



GGGI

INSURANCE • အာမခံ



ANNUAL REPORT
2016 - 2017

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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.



Core Values

Integrity

Simplicity

Progressiveness

Customer
Care



Greetings from the Chairman



Mingalabor!

Dear customers, business partners and shareholders I greet you all with this auspicious word! Grand Guardian Insurance is a public company that started doing life insurance and general insurance in June 2013. Our quality services, quick responses and fair claim settling process are the factors behind the customer satisfaction we are providing every day and the progress we are making every year.

As an insurance provider, we clearly understand the importance of the Distribution Channel. So, we have opened 11 branches of which four were launched in financial year 2016-2017 in the vital places of the country as a way of further facilitating business transactions between us and our customers. The good news is that a total of 450 insurance agents or business partners have already joined us to this date.

However, the progress we made during the initial period was small when compared with the huge potentials the insurance market always has. So, we will seek green light from the Insurance Business Regulatory Board-IBRB to introduce market-friendly products and people-friendly products apart from our current products as a support for the ever changing and advancing market trend.

Public awareness of the insurance or the insurance awareness is what we have been prioritizing in our business, as we clearly understand that insurance cover enhances quality of life socially and assures sustainable development economically. Risk management is now at the forefront of our business as insurance involves risk assessment, risk sharing and risk spreading. Besides, GGI is a well-disciplined company that never goes against the

Myanmar Insurance Law, the rules and regulations and the directives of IBRB.

Undoubtedly, the insurance market will further develop under the leadership of the democratically elected government. Seeing this development alongside the social improvement as a window of opportunity GGI has tasked itself with staff efficiency promotion, systemization, IT application and professional development programs as a preparation to cope with the changing future environment.

Keeping corporate social responsibility (CSR) in mind, GGI is holding sports events and month-wise birthday celebrations of its staff, and on 8-11-2016, it joined the United Nations Global Compact (UNGC).

Finally, I would like to express sincere thanks to the insurance agents, hospitals, garages and appraisers for their cooperation and promise our contribution towards a better future where peace, tranquility and prosperity prevail through the provision of financial cover for public lives and property based on common interest.

With this I conclude.

Thank you.



(Aik Htun)

Chairman

Established as a public company, GGI has 97 shareholders and steered by the 15 elected members of the Board of Directors-BOD. Functions of the BOD involve the adoption of policies for the sustainable development of the company's operations within the scope of entrusted rights and powers and the regulation of the company affairs. The following four committees are ensuring check and balance in implementing the polices and businesses laid down by the BOD.

1. Audit, Compliance and Corporate Governance Committee
2. Compensation and Benefit Committee
3. Investment and Risk Management Committee
4. Remuneration Committee

Thanks to the support of the customers, GGI is enjoying annual progress, and in financial year 2016-2017, the company has become an insurance provider doing business with 11 branches under the head office and over 400 staff. Risk management plays an important role as the nature of insurance concerns with risk. So, GGI has formed the Investment and Risk Management Committee which is tasked with risk data compilation, risk survey and risk management. The committee has the Risk Assessment Team and the Claim Adjusting Team.

GGI as a public company is always transparent in releasing information about the functions, statistical reports and other data publically through proper channels. The company also gives priority to Corporate Governance and as a service provider, it sees competency as a vital requirement. In this regard, GGI annually draws the Training Calendar and is conducting courses such as Market and Industrial Knowledge, Skillful & Efficiency Training and Capacity Building Course.

GGI presents the annual report and financial statement for financial year 2016-2017 with the following objectives:

- The provision of insurance beneficial to the public
- The development of the insurance market
- The progress of the company

Board of Directors

About Us

Grand Guardian Insurance Public Co., Ltd. was permitted to do business under the License No. 002 of the IBRB on 25-5-2013. GGI officially launched its operations as a public company on 12-6-2013.



No. (19/20) A, B, C, D at Junction Square Compound on Pyay Road, Kamayut, Yangon.

GGI is the one of the first private insurance company in Myanmar during the 50 years. As per the paragraph 7(b) of the Myanmar Insurance Business Law and the paragraph 6 of the Myanmar Insurance Business Rules, GGI set up a paid up capital of Ks 46 billion and USD 500,000

- (a) Ks 40 billion for general insurance
- (b) Ks 6 billion for life insurance
- (c) USD 500,000 to underwrite insurance in foreign currency.

The following persons have been selected as members of the Board of Directors (BOD) of GGI for financial year 2016-2017 in accordance with Myanmar Companies Act:

Sr	Name	Position
1	U Aik Htun	Chairman
2	U Aung Zaw Naing	Executive Vice Chairman
3	U Aik Yee	Vice Chairman
4	U Myo Naung	Managing Director
5	U Aung Than	Director
6	U Ye Myint	Director
7	U Maung Sai	Director
8	U Win Htay	Director
9	U Soe Paing	Director
10	U Myo Nyunt	Director
11	U Tin Maung Latt	Director
12	U Maung Maung Aye	Director
13	Daw Sandar Htun	Director
14	Daw Nan Khin Htwe	Director
15	U Zaw Myint Htoo	Director

Four Committees

GGI has formed the following committees in implementing its task in accordance with the Myanmar Insurance Law, rules, regulation and directives and in ensuring check and balance system:

1. Audit, Compliance and Corporate Governance Committee
2. Compensation & Benefit Committee
3. Investment and Risk Management Committee
4. Remuneration Committee

Audit, Compliance and Corporate Governance Committee

Sr	Name	Position
1	U Myo Nyunt	Chairman
2	U Myo Naung	Secretary
3	U Win Htay	Member
4	U Zaw Myint Htoo	Member

Compensation & Benefit Committee

Sr	Name	Position
1	U Aik Yee	Chairman
2	U Tun Kyaing	Secretary
3	U Ye Myint	Member
4	U Tin Maung Latt	Member

Investment and Risk Management Committee

Sr	Name	Position
1	U Maung Maung Aye	Chairman
2	U Htin Kyaw Kyi	Secretary
3	U Aung Than	Member
4	U Maung Sai	Member

Remuneration Committee

Sr	Name	Position
1	U Soe Paing	Chairman
2	Daw Hnin Sein	Secretary
3	Daw Sandar Htun	Member
4	Daw Nan Khin Htwe	Member

Management Team

Even before its establishment GGI was recruiting seasoned experts of the field with the aim of setting up a strong management team, acting as the vanguard of the professional level insurance services.

