



Annual Report

2018 - 2019

Securing Your Future

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About GGI



Securing Your Future



About GGI

Mission



To deliver better products, value-added services and raise the professionalism in the industry.

Vision



To build an ideal environment for the growth and protection of wealth and lives.

Values



Integrity

To gain the trust of our customers, we are committed to fulfil all our responsibilities and promises to them in the most professional manner.



Progressiveness

Our willingness to learn, improve, and invest in people development helps us to move forward as a team and company.



Customer Care

We want to build sustainable relationships by treating our customers like our friends, always providing a plan that best suits their needs.

Customer care also means responding to them in a timely manner, always taking the initiative to keep our customers up-to-date, and take them through every step of insurance purchase and claim.



Simplicity

We believe in being simple and straight-forward; making it easy to understand to access and to claim for our customers.



Chairman Statement



What is more, GGI continues to stand as the vanguard of the Myanmar insurance industry.

Dear customers, business partners and shareholders of Grand Guardian Insurance, I wish you all the best of health, happiness and prosperity!

Grand Guardian Insurance is aiming to be a responsible company. Grand Guardian Insurance (GGI) was established in 2013, and since then it has been making progress every year. Thanks to our customer's confidence, Grand Guardian Insurance earned 25.19 billion (MMK) in the fiscal year 2018-2019, indicating a 59% rise in annual gross premium income. Moreover, GGI continues to stand as the vanguard of the Myanmar insurance industry.

Our customer-centric approach drives our ability to provides our customer with the services they need, which fuels back their satisfaction and loyalty. GGI is also a company driven by innovation: we are introducing new products that are suitable for the market and beneficial to the public. For example, the company developed new products like Short-term Endowment Insurance and Overseas Marine Cargo Insurance, which are now performing well in the market.

The company developed new products like Short-term Endowment Insurance and Overseas Marine Cargo Insurance.

GGI opened five new branches in the fiscal year 2018-2019: it has 21 branches covering the whole country. The company is extending the network of branches to increase public awareness of insurance and provide swift and effective customer services. GGI is cooperating with its business partners, who are insurance agents, and organizations such as banks, car showrooms, garages and hospitals and is also applying the corporate sale channels to offer the best customer services.

GGI is investing to enhance its IT (Information Technology) assets, which will support insurance services through better process, stronger data management and superior business efficiency. It is also using online and mobile channel services in extending its digital insurance. The company has adopted an annual Training Calendar to improve the skills

of its people, reinforce their IT knowledge and hone their professionalism. Grand Guardian Insurance is a business entity working within the framework of the laws, rules and regulations, and under the supervision of the Insurance Business Regulatory Board (IBRB).



GGI earned 25.19 billion (MMK) from premium income in the fiscal year 2018-2019, the business growth rate rises to **59%**.

The entering of international giants of the industry into Myanmar will surely enhance the domestic insurance market soon.

Hopefully, the country will see a robust growth in its insurance sector, and GGI, on its part, vows to remain active in this new environment through all-out efforts. Grand Guardian Insurance (GGI) established two separate business lines – general insurance and life insurance – and formed a joint venture with a foreign partner for each. Both joint ventures are poised to gain extra success in their businesses. GGI commits to be a responsible company through continuous endeavours.

U Aik Htun
Chairman

BOD's Report

Since its establishment in June 2013, Grand Guardian Insurance (GGI) has been an organization providing insurances in the interest of customers.

As a result, GGI has been a leading insurer in Myanmar for the last fiscal year 2018-2019 and its business grew.

For example by:

- Developing and launching successfully new insurance products in the market,
- Opening of more branches,
- Enhancing its business operations, with better SOP and transparency,
- Cooperating efficiently with its network of business partners.

Progress of Business

Regarding business development, GGI earned 25.19 billion (MMK) from premium income in fiscal year 2018-2019, showing a 59% rise when compared with the previous year's revenues.



During the fiscal year, GGI spent 10.12 billion (MMK) for claim payments, which is **40.1 %** of its earnings.

Introduction of New Insurance Products

GGI introduced the following new products in the market in fiscal year 2018-2019 to expand its insurance services:

- Short-term Endowment Life Assurance,
- Health Insurance (New Version),
- Critical Illness Insurance,
- Micro Health Insurance,
- Overseas Marine Cargo Insurance,
- Education Life Insurance.

New Branches

GGI opened five more branches in fiscal year 2018-2019 in extending its service to reaching more people in every corner of the country. It is now operating 21 branches located in the main cities of the country.

Business Partners

GGI has formed alliance with its business partners. Understanding that partnering is an essential part of the insurance industry, GGI has established strong relationships with its most critical partners like:

- Insurance agents,
- Corporate sale channel,
- Banks,
- Car showrooms,
- Car workshops,
- Hospitals,
- Tour companies and coach stations.

Systematization and Transparency

Grand Guardian Insurance is doing business within the framework of the insurance-related laws and principles, and under the supervision of IBRB. It also formed the following four committees as supporting or regulatory bodies.

- Audit, Compliance and Corporate Governance Committee,
- Compensation and Benefit Committee,
- Investment and Risk Management Committee,
- Remuneration Committee.

To earn and grow its stakeholders' trust, GGI discloses every year its annual report on its website. As a result, GGI was one of the ten most transparent companies listed in the Pwint Thit Sa report for fiscal year 2018-2019. GGI's ultimate goal, which is set by its Board of Directors, is to secure the sustainability of its business while creating shared-value for all its stakeholders.

2018-2019 Highlights

- Our operational efficiency has improved significantly:

The growth of our insurance premium income (25.19) billion MMK is solid: it grew more than (59%) compared to Financial Year 2017 - 2018.

We managed claims for (10.12) billion MMK.

- GGI reinforced our network of agents and branches to serve our customer better.
- GGI invested 0.4 billion MMK to improve our IT infrastructure.
- GGI launched 6 new products.
- We developed our network of agents: with 804 agents partnering with GGI, we strive to serve our customers, better.

KEY FIGURE



136,673 Policies were subscribed by our customers



14,704 claims were filed by our clients



More than **90%** of our customers are satisfied with our services



611 employees are serving our clients



184 people joined GGI



391 employees trained



5 new branches were opened to expand our network

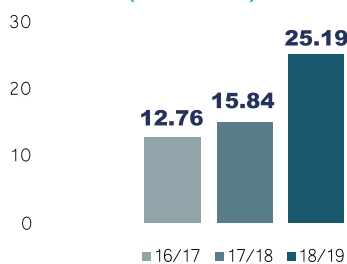


GGI donated **42.5** million MMK for its philanthropic activities

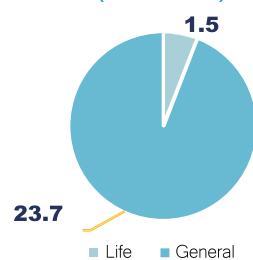


25.19 Billion **2.3** billion MMK – total net profits generated by GGI's activities for the last financial year

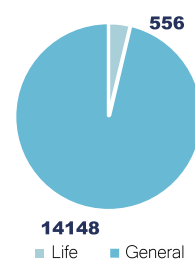
Evolution of GGI's premium income (MMK billions)



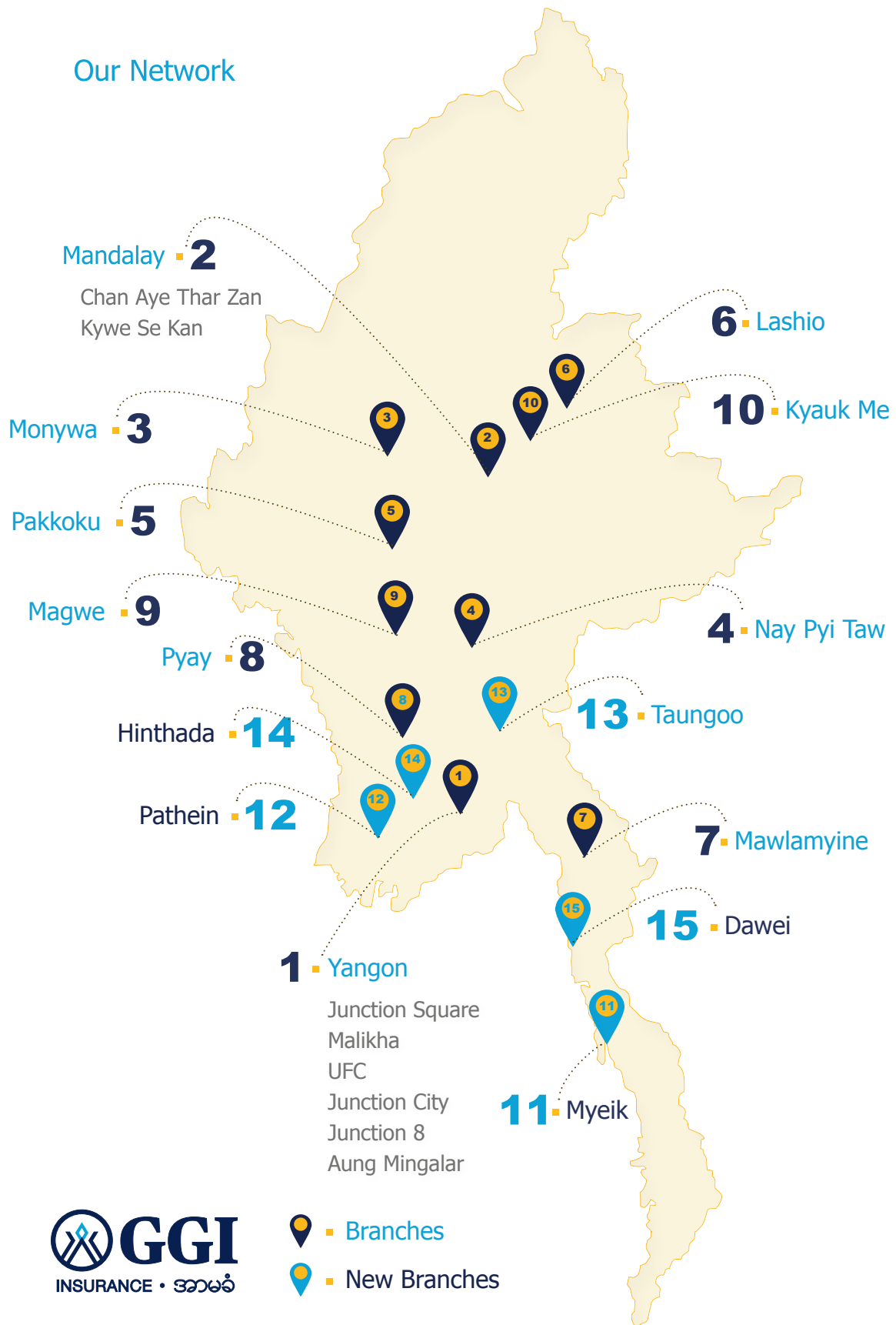
Premium income's breakdown (MMK billions)



Claims' breakdown



Our Network



GGI Business Model

1. GGI is an insurance company: our core business is to protect what matters the most to our customers when unfortunate incidents occur. We strive to support our customers protecting their family, business and assets by offering them innovative insurance products.



