' funds	3.1	345	348
Investment expenses – shareholders' funds	3.1	(8)	(9)
Financing and other costs	5.1.2	(305)	(294)
Losses on sale of entities	7.1.1	(6)	–
Unrealised losses on assets held for sale	7.1.2	–	(3)
Share of net losses of associates		(1)	–
Amortisation and impairment of intangibles	7.2	(752)	(45)
(Loss) profit before income tax		(825)	1,072
Income tax expense	6.1	(428)	(228)
(Loss) profit after income tax		(1,253)	844
Other comprehensive (loss) income			
<i>Items that may be reclassified to profit or loss</i>			
Net movement in foreign currency translation reserve	5.3.2	(90)	(474)
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		(20)	33
<i>Items that will not be reclassified to profit or loss</i>			
Gains (losses) on remeasurement of defined benefit superannuation plans		16	(48)
Losses on revaluation of owner occupied property	5.3.2	–	(1)
Income tax relating to these components of other comprehensive income		(22)	10
Other comprehensive loss after income tax		(118)	(480)
Total comprehensive (loss) profit after income tax		(1,371)	364
(Loss) profit after income tax attributable to:			
Ordinary equity holders of the company		(1,249)	844
Non-controlling interests		(4)	–
		(1,253)	844
Total comprehensive (loss) income after income tax attributable to:			
Ordinary equity holders of the company		(1,367)	364
Non-controlling interests		(4)	–
		(1,371)	364

(LOSS) EARNINGS PER SHARE FOR (LOSS) PROFIT AFTER INCOME TAX ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	NOTE	2017 US CENTS	2016 US CENTS
Basic (loss) earnings per share	5.5	(91.5)	61.6
Diluted (loss) earnings per share	5.5	(91.5)	60.8

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

Consolidated balance sheet

AS AT 31 DECEMBER 2017

	NOTE	2017 US\$M	2016 US\$M
Assets			
Cash and cash equivalents	5.2	572	847
Investments	3.2	25,554	24,374
Derivative financial instruments	5.6	223	151
Trade and other receivables	2.6	4,906	4,831
Current tax assets		22	51
Deferred insurance costs	2.5	2,257	1,965
Reinsurance and other recoveries on outstanding claims	2.3	6,311	4,540
Other assets		7	8
Assets held for sale	7.1.2	63	85
Defined benefit plan surpluses	8.6	33	27
Property, plant and equipment		276	257
Deferred tax assets	6.2	514	778
Investment properties		15	14
Investments in associates		30	28
Intangible assets	7.2	3,079	3,627
Total assets		43,862	41,583
Liabilities			
Derivative financial instruments	5.6	144	147
Trade and other payables	2.7	2,327	2,139
Current tax liabilities		160	73
Liabilities held for sale	7.1.2	28	72
Unearned premium	2.5	6,887	6,763
Outstanding claims	2.3	21,579	18,321
Provisions		104	69
Defined benefit plan deficits	8.6	60	85
Deferred tax liabilities	6.2	56	106
Borrowings	5.1	3,616	3,474
Total liabilities		34,961	31,249
Net assets		8,901	10,334
Equity			
Share capital	5.3.1	8,931	8,350
Treasury shares held in trust		(50)	–
Reserves	5.3.2	(1,785)	(1,654)
Retained profits		1,763	3,588
Shareholders' funds		8,859	10,284
Non-controlling interests		42	50
Total equity		8,901	10,334

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 2017

	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
2017							
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)
Transactions with owners in their capacity as owners							
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
2016							
As at 1 January	8,440	–	(1,248)	3,313	10,505	55	10,560
Profit after income tax	–	–	–	844	844	–	844
Other comprehensive loss	–	–	(442)	(38)	(480)	–	(480)
Total comprehensive income	–	–	(442)	806	364	–	364
Transactions with owners in their capacity as owners							
Shares acquired and held in trust	–	(79)	–	–	(79)	–	(79)
Share-based payment expense	–	–	58	–	58	–	58
Shares vested and/or released	–	79	(38)	–	41	–	41
Contributions of equity, net of transaction costs and tax	1	–	–	–	1	–	1
Net changes in non-controlling interests	–	–	25	–	25	(5)	20
Reclassification on disposal of owner occupied property	–	–	(4)	4	–	–	–
Dividends paid on ordinary shares	–	–	–	(537)	(537)	–	(537)
Dividend reinvestment under Bonus Share Plan	–	–	–	2	2	–	2
Foreign exchange movement	(91)	–	(5)	–	(96)	–	(96)
As at 31 December	8,350	–	(1,654)	3,588	10,284	50	10,334

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 2017

	NOTE	2017 US\$M	2016 US\$M
Operating activities			
Premium received		14,565	14,939
Reinsurance and other recoveries received		1,516	1,556
Outward reinsurance paid		(2,575)	(2,786)
Claims paid		(9,114)	(9,018)
Acquisition and other underwriting costs paid		(4,190)	(3,987)
Interest received		487	450
Dividends received		91	65
Other operating payments		(226)	(184)
Interest paid		(290)	(273)
Income taxes paid		(92)	(203)
Net cash flows from operating activities	8.3	172	559
Investing activities			
Proceeds on sale of growth assets		2,855	3,258
Payments for purchase of growth assets		(2,609)	(2,755)
Net payments for foreign exchange transactions		(3)	(101)
Net proceeds on sale of interest bearing financial assets		198	35
Payments for purchase of intangible assets		(87)	(216)
Net proceeds on sale of non-controlling interests		–	16
Proceeds on disposal of entities (net of cash disposed)		11	–
Proceeds on sale of investment property		–	1
Proceeds on sale of property, plant and equipment		2	14
Payments for purchase of property, plant and equipment		(68)	(78)
Payments for purchase of investment in associates		(2)	(16)
Net cash flows from investing activities		297	158
Financing activities			
Purchase of treasury shares		(156)	(79)
Proceeds from settlement of staff share loans		1	1
Proceeds from borrowings		1,002	38
Repayment of borrowings		(923)	(21)
Shares bought back on market and cancelled		(108)	–
Dividends paid		(537)	(494)
Net cash flows from financing activities		(721)	(555)
Net movement in cash and cash equivalents		(252)	162
Cash and cash equivalents at the beginning of the year		847	662
Effect of exchange rate changes		(20)	37
Cash transferred to assets held for sale		(3)	(14)
Cash and cash equivalents at the end of the year	5.2	572	847

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