GGI Top Management Team

No.	Name	Rank	Responsibility
1	U HtayPaing	Vice Chairman -3	
2	U Myo Naung	Managing Director	
3	U Tun Kyaing	Deputy Managing Director	1. Life and Health Insurance 2. Comprehensive Motor Insurance Business Head
4	Daw Hla Hla Mon	Deputy Managing Director	1. Property and Marine Insurance 2. Miscellaneous Insurance Business Head
5	Daw Hnin Sein	Director	Business Supporting Division Head
6	Daw Kyin Htay	Assistant Director	Head of Finance & Account
7	U Htin Kyaw Kyi	Principal Officer Assistant Director	1. IBRB-related functions 2. Supervision of branches 3. Risk management Division Head
8	Daw Moe Moe Aye	Assistant Director	Business Development Division Head

No.	Name	Rank	Responsibility
9	Daw Htet Htet Aung	General Manager	IT Division Head
10	U Aung Kyaw Zaw	General Manager	1. Division Head of Agents Management 2. Division Head for Property & Marine Insurance and Miscellaneous Insurance
11	U Aung Min	General Manager	Division Head for Comprehensive Motor Insurance
12	U Than Sein	General Manager	Department Head for management functions
13	U Kyaw Min Tun	General Manager	In-Charge of Mandalay Branch
14	Daw Thin Zar Pwint Phyu	Deputy General Manager	Department Head for Property & Marine Insurance and Miscellaneous Insurance
15	U Kyaw Htun Lynn	Deputy General Manager	Department Head for Life and Health Insurance
16	Daw Mie Mie Thet Zaw	Deputy General Manager	Responsible for Finance and Accounts

GGI Network



Head Office (Yangon)

Inaugural Date- 12.6.2013

Address - No. (19/20) A,B,C,D,
Junction Square Compound,
Pyay Road,
Kamayut Township, Yangon.

Contact No. - 95-1-2305700, 2305701

Fax No. - 95-1-2304368

Email - info@ggipinsurance.com

Mandalay Branch

Inaugural Date - 20.1.2014

Address - No. 581, Corner of 81st and
30th street, Chan Aye Thar
Zan Township, Mandalay.

Contact No. - 95-2-33441, 60688

Fax No. - 95-2-66963

Email - info-mdy@ggipinsurance.com



Monywa Branch

Inaugural date - 11-3-2015

Address - No. 179, Bogyoke Street,
Ayetharya Ward, Monywa.

Contact No. - 95-71-26262, 24132

Fax No. - 95-71-26262

Email - info-monywa@ggipinsurance.com



Nay Pyi Taw Branch

Inaugural date - 1-7-2015

Address - Junction Centre Compound,
Yarzathingaha Street,
Hotel Zone, Dekkina Thiri
Township, Nay Pyi Taw.

Contact No. - 95-67-421621, 421622

Fax No. - 95-67-421622

Email - info-npt@ggipinsurance.com



Lashio Branch

Inaugural date - 20-10-2015

Address - No 16, Theinni Street,
Ward 8, Area 6, Lashio.

Contact No. - 95-82-30140,
- 09-440430044

Fax No. - 95-82-30140

Email - info-lashio@ggipinsurance.com



Pakokku Branch

Inaugural date - 16-1-2016

Address - No 170, Bogyoke Street,
Ward 9, Pakokku.

Contact No. - 95-9-440008817

Email - info-pkk@ggipinsurance.com



Mawlamyine Branch

Inaugural date - 25-2-2016

Address - No 197A, Lower Main Road,
Shwe Taung Ward,
Mawlamyine.

Contact No. - 95-57-21393

Email - info-mlm@ggipinsurance.com

Activities Highlight

GGI opened the following branches in financial year 2016-2017

Malikha Branch



Inaugural date - 29-10-2016

Address - Block No. SH-B3, Building No. 2, Malikha Garden Estate, Yadanar Street,
Thingangyun Township, Yangon

Contact No. - 95-9-459880022

Email - mlk@ggipinsurance.com

Pyay Branch



Inaugural date - 4-11-2016

Address - No.133, Lanmadaw Street, Kyaung-Gyi- Oh-Dan Ward, Pyay

Contact No. - 95-53-26316, 26537

Fax No. - 95-53-26542

Email - info-pyay@ggipinsurance.com

UFC Branch



Inaugural date - 31-1-2017

Address - Room No. 01, 02, 04, Ground Floor, Union Financial Centre, Tower B,
Corner of Mangandoola Road and Theinphyu Road,
Botahtaung Township, Yangon

Contact No. - 95-1-8610481-485

Fax No. - 95-1-8610486

Email - info-ufc@ggipinsurance.com

Junction City Branch



Inaugural date - 31-3-2017

Address - Room No. 03-051, Third Floor, Junction City Shopping Centre, Yangon

Contact No. - 95-9-977831524-26

Email - info-junctioncity@ggipinsurance.com

Every time GGI opens a branch, the ceremonial process goes in accord with its auspicious tradition of inviting Buddhist monks who consecrated Buddha images, administered the Five Precepts to the congregation, and recited parittas as a protection against all ill luck. GGI also presents day meal and offertories to the monks. Normally, an inaugural ceremony is held in the presence of IBRB members, government officials, officials of banks and hospitals, garage owners, surveyors and insurance agents who are business partners of GGI.

Insurance Awareness

GGI in cooperation with Pana Harrison (Asia) Pte Ltd. a Singaporean reinsurance broker held talks on types of insurances and services in Myanmar and the changing trend of insurance products and services of the ever advancing international market at the Parkroyal Hotel in Yangon on 25-6-2016. Corporate customers and business partners of GGI were among the participants.



As GGI is extending its reach in the whole country through its branches in major towns, the company officials are visiting townships where they meet with local

entrepreneurs. The company held talks on the insurance in towns such as Pyay, Kyaukse, Myingyan and Pyin Oo Lwin in financial year 2016-2017.