2. GGI products are an answer to be protected from various types of risks. Our customers will pay a premium and, if an accident happens that is covered by their policy, GGI will pay out the claim settlement to them.



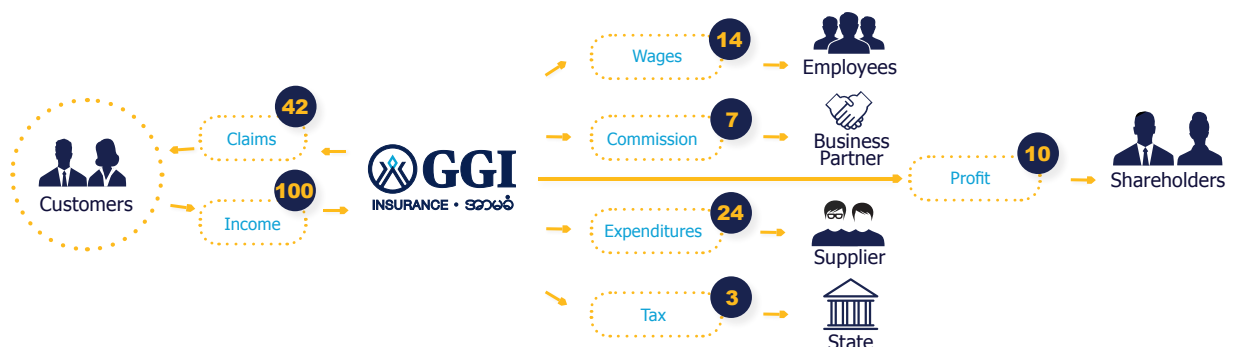
This step contributes creating value thanks to our financial, human and social capitals.

This step contributes sharing value with our majors stakeholders (business partners, suppliers, government, ...).

3. To deliver our promise to our customers, we rely on our most critical assets. Therefore, it is for us essential to be able to invest in developing our network of partners, building better tools to continuously improve the quality of our services, and strengthen them.

 Our assets	 Key figures	 Performance
 Clients'	<ul style="list-style-type: none"> • 136,673 policies • 14,704 claims • 6 products launched 	<ul style="list-style-type: none"> • 91% of our customers are satisfied with GGI services compared to 84% last year
 Network	<ul style="list-style-type: none"> • 21 branches • 32 garages • 21 hospitals • 804 agents 	<ul style="list-style-type: none"> • We paid 1,765 million MMK to our agents for FY 18/19 compared to 1,190 million MMK last year
 People	<ul style="list-style-type: none"> • 611 employees • 184 recruits • 3,364 million MMK gross payroll 	<ul style="list-style-type: none"> • 211 people promoted • 2,132 trainings hours provided
 Finances	<ul style="list-style-type: none"> • Net income 24,179 millions MMK • Profit 2,301 millions MMK • Net assets 55,472 millions MMK 	<ul style="list-style-type: none"> • Treasure bonds 13,800 millions MMK • Income Tax provision 689 millions MMK

4. To better visualize how we are sharing the value generated by our operations, this chart indicates, for each of our stakeholders, what is the share of the financial flow between us and our major stakeholders. To facilitate the comparison, we took the revenues generated in 2018/19 as a baseline: for the main cash flows between GGI and its stakeholders, we indicated its share compared to GGI revenues.



Board of Directors for Financial Year 2018-2019



U Aik Htun
Chairman



U Aung Zaw Naing
Vice Chairman



U Aik Yee
Vice Chairman



U Myo Naung
Managing
Director



U Aung Than
Director



U Ye Myint
Director



U Hla Oo
Director



U Win Htay
Director



U Soe Paing
Director



U Myo Nyunt
Director



**U Tin
Maung Latt**
Director



**U Maung
Maung Aye**
Director



**U Zaw Myint
Htoo**
Director



**Daw Nan
Khin Htwe**
Director



U Ni
Director

GGI Management Team



Back row, from left to right

- 1 ■ Daw Thin Zar Pwint Phyu
- 2 ■ Daw Htet Htet Aung
- 3 ■ Daw Kyin Htay
- 4 ■ Daw Moe Moe Aye
- 5 ■ Daw Hnin Sein
- 6 ■ U Than Sein
- 7 ■ U Aung Min
- 8 ■ U Myo Naung
- 9 ■ U Aung Kyaw Zaw
- 10 ■ U Kyaw Htun Lynn

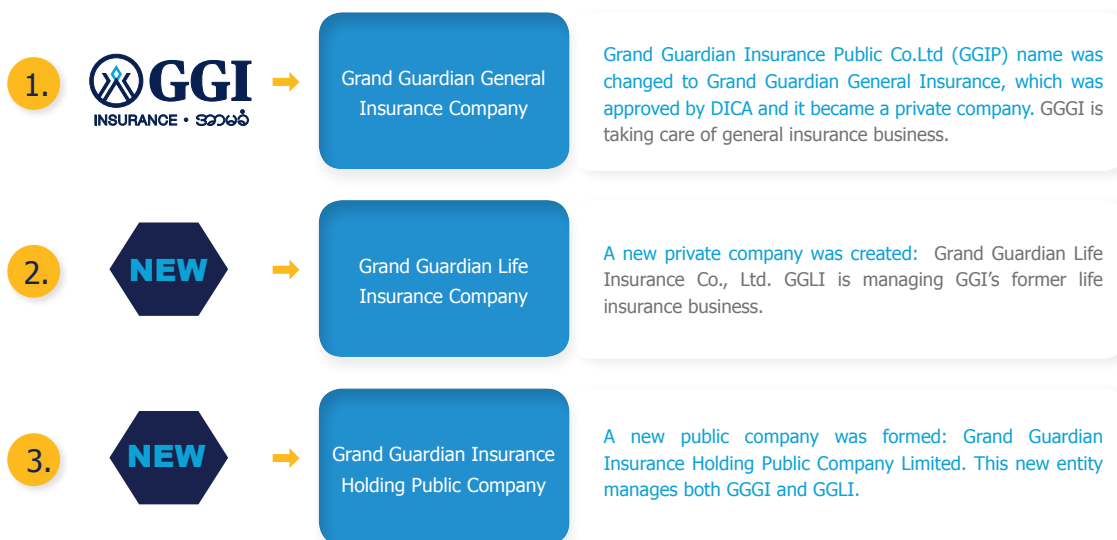
Front row, from left to right

- 11 ■ U Tun Kyaing
- 12 ■ U Htay Paing
- 13 ■ U Htin Kyaw Kyi

A New Corporate Structure

Recently, significant changes were enacted by the Financial Regulatory Department of the Ministry of Planning & Finance to modernize and liberalize the insurance sector; reflecting the objective 3.5.15 of the Myanmar Sustainable Development Plan which aims to « strengthen and further liberalize the insurance sector» and the enforcement of the New Companies Law. As a result, foreign insurers can today operate directly in Myanmar either by running their business directly or by partnering with a Myanmar company.







In 2018, GGI’s top management started to discuss with different players and decided to reorganize the company to make it more ready to seize this opportunity. The evolution of GGI’s corporate structure is summarized below and was discussed and approved the 2nd of February 2019 during an EGM by GGI’s shareholders.



 Intellectual capital	 Financial capital	 Human capital
<p>Our companies will benefit from the knowledge expertise of two leading insurance companies, who have a strong track record in developing insurance market in emerging countries.</p>	<p>Our partners will invest and become shareholders of GGGI and GGLI. It will strengthen our balance sheet, reinforce our ability to fund our development.</p>	<p>We will be able to provide to our staff better training, working conditions and careers’ opportunities. This will help us building our competitive advantage.</p>

Our Non-Financial Performance

GGI decided to use different standards to monitor and manage its non-financial performance: the Sustainable Development Goals, and the UN Global Compact. For GGI, sustainable development should not be limited and reduced to corporate philanthropy. As a result, we are monitoring different key performance indicators to make sure that while we are expanding our business, we are contributing positively to the Myanmar society and our employees.

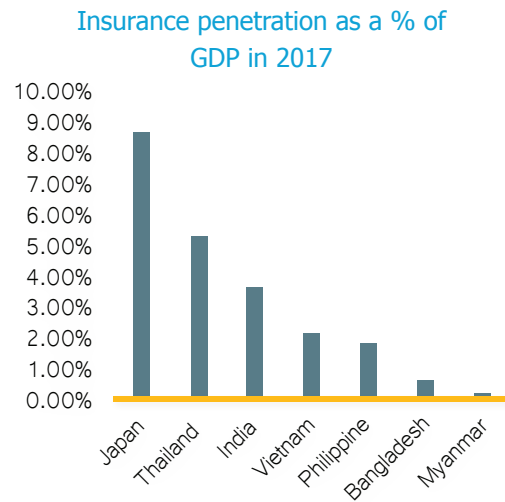
 Stakeholders	 Challenges	 Results
 Clients	Developing the awareness of Myanmar people for the insurance products, and their benefits	<ul style="list-style-type: none"> GGI organized 18 events to raise awareness about insurance products, which is 80% more compared to FY17-18.
	Delivering reliable and high-quality services in Myanmar.	<ul style="list-style-type: none"> More than 90% of GGI customers were satisfied with the services provided.
	Being able to manage more customers' claims is crucial as the number of claims is expected to increase significantly.	<ul style="list-style-type: none"> GGI handled twice many claims during FY18-19 (14,704) compared to FY17-18 (7,257).
 People	Recruiting and retaining people with the right skills in Myanmar.	<ul style="list-style-type: none"> During FY18-19, GGI recruited 184 people, 211 employees were promoted, and 391 trained. Our turnover rate was stable and remained at 11%.
	Building a respectful and safe working environment is essential to compete with our peers.	<ul style="list-style-type: none"> No accident occurred during FY18-19. No breach of our Code of Conduct was reported. GGI is an equal opportunity employer: 60% of our managers are women.
 Society	Reducing the environmental impacts of its activities is vital to offer a suitable planet for future generations.	<ul style="list-style-type: none"> Our energy intensity was reduced by 13% compared to last year. Our water intensity dropped by 43% compared to last year.
	Building and developing a more inclusive society in Myanmar.	<ul style="list-style-type: none"> GGI will pay 689 million MMK of tax to Myanmar government. GGI donated 42 million MMK last year mostly to fund projects and initiatives related to education.