On 2-7-2016, GGI officials met with local merchants at the Traders Association hall in Muse, the main border trade point of Myanmar. There they disseminated knowledge on inland cargo insurance.



They also travelled to other major towns such as Kyaunggon and Magway where they introduced insurance products that provides financial protection for the life and property of farmers who actually are the workers Myanmar's main business industry.



Insurance Expo 2016 and The Role of GGI

The Insurance Expo was held on a grand scale for the second time at the city hall in Mandalay on 26 and 27 January 2017. The expo aimed at modernizing the insurance industry, providing life and property security through the industry and further familiarizing the public with insurance. Deputy Minister for Planning and Finance and Chairman of IBRB U Maung Maung Win, Secretary Dr. Sandar Oo, Managing Director of Myanmar Insurance U Aye Min Thein, Chairman of the Expo U Ba Tun (Managing Director of Aung



Thitsar Oo Insurance) and IBRB member U Win Myint Han formally opened the expo. Deputy Minister U Maung Maung Win and U Ba Tun explained the objectives of the expo.

As an active participant of the expo, GGI erected a grand pavilion from which it provided one-stop service in selling certain attractive insurance products that are actually beneficial to the public. GGI displayed popular products such as comprehensive motor insurance, health insurance and group life insurance, selling some products at a discount rate. Local and foreign companies did their best to arouse public awareness of the insurance and highlight the industry's role as an essential element of human life which were the core of the expo. Such expos would help promote the sale of insurance products gradually through the wider dissemination of insurance knowledge among the public.

GGI Wins Top Award For Health Insurance Sales

GGI won the first prize awarded by IBRB for selling the largest number of health insurance policies in the financial year 2015-2016. The award is a result of ardent efforts the GGI has been making since it was permitted to sell the product.



In fact, health insurance is an essential need of the public. Hopefully, health insurance will ease the medical treatment cost that is rising gradually in the country to a certain degree. Deputy Minister for Planning and Finance and Chairman of IBRB U Maung Maung Win presented the award to Managing Director of GGI U Myo Naung at Sule Shangri-La Hotel in Yangon on 27-8-2016. It is indeed a great honour and privilege for GGI to receive such an award from IBRB.

Annual General Meeting of Shareholders

GGI, a public business entity has 97 shareholders. Since 2013 GGI has been holding Annual General Meeting of Shareholders in accordance with the paragraph 52 of the Memorandum of Articles and Association. Organized under the supervision of Win Consulting Limited, the meeting is a gathering where annual report and the financial statement and also the audit report are presented and passed. The meeting also administers the resignation of the one third of the Board of Director members under the paragraph 91 of the Memorandum of Articles and Association and the election of shareholders as new members of the BOD to fill the vacant seats and the submission of reports by the four committees.





Manager Conference

Since its inauguration on 12-6-2013, GGI has been extending insurance undertakings and branches. Under the guidance of the Management, the branch in-charges, the department heads of the head office and the division heads present assessment reports, adopt future strategies, fix expenditure and coordinate staff affairs and training programs annually. The benefits of such assemblies organized under the term “Manager Conference” are the business reviews from which the weak points and accomplishments are extracted in drawing the business plans for the coming year, the get-together of the colleagues where they can discuss and share information and experiences, and the motivation for all staff to stay active and in unity.





Other Activities

GGI adopts plans for its continuous sales and marketing activities, and opens counters at shopping malls where information and knowledge about insurance are available.

At the two-day round-table talks in Pakokku on 22 and 23 October 2016, experts of



various fields shared knowledge with local youths. GGI as the Diamond Sponsor also imparted insurance knowledge.



Insurance and Services

GGI is providing the best services in underwriting the following 12 insurance products under the permission of IBRB.

Life Insurance

- Endowment Life Assurance
- Group Life Insurance
- Health Insurance
- Snake Bite Insurance
- Sportsmen Insurance

General Insurance

- Fire Insurance
- Comprehensive Motor Insurance
- Marine Cargo Insurance
- Special Travelling Insurance
- Cash In Safe Insurance
- Cash In Transit Insurance
- Fidelity Insurance

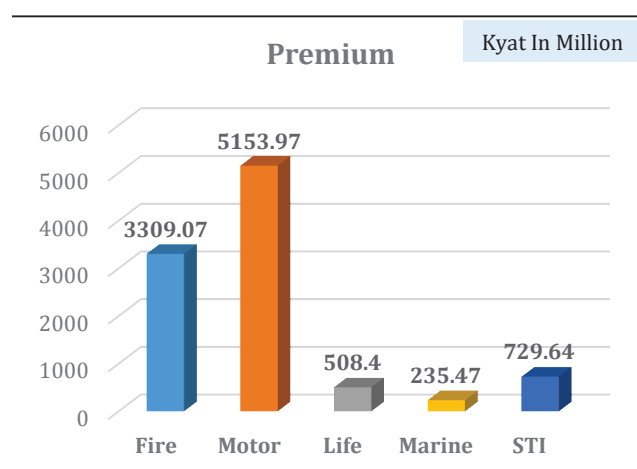
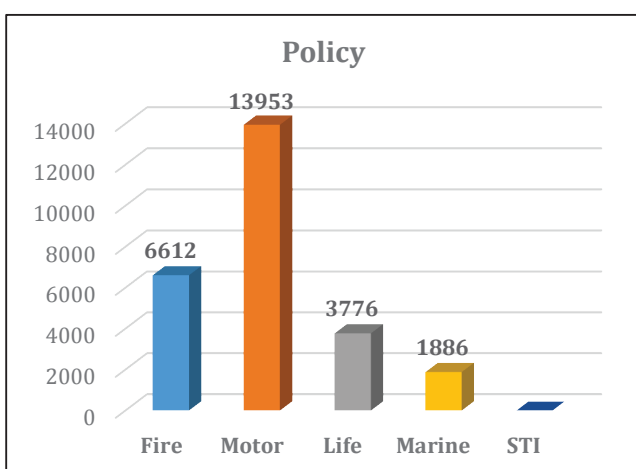
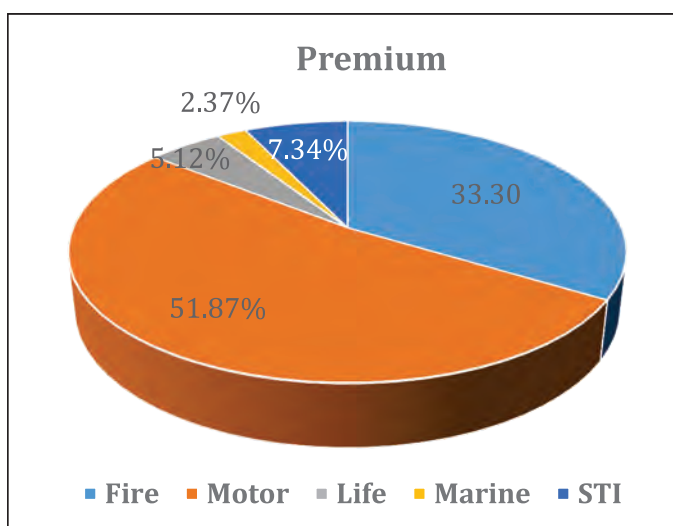
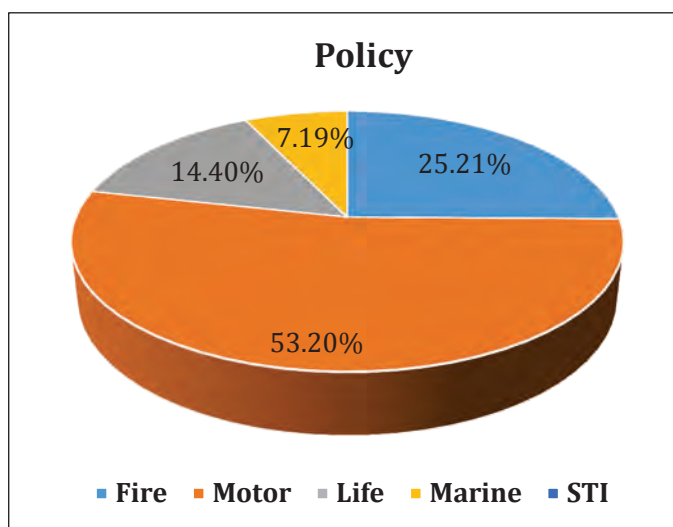
Premium Income and Claim Amount

Due to the public trust in GGI, the company's business is developing day by day since 12-6-2013. The following table shows the premium income in financial year 2016-2017:

Premium Income in Financial Year 2016-2017

Sr	Type of Insurance	Policy	Premium (Kyat)
General Insurance			
1	Fire Insurance	6499	3,277,688,334.39
2	Comprehensive Motor Insurance	13953	5,153,971,935.04
3	Marine Cargo Insurance	1886	235,465,273.31
4	Cash In Safe Insurance	108	31,115,350.00
5	Fidelity Insurance	5	264,375.00
6	Special Travelling Insurance	-	729,643,950.00
Life Insurance			
7	Endowment Life Insurance	809	299,440,857.56
8	Group Life Insurance	674	194,943,000.00
9	Health Insurance	157	12,300,000.00
10	Snake Bite Insurance	2116	1,387,180.00
11	Sportsmen Insurance	20	330,000.00
Total		26227	9,936,550,255.30

Note: The premium income of Endowment Life Assurance includes periodic premiums received since financial year 2013-2014.



As the income rises, claim payments also increases.

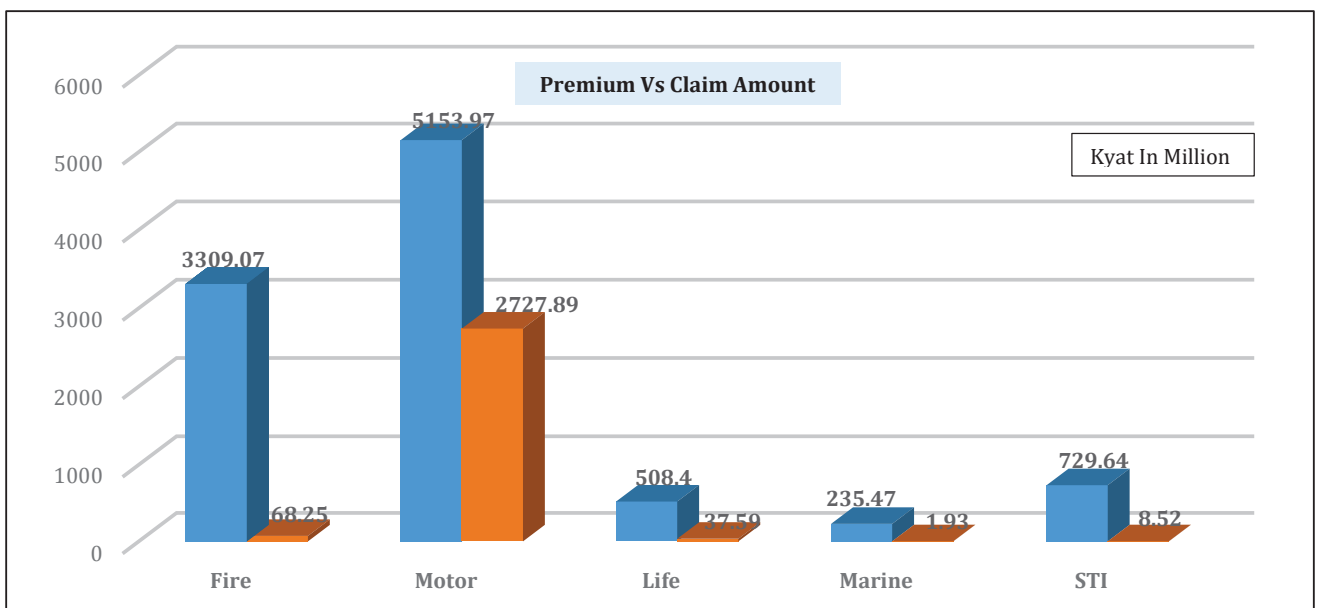
Claim Payment in Financial Year 2016-2017