Key Challenges

1. Myanmar has one of the lowest penetration rates for insurance in the world

Insurance in Myanmar is underdeveloped: according to different estimation, the premium revenues are equalling around 0.1% of Myanmar gross domestic product. According to data released by the Swiss Re Institute¹, Myanmar has one of the lowest penetration rates for insurance in the world.

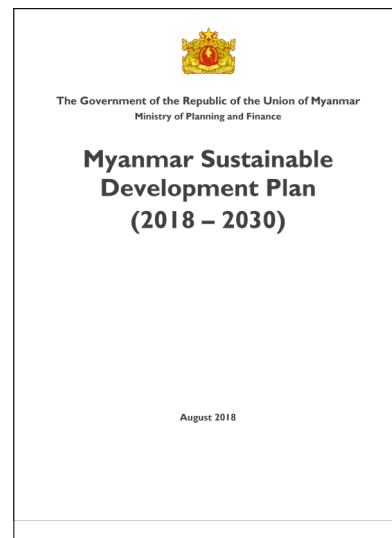
To seize this opportunity, insurers in Myanmar will have to invest a considerable amount of resources in raising awareness about insurance products, recruiting and training talents, develop a sound IT infrastructure, and scale their operations quickly.



2. Modernizing and liberalizing the Myanmar Insurance market is needed but challenging

Published on August 2018, the Myanmar Sustainable Development Plan provides the strategic roadmap for transforming our country.

To reach objective 3.5.15 for strengthening and further liberalizing the insurance sector in Myanmar, insurers and regulators will have to transform their organizations, together, and to partner more to develop the market's potential.



¹See Swiss Re Institute, *Sigma 3/2018, World insurance in 2017: solid, but mature life markets weigh on growth*, May 2018.

3. It is essential to build trust in the Myanmar insurance market.

However, to develop the insurance market, people need to trust the market, the financial institutions, to start buying products to protect and secure their future.



Strategic Plan

GGI defined various strategies for developing insurance market sustainably. Mostly, they must be adaptable to fit the ever-changing market conditions. Six factors are shaping GGI's strategic roadmaps:

- Professionalism
- Quality Service
- Customer Centric
- Networking
- IT
- Risk Management

Professionalism

Staff competency, work efficiency, effectiveness and innovation are the critical factors for growing our business. Therefore, GGI has recruited insurance professionals and experts to run the core functions of its business efficiently: underwriting and the claim process, risk management, etc. It also conducts various learning modules according to the training strategy developed to boost staff efficiency, work systematization and better utilization of modern equipment.

Quality Service

As the insurance is a service-based industry, quality service is vital. Hence, GGI has defined sound Standard Operation Procedures to conduct underwriting and claim services flawlessly. It establishes and maintains strong ties with renowned garages, hospitals and surveyors, to ensure customer satisfaction and deliver excellent services. Additionally, GGI provides the car insurance claims through a 24/7 hotline service.

Customer Centric

The company identifies public needs, adopts marketing strategies for potential customers, expands services through the introduction of new products that meet the customer demand, applies appropriate techniques and extends distributing channels that are adaptable to social trends. It also brings new insurance products into the market.

Networking

Networking is an essential component for GGI to provide our customers with the best quality of service. The Company has established sound relations with its business partners. We work with them closely to extend our market presence by:

- building strong ties with our network of insurance agents,
- cooperating with corporate companies to develop our sale channels,
- partnering with various banks to develop Bancassurance solutions,
- collaborating with car showrooms to promote the sales of motor insurance products,
- providing better customer services through the participation of garages and hospitals,
- cooperating with tour companies to diversify sales channels.

Information Technology (IT)

GGI always focuses on information technology (IT) as IT plays a pivotal role in its operations. With the introduction of IT, the full computerization of its management functions and operations, GGI can:

- improve its efficiency in multiple sectors,
- manage data more systematically and safely,
- reduce operation cost,

GGI has transformed its Insurance Core System into DXC System which is aligned with the international best practices. It now has backup and recovery plans to secure its hardware and IT assets. In the distribution sector, it has set up mobile apps and agent portals.






Risk Management

Risk management is a crucial component of the insurance industry, which has direct relations with risk. Sound risk management is essential for the sustainable development of an insurance company. GGI set up a risk management committee, which is responsible for:

- defining and enforcing risk management policies,
- identifying, analyzing, evaluating/ranking, monitoring, controlling and mitigating the risks by different means like, for example, risk sharing (coinsurance) or risk transfer (reinsurance).

Complying with the Law and our Regulators' Requirements

GGI aims to comply with the rules and regulations issued by its different regulators. This table details who are GGI main regulators, and what our company is doing to meet their requirements, and to enhance its corporate disclosure.

Regulators	 Obligations	 GGI's answers
	<p>GGI has to comply with the provisions of the New Companies Law especially those related to its relationships with its shareholders, its corporate governance and the disclosure of material information.</p>	<p>GGI releases every year its annual report which is available on its website. The annual report is available in English and in Myanmar language.</p>
	<p>As a public company with a significant number of shareholders, GGI shall comply with the rules and regulations issued by the SECM.</p>	<p>GGI's website is used to release information to the press. GGI also supported a project initiated by the SECM, DICA, the YSX and the IFC to assess the current practices of Myanmar companies regarding corporate governance.</p>
	<p>The Financial Regulatory Department of the MOPF is responsible for supervising the Myanmar Insurance markets through its Insurance Business Regulatory Board (IBRB).</p>	<p>GGI's operations were inspected by IBRB and FRD.</p>

Endorsing International Standards

At GGI, we strive to be a responsible insurance company. Therefore, the company decided to endorse different international standards to structure its efforts to respect and value human rights, protect its employees and the environment, fight corruption. Our Code of Conduct reflects our commitment to act responsibly, and according to our corporate values.

			
<p>GGI supports the 8 core conventions of the ILO.</p>	<p>GGI fully supports the United Nations' Universal Declaration of Human Rights.</p>	<p>GGI is a member of the UN Global Compact since 2016.</p>	<p>GGI uses the SDGs to structure its non-financial reporting.</p>



Zero tolerance approach to corruption

GGI adopted its Code of Conduct in October 2017. It described GGI business principles, and how the Company wants to operate. All the BOD members, managers, and employees have to comply with the Code. It is mandatory for each employee to receive this Code, and each recruit is trained to understand the Code and act accordingly. The Company encourage anyone to report any possible wrongdoing or misconducts by email to hr-ho@ggipinsurance.com



Supporting the UNGC

In 2016, GGI became a participant of the UN Global Compact, and it fully endorses since its 10 principles. Our latest COP report is available on the UNGC web platform.² To share our results, we have published some quantitative information on our website. As a result, it is possible to see how our key performance indicators are matching the UNGC's principles. Please see: <https://ggipinsurance.com/reporting/>



Embracing transparency

Pwint Thit Sa is a project undertaken by the Myanmar Centre for Responsible Business and Yever. It is the only ranking in Myanmar assessing the transparency of Myanmar companies. Like in 2018, GGI was among the 10 most transparent companies in Myanmar, and was the leading public company. In 2018, GGI contributed to a joint initiative led by the SECM, DICA, YSX and the support of IFC which objective was to assess the current practices of Myanmar companies regarding corporate governance against the ASEAN Corporate Governance Scorecard. Please see: <https://ggipinsurance.com/corporate-governance/>

KEY FIGURE

0

No cases of corruption has been confirmed

6

This is our rank in the 2018 Pwint Thit Sa report. GGI scores the highest among public companies.

100 %

All our new hires are trained to comply with our Code of Conduct

2. See <https://www.unglobalcompact.org/participation/report/cop/create-and-submit/active/423223>

Corporate Governance

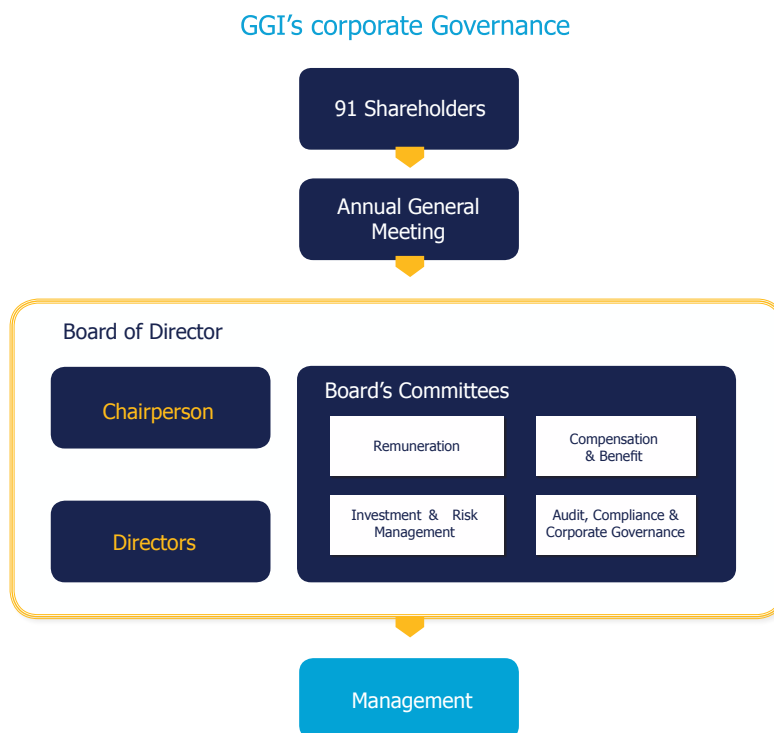
BOD's Responsibilities

Elected during the Annual General meeting by GGI's shareholders, the main duty of our Board of Directors is to ensure the sustainability of GGI's business. The responsibilities of GGI's Board are broad and include the following elements:

- defining and reviewing GGI's strategy, and its implementation regularly,
- validating and challenging GGI's corporate policies and organization,
- reviewing and approving GGI's major investments to achieve its strategic goals,
- ensuring the compliance of GGI with Myanmar laws and regulation, overseeing the management, and the control environment,
- reviewing the Company's mission and values.