Sr	Type of insurance	Case	Claim amount
1	Fire Insurance	5	68,251,391.21
2	Comprehensive Motor Insurance	4418	2,727,890,236.54
3	Marine Cargo Insurance	1	1,933,750.00
4	Special Travelling Insurance	14	8,520,000.00
5	Endowment Life Insurance	6	5,938,557.50
6	Group Life Insurance	54	28,585,000.00
7	Health Insurance	13	3,040,000.00
8	Snake Bite Insurance	1	23,400.00
Total		4512	2,844,182,335.25

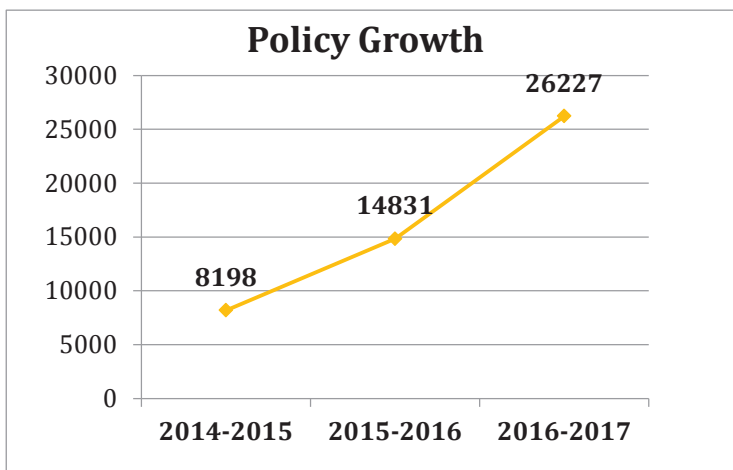
Comparison between claim payment and premium income of GGI in financial 2016-2017

Sr	Type of insurance	Premium	Claim Amount	%
1	Fire Insurance	3,277,688,334.39	68,251,391.21	2.08%
2	Comprehensive Motor Insurance	5,153,971,935.04	2,727,890,236.54	52.93%
3	Marine Cargo Insurance	235,465,273.31	1,933,750.00	0.82%
4	Cash In Safe Insurance	31,115,350.00	-	-
5	Fidelity Insurance	264,375.00	-	-
6	Special Travelling Insurance	729,643,950.00	8,520,000.00	1.17%
7	Endowment Life Insurance	299,440,857.56	5,938,557.50	1.98%

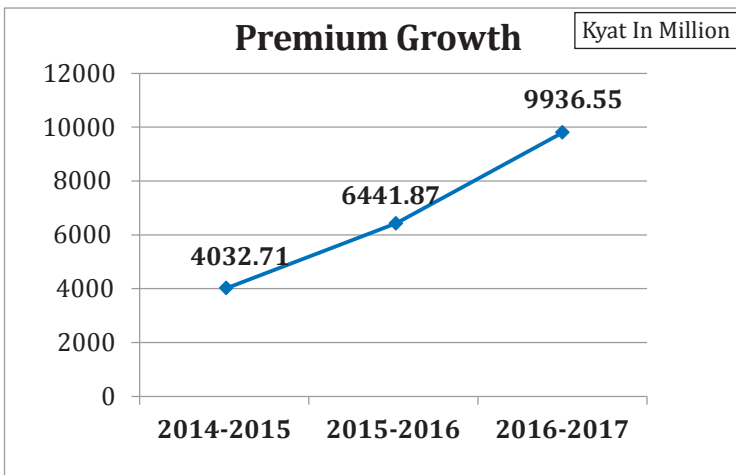
8	Group Life Insurance	194,943,000.00	28,585,000.00	14.66%
9	Health Insurance	12,300,000.00	3,040,000.00	24.72%
10	Snake Bite Insurance	1,387,180.00	23,400.00	1.69%
11	Sportsmen Insurance	330,000.00	-	-
Total		9,936,550,255.30	2,844,182,335.25	28.62%



Policy growth of GGI during the financial years 2014-2015, 2015-2016, 2016-2017.

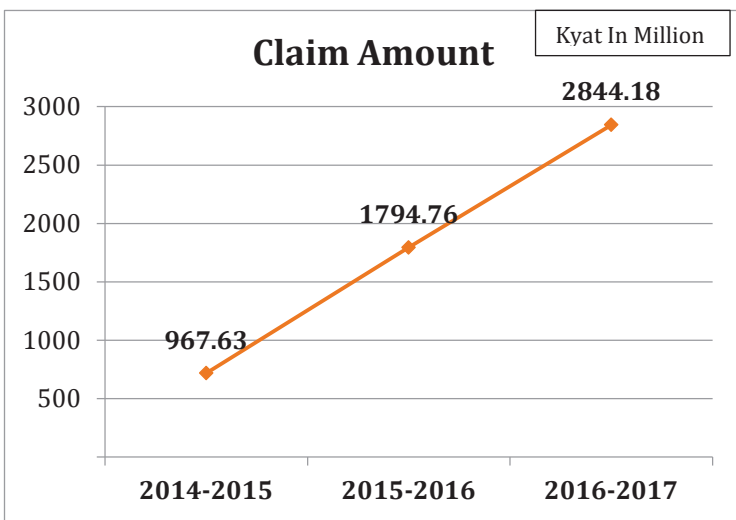


Financial Year	Policy
2014-2015	8198
2015-2016	14831
2016-2017	26227



Kyat In Million

Financial Year	Premium
2014-2015	4032.71
2015-2016	6,441.87
2016-2017	9,936.55



Kyat In Million

Financial Year	Claim Amount
2014-2015	967.63
2015-2016	1,794.76
2016-2017	2,844.18





Partners of GGI

GGI needs business partners and business associates whose cooperation is essential in providing best customer services.