On behalf of the Board members, the chairperson of the Board chairs the general meetings. His responsibilities include:

- the Board meetings are conducted accordingly to the Company's Constitution,
- Board members have the right skills and information to make the right decision for safeguarding the Company's interests,
- Board performance is evaluated on a regular basis.



Activities of GGI's Board for Financial Year 2018-2019

GGI's Board of Directors met 5 times during the last financial year. The directors discussed mostly the company's reorganization: the evolution of its corporate structure (see page 18), and governance. The Board also reviewed how GGI's top management was implementing the strategy approved previously, and discussed the remuneration scheme to make it attractive and competitive to retain as much as possible GGI's employees.

Name	Role	Board Meetings' Attendance
U Aik Htun	Chairman	100%
U Aung Zaw Naing	Vice Chairman	100%
U Aik Yee	Vice Chairman	80%
U Myo Naung	Managing Director	100%
U Aung Than	Director	80%
U Ye Myint	Director	60%
U Hla Oo	Director	80%
U Win Htay	Director	100%
U Soe Paing	Director	80%
U Myo Nyunt	Director	60%
U Tin Maung Latt	Director	100%
U Maung Maung Aye	Director	100%
U Zaw Myint Htoo	Director	100%
Daw Nan Khin Htwe	Director	100%
U Ni	Director	60%

Annual General Meeting (AGM)

GGI has 91 shareholders. They elected 15 BOD members to supervise its functions, on their behalf. It held the annual shareholder meeting for fiscal year 2018-2019 on 12 June 2018 at Pan Pacific Hotel. Fifty-two percent of the shareholders attended the meeting. In the meeting, they discussed and approved the following topics:

- BOD report for fiscal year 2017-2018,
- Financial statement for fiscal year 2017-2018,
- Election of the BOD members,
- Appointment of the external auditor.



Extraordinary General Meeting (EGM)

The 91 shareholders of GGI met the 2nd February 2019 to discuss and approve the corporate structure transformation (see page 18). The shareholders approved:

- The establishment of Grand Guardian Insurance Holding Co., Ltd (GGIHP), and agreed to swap their GGI's shares (one to one share swap),
- A new name was agreed for GGI: Grand Guardian General Insurance (GGGI),
- GGGI's type was changed to a private company,
- The creation of Grand Guardian Life Insurance (GGLI).



Committees

GGI formed four committees as regulatory and supporting bodies for its operations. The four committees are laying down guidelines, adopting policies, holding meetings, making coordination and supervising the work in their respective sectors.

Audit, Compliance and Corporate Governance Committee

This committee is formed with board members and at least one of them has financial experience. The responsibilities of this Committee are:

- Ensuring compliance with the Myanmar Companies Act, and any other rules and regulations issued by the relevant authorities,
- Reviewing the Financial statements of GGI,
- Recommending an external auditor for the shareholders' approval during the AGM.

The Committee met once during the last financial year.

Name	Role	Meetings' Attendance
U Myo Nyunt	Chairman	100%
U Myo Naung	Secretary	100%
U Win Htay	Member	100%
U Zaw Myint Htoo	Member	100%

Compensation and Benefit Committee

The objective of the committee is to ensure that GGI's clients receive the right benefits. The Committee met three times during the last financial year.

Name	Role	Meetings' Attendance
U Aik Yee	Chairman	100%
U Tun Kyaing	Secretary	67%
U Tin Maung Latt	Member	100%
U Ye Myint	Member	100%

Investment and Risk Management Committee

The Investment & Risk Management Committee is mainly responsible for ensuring that GGI risk management system is sound and that the risks are managed appropriately to protect the Company's assets. This committee is formed with BOD members, and at least one of them should have a strong experience in the industry sector.

The committee met once during the last financial year.

Name	Role	Meeting's Attendance
U Maung Maung Aye	Chairman	100%
U Htin Kyaw Kyi	Secretary	100%
U Aung Than	Member	100%
U Hla Oo	Member	100%

Remuneration Committee

The main committee responsibility is to review the consistency and fairness of the remuneration scheme for GGI people. The Committee met once during the last financial year.

Name	Role	Meetings' Attendance
U Soe Paing	Chairman	100%
Daw Hnin Sein	Secretary	100%
Daw Nan Khin Htwe	Member	100%
Daw Sandar Htun	Member	100%

Risk Management

Insurance is a business that accepts a possible risk transferred to it from an individual or an organization. Risk management is of vital importance for the sustainable development of an insurance company. GGI is systematically laying down and implementing risk management policies. As for the provision of close supervision of the work, GGI has the risk management committee, which has two task forces under it.

The following are the types of risk an insurance company may face:

- Operation Risk,
- Underwriting Risk,
- Market Risk,
- Credit Risk,
- Other Significant Risk.

GGI monitors the risks mentioned above by

- quantifying the accumulation risks and analyzing the possible risks,
- undertaking the risk it can accept and handle,
- sharing (coinsuring) risks that are exceeding GGI's retention,
- transferring (reinsuring) risk that is difficult to undertake,
- controlling the risks.

The Risk Management division is responsible for:

- adopting and implementing procedures, rules and regulations related to risk management,
- supervising the branches and other business units,
- tasking internal and external audit teams to inspect transactions and operation process of branches, and conducting risk management in cooperation with assessors and adjustors.



Business Review

General Insurance

HIGHLIGHTS

- Percentage of the premium paid for general insurance products: 92%
- The number of claims, managed by our team, doubled
- Establishment of a partnership with Tokio Marine to introduce a new product: the Oversea Marine Cargo Insurance

KEY FIGURE



12 products



14,000+ Claims were filed by our clients



We managed successfully claims **twice** as many as FY 17/18



32 garages are partnering with GGI



535 employees are working to provide general insurance products to our customers



80 people were trained to master our new general insurance products



General Insurance



Oversea Marine Cargo Insurance Launching Ceremony

Overseas Marine Cargo Insurance

GGI introduced the Overseas Marine Cargo Insurance on 31 January 2019.

How to subscribe

By contacting the head office or any branches of the GGI or via insurance agents. Filling out a proposal form, collecting premium and issuing an insurance policy and any paperwork will be helped by employees of GGI and insurance agents.

Aim

Overseas Marine Cargo Insurance ensures import and export security, provides protection against losses and saves cargo transport services from danger.

Benefits

Loss of cargo due to sinking or crash of the freight vessel, vehicle or aircraft, carrying the insured cargo due to natural disaster, accident or fire or loss of cargo due to turnover of the vessel or truck.

Serving our Customers



Monday 09:15 am
The accident



Monday 01:58 pm
Meeting with GGI



Tuesday 03:47 pm
Reviewing the claim



Monday 02:05 pm
Claiming



Wednesday 10:17 am
The garage



Thursday 09:32 am
On the road, again!

Ko Zarni is driving every day. When he went to buy a car at the Car Showroom, he decided to get a motor insurance with GGI. Unfortunately, last Monday, he had an accident in Yangon at the Hledan Junction. Nothing too serious, just some superficial damages.

He contacted GGI, to check all the documents which are necessary for starting the claim process. After getting all the required documents, Ko Zarni went to the nearest GGI branch to fill all the forms, and started the process.

GGI employees checked all the information, to make sure that nothing is missing, and to compensate each customer fairly. Then, the experts who are usually dealing with the claims related to the motor insurance review Ko Zarni's files. As everything was in order, the team approved Ko Zarni's claim, and told him in which garage his car will be repaired.

As the garage is partnering with GGI, the transaction was smooth and easy. Ko Zarni was able to discuss with the assigned worker.

In the garage, Ko Zarni was able to discuss with the mechanic: he knows how long it will take to get his vehicle back. Of course, now, Ko Zarni will pay extra attention when driving, to stay safe.

Last year, GGI handled 14,000+ claims and collaborated with its network of 32 garages to repair the vehicles.

GGI's contribution to promoting road safety



Driving in Myanmar can be dangerous: in 2018, the World Health Organization estimated that 10,540 people died in Myanmar due to road traffic accidents.³ The number of accidents is also booming from 9,000+ in 2010 to 18,100+ accidents in 2017 according to the Myanmar Police Force. That is why GGI is actively raising awareness on road safety to prevent road traffic accidents: to help to reduce the number of accidents.

3. See : WHO, *Global Status Report on road safety*, 2018.

Life Insurance

HIGHLIGHTS

- Percentage of the premium paid for life insurance products: 8%
- Our team managed 556 claims for life insurance
- 5 new products were launched

KEY FIGURE



11 new products
were developed



556 claims
were filed by our clients



21 hospitals are
partnering with GGI



76 employees are working
to provide life insurance products
to our customers



Grand Guardian Life Insurance

New Life Insurance Products

GGI introduced and started to sell the following new products in the market in fiscal year 2018-2019:

- Health Insurance (New Version),
- Critical Illness Insurance,
- Micro Health Insurance,
- Short-term Endowment Life Assurance,
- Education Life Insurance.

Health Insurance (New Version)

This product provides medical cost for hospitalization due to health problem or benefits for the loss of life due to illness or other causes.

Critical Illness Insurance

This product provides financial protection for critical illness-related surgical operation or loss of life. It covers:

1. Heart Attack,
2. Stroke,
3. Malignant cancer,
4. Renal Failure,
5. Major Organ Transplant,
6. Heart Valve Replacement or Repair,
7. Coronary Artery Bypass Surgery,
8. Severe Burns,
9. Coma,
10. Bacterial Meningitis,
11. Death.

Micro Health Insurance

This insurance aims at providing healthcare cover for everyone. It provides insurance protection for hospitalization or accidental death.

Education Life Insurance

Education life insurance is a type of insurance which covers school expenses for children during a specified period. It provides financial protection in case the insured dies or becomes permanently disabled and also a maturity benefit.

Short-term Endowment Life Assurance

It is the first short-term saving-type product in Myanmar that provides insurance protection. This product provides life insurance cover (benefits for death and permanent disability), while enabling the insured to save money, and enjoy interest (Financial benefit is greater than the paid premium amount) and maturity benefit.



Short-term Endowment Life Insurance

Technology

GGI computerized all its operations after it introduced a DXC System, which is an international Insurance Core System, in the fiscal year 2018-2019. The goal is to enhance the quality of service provided to our customers.

This new international IT system provides the following benefits:

- swifter underwriting service for customers,
- quicker settlement of claim cases,
- timely issuance of renewals,
- better data analytics.

To catch up with international insurance companies, in providing services in the ever-changing market trend and playing a role in the drive for development of Myanmar's insurance market, GGI promises self-improvement with the help of advancing digital technology.

The Company successfully introduced mobile application, which is a digital channel, in fiscal year 2018-2019. With this application, customers can:

- access easily information about GGI products and services,
- easy to purchase the straight-through products in mobile phones, get an estimation of the premium to be paid,
- receive promotions and notifications related to their insurance.

To reinforce the strength of its agents' network, GGI is implementing an iPOS Agent Portal. This portal is being developed with DXC Company to offer more services and better tools to GGI's agents. GGI is planning to launch this portal next year. The portal will bring many benefits for agents as it will help them to provide customer services conveniently, access to Customers' Data, and submit insurance proposals online.

To protect its data, GGI installed firewalls, antivirus protection. We enforced also data backup and security plans. We developed a strategy to mitigate any disaster which might affect the security and integrity of our customers' data.

People

HIGHLIGHTS

- GGI's employees were assigned either to work for GGGI (535) or GGLI (76)
- To sustain our development, we expanded our workforce significantly (21% compared to last year): we welcomed 184 recruits
- The turnover rates remain stable (11%), absenteeism rate almost doubled (reaching 7% this year compared to 3% last year)
- GGI is an equal opportunity employer: there is no discrimination based on gender
56% of our training efforts are related to developing safe working conditions

KEY FIGURE



611 employees are working to provide insurance products to our customers



184 people joined GGI



391 people received over **1802** hours of training to develop their skills



211 promotions were granted, of which **60%** to women



11% our turnover rate remains stable compared to last year



No accident happened in our workplace



Healthy Living Seminar



Orientation Training

HR policies

GGI is a company working in accordance with the Myanmar Labour Law. It has published handbooks on staff procedures and ethics to ensure the compliance with the Labour acts, and to raise employee awareness on those subjects. GGI communicates clearly about the employees' rights. Annually, the Management Committee is appraising the abilities of staff members to promote them to higher positions. In fact, promotion is a result of the conviction and efforts of the staff members.

The Company also promotes staff awareness of the long-term benefits of life insurance and old-age funds.

Organization and Responsibilities



Remuneration Committee

The committee is validating the remuneration strategy and systems not only for the BOD members, but for GGI's employees as well. The committee is validating the compensations and benefits making sure that the composition of the remuneration is relevant, fair and appropriate. Among the components considered: the salary, allowances, bonuses, and grants, pension fund.

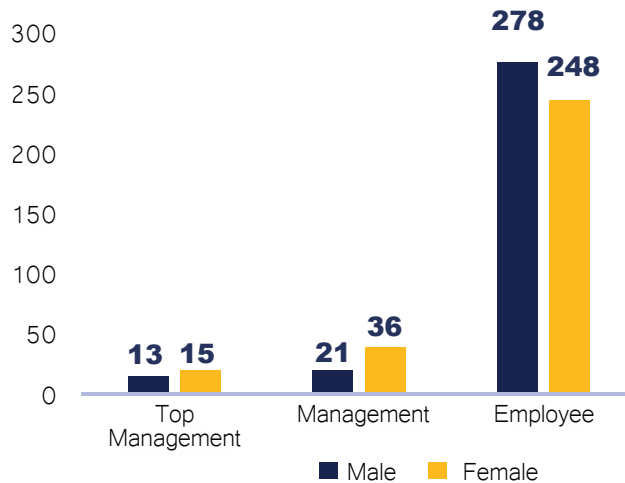
HR performance for the development of the employees

GGI is a company formed under the Myanmar Companies Law. As an insurance service provider, the Company considers the employees as its main assets. GGI has developed a Code of Conduct for its employees which also cover topics related to ethics in accordance with the Labour Law. The Company is raising awareness, and is training all its new recruits on these matters.

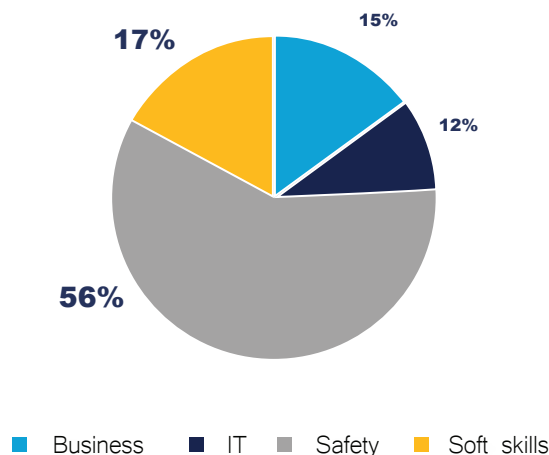
Training

GGI is providing proficiency training for its staff members as soon as they join the company. It opened 30 courses in conducting 2,132 hours of training sessions for 391 staff members of various divisions and branches in 2018-2019. The training focused on promoting staff awareness on GGI’s values, principles, policies and SOP to reinforce staff efficiency.

Headcount breakdown by gender and levels



Breakdown of our training efforts



CSR Activities

Holding Staff
Birthday Parties



Holding a monsoon tree-plantation ceremony
at Hlawga watershed area



Winter Sport Activities

Organizing sports activities under
the motto -- Active GGI Sports



Involving in the International
White Cane Day



White Cane Day Event



World Clean Day

Participating in the
World Clean Day



Holding health talks



Health Talk

Reading books on knowledge for the
blind (voice donation)



Inviting personnel of the Social
Welfare Department to provide
healthcare for staff members



Non-Financial Reporting

To structure our non-financial reporting system, GGI is considering for the time being the following standards:



GGI is currently transitioning to comply with the Global Reporting Initiative Standards. Currently we consider that our activities are contributing most to the following Sustainable Development Goals:

	<p>Improving health in Myanmar is essential to build a stronger society. Facilitating access to good medical care is critical. Life insurance products are a mean to contribute to this objective.</p>
	<p>As an insurer, we aim to provide equal opportunities for our people. Our employees, regardless of their gender, are proud to serve our customers, who are, like them, diverse.</p>
	<p>The insurance sector is expected to grow significantly in the next years in Myanmar. It will create good job opportunities for our employees, and for Myanmar citizens. As an insurer, we are also supporting the government budget by buying treasury bonds.</p>
	<p>Building an inclusive and more equal society is essential for developing economic progress in our country. GGI's products are contributing to this goal: we offer to our customers mean to protect and secure their future.</p>
	<p>GGI aims to comply with all relevant laws and regulations in Myanmar. We do not tolerate corruption. We strive to operate responsibly, transparently, and to be held accountable for our performance.</p>

Data

■ Customer

KPIs	Unit	Value	UNGC principles	SDG principles
Number of policies	Number	136,673		3, 8, 10
Number of claims	Number	14,704		3, 8, 10
Premium income	Billions MMK	25.2		3, 8, 10
Customer satisfaction	%	91%		3, 8, 10
Number of customer complaints	%	2%		3, 8, 10

■ Society

KPIs	Unit	Value	UNGC principles	SDG principles
Shared values				
Total amount of tax paid (income tax)	MMK	1,712,743,128		16
Amount of donations	MMK	42,526,903		16
Business ethics				
Number of cases related to the COC	Number	0	1,2,10	16
Number of breaches of the COC	Number	0	1,2,10	16
Pwint Thit Sa ranking in 2019	Rank	6		16

■ Company

KPIs	Unit	Value	UNGC principles	SDG principles
Energy				
Energy consumption	KWh	3,086,924.32	7,8,9	12
Energy intensity	KWh/ headcount	5,052.25	7,8,9	12
Water				
Water consumption	M3	21,714.7	7,8,9	6
Water intensity	M3/ headcount	35.5	7,8,9	6
GHG				
GHG emissions	GHG (kg eq. CO2)	987,816	7,8,9	13
GHG intensity	GHG (kg eq. CO2)/ headcount	1,616.72	7,8,9	13

■ People

KPIs	Unit	Value	UNGC principles	SDG principles
Workplace				
Number of employees	Number	611	3,4,5,6	3, 5, 8
Number of females	Number	299	3,4,5,6	3, 5, 8
Number of top managers	Number	15	3,4,5,6	3, 5, 8
Number of managers	Number	36	3,4,5,6	3, 5, 8
Number of employees	Number	248	3,4,5,6	3, 5, 8
Number of males	Number	312	3,4,5,6	3, 5, 8
Number of top managers	Number	13	3,4,5,6	3, 5, 8
Number of managers	Number	21	3,4,5,6	3, 5, 8
Number of employees	Number	278	3,4,5,6	3, 5, 8
Number of departures	Number	63	3,4,5,6	3, 5, 8
Turnover rate	%	11%	3,4,5,6	3, 5, 8
Absenteeism rate	%	7%	3,4,5,6	3, 5, 8
Working condition				
Number of accidents	Number	0	3,4,5,6	3, 5, 8
Fatality rate	%	0	3,4,5,6	3, 5, 8
Frequency rate	%	0	3,4,5,6	3, 5, 8
Training				
Number of training hours	Number	2132	3,4,5,6	3, 5, 8
Number of people trained	Number	391	3,4,5,6	3, 5, 8
Average training hours/employee	Number	3.49	3,4,5,6	3, 5, 8
Talent development				
Number of people promoted	Number	211	3,4,5,6	3, 5, 8
Number of females	Number	128	3,4,5,6	3, 5, 8
Number of males	Number	83	3,4,5,6	3, 5, 8
Number of new recruits	Number	184	3,4,5,6	3, 5, 8
Number of females	Number	78	3,4,5,6	3, 5, 8
Number of males	Number	106	3,4,5,6	3, 5, 8

Financial Report



GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED
(Formerly Grand Guardian Insurance Public Company Limited)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

Currency – Myanmar Kyat (MMK)

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED
(Formerly Grand Guardian Insurance Public Company Limited)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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**STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED,
(Formerly Grand Guardian Insurance Public Company Limited)**

It is the responsibility of the management to prepare the financial statements for each financial year which give a true and fair view of the financial position of **Grand Guardian General Insurance Company Limited** (Formerly Grand Guardian Insurance Public Company Limited) (the Company) as at 31 March 2019 and of its financial performance and its cash flows for the year then ended. In preparing these financial statements, the management is required to:

- Select suitable accounting policies and then apply them consistently; and
- Make judgments and estimates that are reasonable and prudent.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company. We have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of Management



MYO NAUNG
MANAGING DIRECTOR
GRAND GUARDIAN INSURANCE PUBLIC CO., LTD.