The principal business partners and business associates are divided as follows:

- (a) Insurance agents of GGI
- (b) Garages doing business with GGI
- (c) Hospitals cooperating with GGI
- (d) Assessors joining hands with GGI in general insurance

First, we are going to present the Insurance agents of GGI

Insurance Agent

The most important distributing channel of all types of insurance products of GGI in the market is the insurance agents. Undoubtedly, stronger agent system means higher sales. In fact, agents and an insurance company have direct relations as the strength of the former ensures success for the latter. Hence, GGI recognizes agents as its long-term partners and is prioritizing the trust-building activities through special treatments and warm receptions. The result is that the number of agents working with GGI has reached 450. Whenever a new product appears in the market, GGI is always quick to share information and knowledge with its agents. And whenever a new agent joins GGI, there is always a warm welcoming ceremony, followed by the insurance knowledge sharing process.



Garages Doing Business with GGI

Of the insurance products, car insurance is the briskest trade. At the end of the financial year, GGI has already underwritten about 20,000 motor vehicles. Such a large number of cases call for herculean efforts to ensure customer convenience and satisfaction. Whenever an insured car faces an accident, partner garages are always ready to repair it. GGI has signed business partner contracts with certain garages as a way of providing every convenience and quickest claim payment to customers. Branches in cities such as Mandalay, Monywa, Nay Pyi Taw, Lashio, Pakokku, Mawlamyine and Pyay have also formed partnership with local garages. Without the help of garages, there can not be quick and convenient car insurance services, especially the claim settlements. Thanks to the partner garages that always take into account the satisfaction of owners in repairing the damaged cars. Policyholders are happy with GGI services, and there are very few complaints.

Hospitals Cooperating with GGI

In certain types of insurances such as health policy and endowment life assurance which is a long-term policy needed medical check-ups or recommendation of hospitals or doctors. For example, the proposed person shall undergo medical checkup. Moreover, hospital recommendation is required in settling a claim payment. In this regard, GGI started reaching agreements with renowned hospitals in Yangon soon after its establishment. Branches have also reached agreements with famous local hospitals. GGI intends a long-term partnership with renowned hospitals in underwriting health policy and life insurances for the convenience of policyholders and for winning their trust.

Assessors Joining Hands with GGI

An assessor report is one of the essential requirements in underwriting a high risk and high value policy. Normally, insurance companies hire assessors who can evaluate the value of the risk or the businesses proposed for insurance cover and categorize the associated risks. As for GGI it already has assessors acting as its long-term business partners. It will not be possible to underwrite a high value fire insurance risk without the service of the assessors. So, they are the vital partners of GGI. The participation of Loss Adjusters in settling claims is under negotiation at present.

■ Corporate Governance & Risk Management ■ ■ ■ ■

As the Corporate Governance and Risk Management is a priority issue of GGI, the report presents it under seven subheadings. Since its establishment, GGI has committed itself to adhering to the existing laws of the country, the Myanmar Insurance law and rules, and orders and directives issued by IBRB occasionally. GGI acknowledges the vital importance of the role of Corporate Governance for its sustainability. GGI has already adopted basic principles that place Corporate Governance in the force of all personnel from the basic level staff to the BOD. GGI also takes measures to strengthen Corporate Governance and reinforce the check and balance system. Brief reports on the said measures are presented under the following subheadings.

(1) External Audit

Since its inauguration, GGI has appointed Win Thin & Associates Certified Public Accountants as its external auditor. As an auditor with much experience and good reputation, it is systematic and correct in checking the financial statements of GGI and perfect in pointing out the requirements. We believe that the audit firm will steer the company towards its success. The auditors of the firm issued a report on their finds after examining the budget and financial statements of GGI head office and the functions of its branches in person. GGI has adopted plans that guarantee cooperation between the internal and external auditors in examining the GGI account statements. This cooperation will further improve and facilitate the functions and the accounting system of GGI.

(2) Internal Control

Every insurance company needs a robust internal check and internal control system that is examining whether its underwriting, claim and expense procedures go within the framework of the law, rules and procedures. So, the continuous strengthening of internal check and internal control system has been the priority task of GGI since its formation. The task involves the setting up of the Internal Audit. Due to the gradual extension of its operation network, GGI has opened branches in seven cities outside Yangon where it has

four branches apart from the head office. The broadening network calls for an effective internal control system. So there is the Internal Audit, a separate division responsible for inspecting the head office and the branches to ascertain that there is no misuse of funds or underwriting or claim service or expenditure that go against the rules and legal procedures, or disorganized bookkeeping and accounting system. GGI has never seen any major misconduct or faults because of the effective and tough Internal Control.

(3) Financial Highlight

GGI launched its insurance services in June 2013. Now the report will present the annual income from life insurance policies, general insurances and investment during the three consecutive years.

			Kyat in million
Type	2014-2015	2015-2016	2016-2017
Life Insurance Business Income	867.13	1034.91	509.12
General Insurance Business Income	3233.58	5506.46	9536.87
Investment Income	2710.57	2785.45	2367.97

The abovementioned figures stand witness to the annual progress of GGI. Actually, the progress is the result of the collective efforts of the BOD, the top management, all the company staff and business partner agents, garages, hospitals and assessors. Here GGI would like to profoundly express special thanks to the public for the support for and trust in it.

(4) Consultancy

GGI has appointed Win Consulting Limited as Consultancy as the company needs guidance and advice in holding the Annual General Meeting (AGM) of shareholders, forming the BOD and working within the framework of the Myanmar Companies Act.