(Win Htay)
Director

8 May 2019



ဝင်းသင်နှင့်အဖွဲ့၊ စာရင်းစစ်များ။

WIN THIN & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

HEAD OFFICE:- Room (2B/2C) 1st Floor, Rose Condominium, No.182/194, Botahtaung Pagoda Road, Pazundaung Township, Yangon Region, Myanmar. Tel : 95-1-201798, 296164, Fax: 9 5-1-245671 Email : winthin9@myanmar.com.mm

MANDALAY BRANCH:- Room (9/10), East Wing of Bahtoo Stadium, 70th Street (Between 29th & 30th Street),
OFFICE Mandalay Region , Myanmar. Tel : 95-2-34451, Fax: 95-2-34498

Ref: 99/G-82/March 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Grand Guardian General Insurance Company Limited
(Formerly Grand Guardian Insurance Public Company Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of **Grand Guardian General Insurance Company Limited** (Formerly Grand Guardian Insurance Public Company Limited) (the Company), which comprise the statement of financial position as at 31 March 2019, and the related statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Myanmar Financial Reporting Standards (MFRSs) and the provisions of the Myanmar Companies Law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Myanmar Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Grand Guardian General Insurance Company Limited** (Formerly Grand Guardian Insurance Public Company Limited) as at 31 March 2019, and its financial performance and its cash flows for the year then ended in accordance with MFRSs and the Myanmar Companies Law.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Myanmar Companies Law, we also report that:

- (i) we have obtained all the information and explanations we have required; and
- (ii) books of account have been maintained by the Company as required by Section 258 of the Law.



Moe Kyaw (PA - 313)
Managing Partner
Win Thin & Associates
Certified Public Accountants

8 May 2019

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

(Formerly Grand Guardian Insurance Public Company Limited)

STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

Currency – Myanmar Kyat (MMK)

	Note	2019	2018
Assets			
Property, plant and equipment	5	25,056,553,126.63	24,517,036,833.58
Intangible assets	6	1,917,589,154.20	597,406,699.00
Investments	7	13,800,000,000.00	13,800,000,000.00
Insurance and other receivables	8	6,038,040,105.05	5,091,190,248.91
Cash and cash equivalents	9	20,788,037,728.06	16,215,487,399.01
Total assets		67,600,220,113.94	60,221,121,180.50
Liabilities			
Provisions, claims and other payables	10	12,127,872,664.14	7,050,158,749.30
Total liabilities		12,127,872,664.14	7,050,158,749.30
Net assets		55,472,347,449.80	53,170,962,431.20
Equity			
Issued and paid-up capital	18	47,012,000,000.00	47,012,000,000.00
Life insurance fund		2,299,812,372.79	1,616,521,476.92
Fire insurance fund		2,342,465,575.00	1,677,605,767.87
Comprehensive motor insurance fund		2,135,057,995.74	2,135,057,995.74
Marine insurance fund		124,675,954.17	78,421,256.67
Travel insurance fund		261,497,615.80	164,169,888.75
General reserve fund		515,511,337.89	434,546,148.94
Retained earnings		781,326,598.41	52,639,896.31
Total equity		55,472,347,449.80	53,170,962,431.20

The notes on pages 9 to 23 are an integral part of the Financial Statements.

Authenticated by Directors:

(1)


 MYO NAUNG
 MANAGING DIRECTOR
 GRAND GUARDIAN INSURANCE PUBLIC CO., LTD.



(2)


 (Win Htay)
 Director

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

(Formerly Grand Guardian Insurance Public Company Limited)

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2019

Currency – Myanmar Kyat (MMK)

	Note	2019	2018
Insurance premium income	11	21,109,182,470.49	10,087,697,051.73
Commission and other income	12	752,928,902.53	503,270,433.63
Investment income	13	2,317,325,279.37	2,116,743,148.24
Net income		24,179,436,652.39	12,707,710,633.60
Claims	14	(10,185,152,717.85)	(5,447,502,272.13)
Acquisition costs and direct expenses	15	(1,765,055,221.59)	(1,190,065,417.43)
Operating expenses	16	(9,340,475,997.71)	(5,431,653,888.03)
Expenses		(21,290,683,937.15)	(12,069,221,577.59)
Profit before tax		2,888,752,715.24	638,489,056.01
Income tax expenses	17	(587,367,696.64)	(64,309,281.92)
Profit for the year		2,301,385,018.60	574,179,774.09
Other comprehensive income for the year		–	–
Total comprehensive income for the year		2,301,385,018.60	574,179,774.09

The notes on pages 9 to 23 are an integral part of the Financial Statements.



MYO NAUNG
MANAGING DIRECTOR
GRAND GUARDIAN INSURANCE PUBLIC CO., LTD.




(Win Htay)
Director

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED
(Formerly Grand Guardian Insurance Public Company Limited)

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2019

Currency – Myanmar Kyat (MMK)

	Issued and paid up capital	Life insurance fund	Fire insurance fund	Comprehensive motor insurance fund	Marine insurance fund	Travel insurance fund	General reserve fund	Retained earnings	Total equity
2018									
Balance at 1 April 2017	47,012,000,000.00	1,132,455,990.18	1,677,605,767.87	2,135,057,995.74	78,421,256.67	164,169,888.75	429,856,041.19	10,428,927.30	52,639,995,867.70
Adjustment for corporate income tax	-	(43,213,210.59)	-	-	-	-	-	-	(43,213,210.59)
Total comprehensive income for the year	-	-	-	-	-	-	-	574,179,774.09	574,179,774.09
Transfer to life insurance fund	-	527,278,697.33	-	-	-	-	-	(527,278,697.33)	-
Transfer to general reserve fund	-	-	-	-	-	-	4,690,107.75	(4,690,107.75)	-
Balance at 31 March 2018	47,012,000,000.00	1,616,521,476.92	1,677,605,767.87	2,135,057,995.74	78,421,256.67	164,169,888.75	434,546,148.94	52,639,896.31	53,170,962,431.20

The notes on pages 9 to 23 are an integral part of the Financial Statements.

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED
(Formerly Grand Guardian Insurance Public Company Limited)

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the financial year ended 31 March 2019

Currency – Myanmar Kyat (MMK)

	Issued and paid up capital	Life insurance fund	Fire insurance fund	Comprehensive motor insurance fund	Marine insurance fund	Travel insurance fund	General reserve fund	Retained earnings	Total equity
2019									
Balance at 1 April 2018	47,012,000,000.00	1,616,521,476.92	1,677,605,767.87	2,135,057,995.74	78,421,256.67	164,169,888.75	434,546,148.94	52,639,896.31	53,170,962,431.20
Total comprehensive income for the year	-	-	-	-	-	-	-	2,301,385,018.60	2,301,385,018.60
Transfer to life insurance fund	-	683,290,895.87	-	-	-	-	-	(683,290,895.87)	-
Transfer to general insurance fund	-	-	664,859,807.13	-	46,254,697.50	97,327,727.05	-	(308,442,231.68)	-
Transfer to general reserve fund	-	-	-	-	-	-	80,965,188.96	(80,965,188.96)	-
Balance at 31 March 2019	47,012,000,000.00	2,299,812,372.79	2,342,465,575.00	2,135,057,995.74	124,675,954.17	261,497,615.80	515,511,337.90	781,326,598.40	55,472,347,449.80

The notes on pages 9 to 23 are an integral part of the Financial Statements.



MYO NAUNG
MANAGING DIRECTOR
GRAND GUARDIAN INSURANCE PUBLIC CO., LTD.

(Win Htay)
Director

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

(Formerly Grand Guardian Insurance Public Company Limited)

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2019

Currency – Myanmar Kyat (MMK)

	Note	2019	2018
Cash flow from operating activities			
Profit for the year		2,888,752,715.24	638,489,056.01
<i>Adjustment for:</i>			
Depreciation on property, plant and equipment		637,446,500.93	537,815,632.42
Amortization of intangible asset		348,209,885.80	71,425,514.75
Profit on disposal of property, plant and equipment		(155,000.00)	–
Property, plant and equipment write off		3,786,891.00	2,678,695.00
Operating profit / (loss) before working capital changes		3,878,040,992.97	1,250,408,898.18
<i>Working capital changes:</i>			
Change in insurance and other receivables		(788,239,088.14)	(1,336,289,457.80)
Change in provisions, claims and other payables		4,554,655,500.29	6,013,844,690.12
Cash generated from operations		7,644,457,405.12	5,927,964,130.50
Income tax paid		(640,000,000.00)	(680,588,845.00)
Net cash provided by / (used in) operating activities		7,004,457,405.12	5,247,375,285.50
Cash flow from investing activities			
Purchase of property, plant and equipment		(735,022,293.07)	(977,706,595.74)
Disposal of property, plant and equipment		155,000.00	14,722,102.00
(Purchase) / Disposal of investments		–	(6,000,000,000.00)
Prepaid for property, plant and equipment		(28,647,442.00)	(345,127,286.00)
Payment for computer software and license		(1,668,392,341.00)	(588,959,105.82)
Net cash provided by / (used in) investing activities		(2,431,907,076.07)	(7,897,070,885.56)
Cash flow from financing activities			
Equity dividend paid		–	(1,923,720,000.00)
Net cash flows from financing activities		–	(1,923,720,000.00)
Net increase / (decrease) in cash and cash equivalents		4,572,550,329.05	(4,573,415,600.06)
Cash and cash equivalents at the beginning of the year		16,215,487,399.01	20,788,902,999.07
Cash and cash equivalents at the end of the year	9	20,788,037,728.06	16,215,487,399.01

The notes on pages 9 to 23 are an integral part of the Financial Statements.



MYO NAUNG
MANAGING DIRECTOR
GRAND GUARDIAN INSURANCE PUBLIC CO., LTD.




(Win Htay)
Director

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

(Formerly Grand Guardian Insurance Public Company Limited)

NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

1. General information

Grand Guardian General Insurance Company Limited (Formerly Grand Guardian Insurance Public Company Limited) (the Company) was originally incorporated as Public Company Limited in the Republic of the Union of Myanmar under the Myanmar Companies Act 1914 on 11 December 2012 as a Public Company Limited by Shares and was re-registered under the Myanmar Companies Law 2017 as a Private Company Limited by Shares as per Certificate of Incorporation No. 127952205.

The Company was issued Composite Insurance Business License (No. 002) granting to operate both the general insurance and the life insurance business sub-section (a) of section 38 of the Insurance Business Law by Insurance Business Regulatory Board (IBRB) previously known as Insurance Business Supervisory Board under Ministry of Finance and Revenue on 25 May 2013. In furtherance to the IBRB's Notification No. 5/2017 dated 29 May 2017 and the Company's subsequent application for issuance of separate general insurance license and life insurance license, the Company had allowed all its shares to be transferred to the newly incorporated company, Grand Guardian Insurance Holding Public Company Limited (GGIHPCL), and consequently changed its status to private subsidiary company on 29 March 2019. The Company is in the process of reduction of capital under section 115 (a, iii) and 116 of Myanmar Companies Law 2017 by returning the life insurance business with the relevant paid-up share capital which is in excess of its wants.

The principal activities of the Company from 1 April 2019 are to carry on:

- (a) fire insurance
- (b) comprehensive motor insurance
- (c) cash in transit insurance
- (d) cash in safe insurance
- (e) fidelity bond insurance
- (f) the general insurance business permitted by the Insurance Laws and Rules and the Ministry concerned in accordance with notifications issued from time to time with approval of the Government.

The registered office of the Company is located at No. (19/20), A, B, C, D Junction Square Compound, between Pyay Road and Kyundaw Street, Kamayut Township, Yangon Region, Republic of the Union of Myanmar.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of the accompanying financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A Basis of accounting

The accompanying financial statements have been prepared in accordance with Myanmar Financial Reporting Standards (MFRSs) and are based on historical cost convention.

B Foreign currency translation

(1) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Myanmar Kyat, which is the presentation currency of the Company.

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

(Formerly Grand Guardian Insurance Public Company Limited)

NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

2. Summary of significant accounting policies (continued)

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rate prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

C Property, plant and equipment

Property, plant and equipment including, owner-occupied properties, are carried at historical cost less accumulated depreciation. Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are charged to profit or loss during the financial period they are incurred.

D Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than freehold land which is determined to have an indefinite life, as follows:

Building	80 years
Office furniture	20 years
Office equipment	10 years
Generator & transformer	16 years
Computer & component	5 years
Motor vehicles & cycles	8 years

E Intangible assets

Computer software and licences are carried at historical cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of computer software and licences over their estimated useful lives. The rate of amortisation of computer software and licences are 5 years per annum. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

F Investments

Investments are recognized at cost less accumulative impairment loss in the Company's financial statement. On disposal of investments, the difference between disposal proceeds and the carrying amount of investments are recognized in profit or loss. Investments are made by purchasing three year treasury bonds and bills issued by Myanmar Securities Exchange Center.

i) Investment income

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

G Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short-term deposits with an original maturity one year or less. The cash equivalents are readily convertible to cash.

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

2. Summary of significant accounting policies (continued)

H Provisions

The Company recognizes provisions in the financial statements when the Company has a legal or constructive obligation (as a result of a past event) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is created by charging profit or loss for any obligations as per the calculated value of these obligations and the expectation of their realisation at the reporting date.

I Operating leases (as lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

J Current and deferred income tax

The tax expense comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

(Formerly Grand Guardian Insurance Public Company Limited)

NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

2. Summary of significant accounting policies (continued)

L Insurance operations

(i) Receivables and payables related to insurance contracts

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance policy holders.

(ii) Provision for outstanding claims

Provision for outstanding claims is recognized at reporting date and covers the liability for claims and loss adjustment expenses based on loss reports from independent loss adjusters and management's best estimate.

(iii) Gross premiums

Premium on insurance contracts are recognized as revenue (earned premiums) when premium on insurance contracts are received. Premiums are shown before deduction of commission and are gross of any taxes levied on premiums.

(iv) Gross claims paid

Claims and loss adjustment expenses are charged to profit or loss as incurred based on the estimated liability for compensation owed to policy holders or third parties damaged by the policy holders. Gross claims paid include all claims paid during the year and the related external claims handling costs that are directly related to the processing and settlement of claims.

Estimates of salvage recoveries (damaged property acquired in settling a claim) are included as an allowance in the measurement of the insurance liability for claims. The allowance is the amount that can reasonably be recovered from the disposal of the property.

Subrogation reimbursements are also considered as an allowance in the measurement of the insurance liability for claims. The allowance is the assessment of the amount that can be recovered from the third party.

(v) Commissions earned and paid

Commissions earned and paid are recognized at the time when the payment is made or the income is received.

(vi) Policy acquisition costs

Commissions and other acquisition costs that vary with and are related to securing new contracts and renewing existing contracts are recognised as expenses when incurred.

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

2. Summary of significant accounting policies (continued)

(vii) **Fund transfer**

According to IBRB's instruction,

(a) **Life insurance**

Lower of premium income and excess of income over expenses of life insurance is transferred to life insurance fund.

(b) **General**

(1) 35% of original gross premium income have been provided as unearned premium income as per notification no. 2/2017 dated 15 March 2017.

(2) Lower of 30% of premium income and excess of income over expenses of general insurance is transferred to general insurance fund such as fire insurance fund, comprehensive motor insurance fund, marine and aviation insurance fund and special travel insurance fund.

(3) Provision for general reserve fund is based on 10% of profit after tax and transferring life and general insurance fund.

(4) Provision for dividend payment is based on 90% of profit after tax and transferring life and general insurance fund.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements in conformity with Myanmar Financial Reporting Standards (MFRSs) requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates. Estimates, assumptions and judgements are renewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

4. Financial instruments and risk management

The Company in the normal course of its business derives its revenue mainly from assuming and managing insurance and investments. Through a robust governance structure, risk and return are evaluated to produce sustainable revenues to reduce earnings volatility and increase shareholders' return. The Company's lines of business are mainly exposed to the following risks;

- Insurance risk,
- Credit risk,
- Liquidity risk,
- Market risk and
- Operational risk.

Insurance risk

The principal risk the Company faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual compensation paid and subsequent development of long-term claims. Therefore the objective of the Company is to ensure that sufficient reserves are available to cover these liabilities.

The Company manages the insurance risk through the careful selection and implementation of its underwriting strategy and guidelines together with the adequate coinsurance arrangements and proactive claims handling.

The Company makes coinsurance arrangements with Myanmar Insurance and other six insurance companies when the sum insurance is exceed MMK 500 million for fire insurance and when the sum insurance is exceed MMK 300 million for comprehensive motor insurance. For marine insurance, the Company has executed quota share agreement with State Owned Myanmar Insurance. The insurance risk could be mitigated by making coinsurance arrangements.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The following policies and procedures are in place to mitigate the Company's exposure to credit risk.

A credit risk policy setting out the assessment and determination of what constitutes credit risk for the Company has been established and policies and procedures are in place to mitigate the Company's exposure to credit risk.

Compliance with the receivable management policy is monitored and exposures and breaches are regularly reviewed for pertinence and for changes in the risk environment.

Credit exposure is limited to the carrying values of the financial assets as the reporting date.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities.

Liquidity requirements are monitored on a daily/weekly/monthly basis and management ensures that sufficient funds are available to meet any commitments as they arise.

Foreign exchange risk

The Company has exposure to foreign exchange risk due to assets and liabilities denominated in foreign currencies. However, the Company does not hedge its exposures to foreign exchange risk as the risk is not expected to be significant.

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

4. Financial instruments and risk management (continued)

Market risk

Market risk is the risk that the fair value of or income from a financial instrument will fluctuate as a result of changes in market prices (such as exchange rates, interest rates and equity prices), whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market.

(i) **Currency risk**

Currency risk is that the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

(ii) **Interest rate risk**

Interest rate risk is the risk that the value of or income from a financial instrument will fluctuate because of changes in market interest rates.

The Company does not have any interest bearing assets or liabilities. Hence, the Company does not have any exposure to interest rate risk.

(iii) **Price risk**

Price risk is the risk that the fair value of or income from a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company does not have any equity investment. Hence, the Company does not have any exposure to price risk.

Operational risk

Operational risk is the risk of loss arising from system failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The Company cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. The Company has detailed systems and procedures manuals with effective segregation of duties, access controls, authorisation and reconciliation procedures, staff training and assessment processes etc. with an effective compliance and internal audit framework. Business risks such as changes in environment, technology and the industry are monitored through the Company's strategic planning and budgeting process.

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

5. Property, plant and equipment

	Land	Building	Office furniture	Office equipment	Generator & transformer	Computer & component	Motor vehicles & cycles	Total
2018								
Cost								
Balance at 1 April 2017	339,140,106.00	23,100,600,848.00	359,594,800.44	248,473,145.42	136,219,900.00	257,367,221.38	655,126,864.00	25,096,522,885.24
Additions	-	69,987,855.00	65,265,585.06	100,030,224.83	80,335,000.00	374,887,931.85	287,200,000.00	977,706,596.74
Disposal	-	-	(6,442,000.00)	(22,363,860.00)	-	-	-	(28,805,860.00)
Write off	-	-	(1,985,228.64)	(1,980,475.00)	-	(86,612.00)	-	(4,052,315.64)
Balance at 31 March 2018	339,140,106.00	23,170,588,703.00	416,433,156.86	324,159,035.25	216,554,900.00	632,168,541.23	942,326,864.00	26,041,371,306.34
Accumulated depreciation								
Balance at 1 April 2017	-	650,473,289.00	65,708,174.96	61,500,896.70	18,521,574.08	99,099,247.91	106,673,036.33	1,001,976,218.98
Depreciation for the year	-	288,975,557.00	18,016,606.92	37,044,804.38	1,826,174.00	104,009,981.12	87,942,509.00	537,815,632.42
Disposal	-	-	(3,006,065.00)	(11,077,693.00)	-	-	-	(14,083,758.00)
Write off	-	-	(680,732.64)	(633,059.00)	-	(59,829.00)	-	(1,373,620.64)
Balance at 31 March 2018	-	939,448,846.00	80,037,984.24	86,834,949.08	20,347,748.08	203,049,400.03	194,615,545.33	1,524,334,472.76
Carrying value								
Balance at 31 March 2018	339,140,106.00	22,231,139,857.00	336,395,172.62	237,324,086.17	196,207,151.92	429,119,141.20	747,711,318.67	24,517,036,833.58

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED
(Formerly Grand Guardian Insurance Public Company Limited)

NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

5. Property, plant and equipment (continued)

	Land	Building	Office furniture	Office equipment	Generator & transformer	Computer & component	Motor vehicles & cycles	Total
2019								
Cost								
Balance at 1 April 2018	339,140,106.00	23,170,588,703.00	416,433,156.86	324,159,035.25	216,554,900.00	632,168,541.23	942,326,864.00	26,041,371,306.34
Additions	-	669,539,358.00	47,580,439.14	64,859,913.19	44,214,000.00	278,455,974.65	76,100,000.00	1,180,749,684.98
Write off	-	-	(4,309,434.00)	(5,508,660.00)	-	(1,679,377.00)	-	(11,497,471.00)
Balance at 31 March 2019	339,140,106.00	23,840,128,061.00	459,704,162.00	383,510,288.44	260,768,900.00	908,945,138.88	1,018,426,864.00	27,210,523,520.32
Accumulated depreciation								
Balance at 1 April 2018	-	939,448,846.00	80,037,984.24	86,834,949.08	20,347,748.08	203,049,400.03	194,615,545.33	1,524,334,472.76
Depreciation for the year	-	291,768,595.00	19,903,650.80	38,713,327.31	7,649,206.00	149,935,097.15	129,476,624.67	637,446,500.93
Write off	-	-	(2,995,526.00)	(3,546,038.00)	-	(1,169,016.00)	-	(7,710,580.00)
Balance at 31 March 2019	-	1,231,217,441.00	96,946,109.04	122,002,238.39	27,996,954.08	351,815,481.18	324,092,170.00	2,154,070,393.69
Carrying value								
Balance at 31 March 2019	339,140,106.00	22,608,910,620.00	362,758,052.96	261,508,050.05	232,771,945.92	557,129,657.70	694,334,694.00	25,056,553,126.63

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

6. Intangible assets

	2019	2018
Balance at 1 April	597,406,699.00	79,873,108.00
Addition	1,668,392,341.00	588,959,105.75
Amortisation	(348,209,885.80)	(71,425,514.75)
Balance at 31 March	1,917,589,154.20	597,406,699.00

7. Investments

	2019	2018
Three years' treasury bond	13,800,000,000.00	13,800,000,000.00

The Company earns 9.5% interest per year on above three years treasury bonds which are issued by Myanmar Securities Exchange Center (MSEC).

8. Insurance and other receivables

	2019	2018
Insurance	157,466,998.16	81,600,826.88
Advances	2,376,539,566.00	1,542,914,020.00
Prepaid expenses	1,612,916,141.99	2,232,822,245.32
Deferred expenses	1,171,702,745.56	500,000,000.00
Other receivables	719,414,653.34	733,853,156.71
	6,038,040,105.05	5,091,190,248.91

9. Cash and cash equivalents

	2019	2018
Cash on hand (MMK)	208,540,604.39	130,862,033.00
Cash on hand (US\$)	82,943,804.80	47,364,465.00
Cash in bank (MMK)	19,542,445,893.67	15,349,161,864.36
Cash in bank (US\$)	954,107,425.20	688,099,036.65
	20,788,037,728.06	16,215,487,399.01

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

10. Provisions, claims and other payables

	2019	2018
Provisions	587,464,930.68	64,309,281.92
Unearned premium income	8,271,509,428.28	5,268,484,852.35
Claims	493,434,766.29	393,193,295.55
Other payables:		
Accrued expenses	2,765,348,317.48	1,317,699,343.48
Advance insurance premium received	5,182,227.41	2,429,684.00
Staff provident fund	4,932,994.00	4,042,292.00
	12,127,872,664.14	7,050,158,749.30

11. Insurance premium income

	2019	2018
Life	1,461,697,226.31	786,025,049.64
Refund	–	(5,000.00)
Life insurance premium income – net	1,461,697,226.31	786,020,049.64
Fire	7,778,246,895.80	4,546,180,921.73
Comprehensive motor	19,635,686,992.70	9,543,261,955.54
Marine and aviation insurance	563,375,896.47	220,617,811.56
Special travel	1,026,576,947.25	742,753,175.00
General insurance premium income - gross	29,003,886,732.22	15,052,813,863.83
Refund	(102,517,799.05)	(17,608,961.45)
35% unearned premium income	(8,271,509,428.28)	(5,268,484,852.35)
Commercial tax	(982,374,260.71)	(465,043,047.94)
General insurance premium income – net	19,647,485,244.18	9,301,677,002.09
Life and general insurance premium income - net	21,109,182,470.49	10,087,697,051.73

35% unearned premium income have been provided on general insurance premium income as per notification no. 2/2017 dated 15 March 2017.

12. Commission and other income

	2019	2018
Commission	261,188,177.41	149,701,622.69
Other income	491,740,725.12	353,568,810.94
	752,928,902.53	503,270,433.63

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

13. Investment income

	2019	2018
Fixed deposits	496,611,285.92	589,810,500.86
Saving accounts	510,094,518.45	366,608,231.97
Treasury bond	1,310,619,475.00	1,160,324,415.41
	2,317,325,279.37	2,116,743,148.24

14. Claims

	2019	2018
Life	308,066,424.29	96,363,367.50
Fire	493,920,494.09	2,946,070.27
Comprehensive motor	9,281,227,934.47	5,299,345,434.36
Marine and aviation insurance	37,323,465.00	9,200,000.00
Special travel	64,614,400.00	39,647,400.00
	10,185,152,717.85	5,447,502,272.13

15. Acquisition costs and direct expenses

	2019	2018
Agent commission	1,761,886,619.56	1,180,239,409.79
Agent commission refund	(16,211,952.97)	(5,956,142.36)
Assessor & surveyor charges	8,427,250.00	12,540,000.00
Medical examination charges	10,953,305.00	3,242,150.00
	1,765,055,221.59	1,190,065,417.43

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

16. Operating expenses

	2019	2018
Depreciation & amortisation	985,656,386.73	609,241,144.17
Establishment salaries	3,364,410,533.64	2,442,985,771.60
Maintenance and repairs	470,245,399.68	260,667,055.14
Operating expenses	1,564,463,087.34	931,146,432.42
Opening office expenses	25,155,510.00	9,821,700.00
Professional fees	17,000,000.00	15,246,000.00
Rates and Taxes	39,849,843.75	22,194,204.20
Stamp	63,817,070.00	3,226,780.00
Travelling expenses	185,692,985.00	187,040,454.69
Exchange (gain) / loss	–	14,653,108.02
Company restructuring expenses	537,825,000.00	–
Miscellaneous expenses	2,086,360,181.57	935,431,237.79
	9,340,475,997.71	5,431,653,888.03

17. Income tax expenses

	2019	2018
Current year's income tax provision	587,367,696.64	64,309,281.92

18. Issued and paid up capital

	2019	2018
Issued and paid up shares capital (fully paid) allotted on:		
17 January 2013		
- Number of ordinary shares	4,600,000.00 shares	4,600,000.00 shares
- Value per share	MMK 10,000.00	MMK 10,000.00
- Value of ordinary shares	MMK 46.00 billion	MMK 46.00 billion
11 October 2014		
- Number of ordinary shares	92,000.00 shares	92,000.00 shares
- Value per share	MMK 11,000.00	MMK 11,000.00
- Value of ordinary shares	MMK 1.01 billion	MMK 1.01 billion
Number of ordinary shares issued in total	4,692,000.00 shares	4,692,000.00 shares
Value of ordinary shares in total	MMK 47.01 billion	MMK 47.01 billion

At the time of second allotment, the Company allotted 92,000.00 shares at MMK 11,000.00 per share. The excess amount over nominal value per share previously presented as share premium in total of MMK 0.09 billion (92,000.00 shares @ MMK 1,000.00) have been reclassified to issued and paid-up capital according to section 60 (b) of Myanmar Companies Law 2017.

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

(Formerly Grand Guardian Insurance Public Company Limited)

NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

19. Dividend per share

The Company has not proposed any dividend in FY 2018 – 2019.

20. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Company and related parties at terms agreed between the parties:

(a) Sales of insurance contracts

Name of Company	Sum insured	
	2019	2018
Shwe Taung Development Co., Ltd. (STD)	19,263,222,867.00	17,278,563,772.00

The above represents co-fire insurance contracts sold to STD. Insurance contracts are sold on the basis of the prices in line with non-related parties.

The sum insured amount in FY 2018 – 2019 and FY 2017 – 2018 were MMK 33.47 billion and MMK 38.20 billion respectively. Out of which the Company's retained sum insured amount in FY 2018 – 2019 and FY 2017 – 2018 were MMK 19.26 billion and MMK 17.28 billion respectively.

(b) Purchase and lease of property

Name of Company	Type of Transactions	2019	2018
STD	Rental payment for part of head office	408,075,126.13	135,481,500.00
STD	Deposit for acquisition of three office apartments	669,539,358.00	69,987,855.00

(c) Key Management remuneration

	2019	2018
Salaries and benefit	180,540,000.00	154,520,000.00

GRAND GUARDIAN GENERAL INSURANCE COMPANY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

21. Subsequent events

Corporate restructuring

- 1) The Company being 100% subsidiary of GGIHPCL will be carrying on general insurance business as stated in note 1 above.
- 2) Grand Guardian Life Insurance Company Limited, the other 100% subsidiary of GGIHPCL will be carrying on life insurance business starting from 1 April 2019.

22. Authorization of financial statements

The financial statements of the Company for the year ended 31 March 2019 were authorized for issue on 8 May 2019.



Grand Guardian General Insurance Co.,Ltd.

(Formerly Grand Guardian Insurance Public Co.,Ltd.)

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