(5) Co-insurance

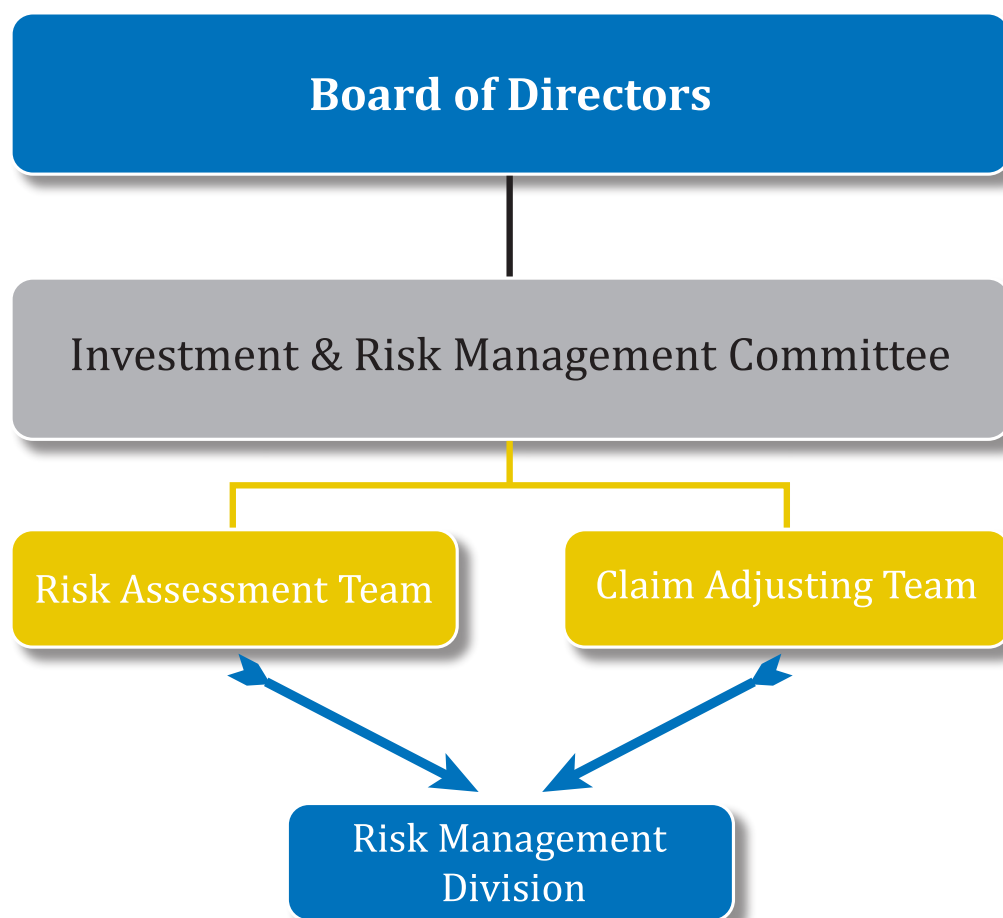
Co-insurance is the splitting or spreading of risk among insurance companies within the country. It is a system in which an insurance company transfers the amount of a risk exceeding its retention limit to other insurance companies. The advantage of coinsurance is the sharing of premium income and claim payment among the insurers in accordance with the percentage of the policy they hold. The practice of splitting or spreading of risk among insurance companies is the essence of coinsurance which is an important factor in risk management. The good part of the insurance industry is the act of keeping in books the insured value up to the retention limit and distributing the excess amount to others. Coinsurance protects companies from collapse resulting from huge losses.

(6) Risk Management Committee & Risk Management

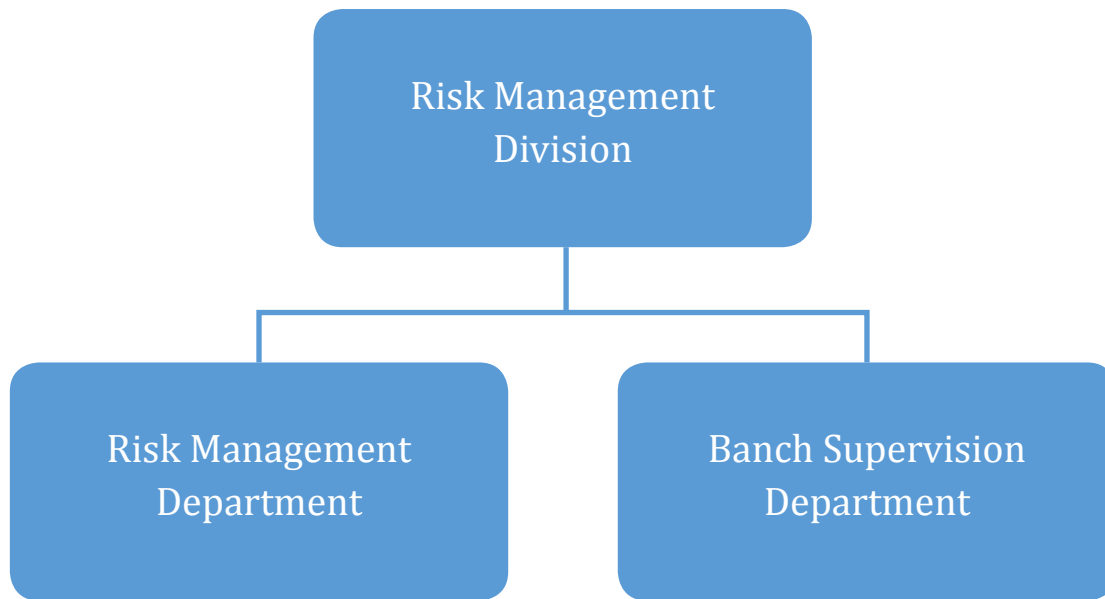
Insurance is a business that accepts responsibility for risk. The underwriting of various types of policies means the taking of responsibility for multiple kinds of risks. So, risk management has become a vital element for the sustainable development of an insurance company. Risk management calls for serious attention of all the staff and the BOD. The BOD must be decisive and prudent in adopting the risk management policy, while constant regulation is required for the strict observance of the principles by all stakeholders. GGI systematically formed the Risk Management Committee in the first year of its establishment.

Now we are going to explain the Risk Management Structure of the company. BOD is supported by the Risk Management Committee which has a specific branch called the Risk Management Division headed by a senior officer. The division is undertaking the job related with risk management. The report will present a brief account of the division's job. Generally, an insurer applies a certain type of risk management in which some risks that may be common to it are reduced to the most possible degree, or controlled, or put on other's shoulders, or even avoided. GGI has a Risk Assessment Team that analyzes a risk it is going to take responsibility. Branches also have the Underwriting Committee which supervises the work of exploring a risk before accepting a policy. Additionally, regular

checks are being conducted at branches under Branch Control system. Roughly, the adoption of the Branch Control system is to implement Risk Management. Risk Management Committee is responsible for buying treasury bonds or treasury bills for the safety of the company's free capital as an insurer may face Investment Risk anytime. GGI also formed claim committees that ensure fairness in settling claims. The committees' work is to fairly decide which claim must be settled and which claim must be denied in accordance with the policy terms and conditions or other principles. As for the transparency and effectiveness of the operational, administrative and financial functions, reports and procedures, GGI has appointed Win Thin & Associates Limited as an external auditor. The Independent Auditor's Report of Win Thin & Associates Limited is always featured in the company's Annual Report published for the shareholders and the public. In fact, the work of promoting public trust in the company through transparent procedures is a part of Risk Management. GGI's current Risk Management Structure is formed as follows:



The formation of Risk Management Division is as follows:



Generally, an insurance company may face the following risks:

Type of Risk

- (1) Operation Risk
- (2) Distribution Risk
- (3) Technology Risk
- (4) Business Risk

Underwriting Risk

- 1. Pricing Risk
- 2. Policy Holder Behavior Risk

Credit Risk

- 1. Default Risk
- 2. Counterparty Risk

Market Risk

- 1. Equity Risk
- 2. InterestRate Risk
- 3. Re-investment Rate Risk
- 4. Currency Risk

Other Significant Risk

- 1. Strategy Risk
- 2. Regualtory Risk

All the responsible staffs of the company are implementing Risk Management that is appropriate or that is a must in harmony and unison after analyzing the different types of risk that may cause financial loss to the company.

(7) Information Technology

We will now discuss the role of IT for sustainable development of an insurance company in this IT age where the term “Digital Insurance” has become popular in the world. GGI introduced software for the digitalization of its insurance operations with the participation of the ACE Company. This facilitates the work of sending product information and product quotation to customers, accepting insurance proposals, issuing insurance policies, and compiling necessary data and monthly reports and statements. But the significant rise in the work volume and data volume of the company within the four-year period calls for the installation of a new type of software that is more advanced. One important thing for all insurers is that they must always be in the ever advancing IT stream.

Online Distribution Channel

The extension of its online distribution channel is in the priority list of GGI as some countries are even using the no-counter system. Online distribution of some products cuts time and reduces cost of both the company and the customer. GGI is now negotiating with an IT company to distribute its products such as travelling insurance, health insurance, farmers’ insurance, personal injury insurance through online channel. It is now seeking IBRB approval.

Cooperation with CSC

GGI is now working together with the Computer Sciences Corporation-CSC, an American multinational corporation and ACE company to install international level software. Most of the Asian countries are using the software of CSC, a globally well-known and highly regarded business entity. GGI aims at providing excellent services for customers through the application of international standard software. IT modernization will give GGI the competitive edge in the domestic insurance market soon to be joined by international giants.

Human Resources Development

As a service-provider GGI always places in its fore the human resources development (HRD). Annually, the company draws a training calendar in conducting courses on staff insurance knowledge and skills, market and insurance industrial knowledge, interpersonal skill, job efficiency, and capacity building. In addition to the practical and theoretical courses on the products the company is selling, GGI is also conducting operational efficiency courses, and other courses for enhancing individual skills and sending its staff to the seminars organized by IBRB. GGI conducted the following courses in financial year 2016-2017.

1. Insurance Business Training
2. Operational Efficiency Course Training
3. Effective Business Skills (Supervisory Level, Clerical Level)
4. Customer Service Excellence Training
5. Personal Grooming Training
6. English 4 Skills Training
7. IT Training
8. Fire Safety Manager Training







Corporate Social Responsibility

GGI started CSR-related functions in 2013. It became a member of the UN Global Compact on 8-11-2016, and is placing special emphasize on the Ten Principles and the 17 Sustainable Development Goals (SDGs). It conducted the following CSR related programs in financial year 2016-2017.

- Monthly staff birthday ceremonies
- Winter sports competitions
- Road Safety Week activity
- Independence Day commemorative funfairs









GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED

**FINANCIAL STATEMENTS
MARCH 31, 2017**

Currency – Myanmar Kyat (MMK)

**GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED
FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED MARCH 31, 2017**

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Statement of management's responsibility	1
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Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in equity	6 - 7
Statement of cash flows	8
Notes to the financial statements	9 - 22

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR 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 INSURANCE PUBLIC COMPANY LIMITED** (the Company) as at March 31, 2017 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.

May 17, 2017

Win Htay
Director

Grand Guardian Insurance Public Co., Ltd.

May 17, 2017

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: 95-1-245671 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: 111/G-82/March 2017

INDEPENDENT AUDITOR'S REPORT

To the members of Grand Guardian Insurance Public Company Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED** (the Company), which comprise the statement of financial position as at March 31, 2017, 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 Act. 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 INSURANCE PUBLIC COMPANY LIMITED** as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with MFRSs and the Myanmar Companies Act.

Report on Other Legal and Regulatory Requirements

In accordance with the provisions of the Myanmar Companies Act, 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 130 of the Act.



Moe Kyaw (PA - 313)
Managing Partner
WIN THIN & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

May 17, 2017

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2017
 Currency – Myanmar Kyat (MMK)

	Note	2017	2016
Assets			
Property, plant and equipment	5	24,094,546,666.79	13,048,536,525.53
Intangible assets	6	79,873,108.00	89,212,143.00
Investments	7	7,800,000,000.00	13,800,000,000.00
Insurance and other receivables	8	4,104,900,665.70	7,020,138,282.68
Cash and cash equivalents	9	20,788,902,999.07	20,331,794,947.02
Total assets		56,868,223,439.56	54,289,681,898.23
Equity			
Authorized capital			
20,000,000 shares of Kyats 10,000/- each			
Issued and paid-up capital		46,920,000,000.00	46,920,000,000.00
4,692,000 shares of Kyats 10,000/- each			
Share premium		92,000,000.00	92,000,000.00
Life insurance fund		1,132,455,990.18	1,926,731,737.85
Fire insurance fund		1,677,605,767.87	1,320,478,306.72
Comprehensive motor insurance fund		2,135,057,995.74	1,555,730,931.68
Marine and aviation insurance fund		78,421,256.67	34,269,991.34
Special travel insurance fund		164,169,888.75	–
General reserve fund		429,856,040.83	316,475,433.85
Retained earnings		–	–
Total equity		52,629,566,940.04	52,165,686,401.44
Liabilities			
Provisions, claims and other payables	10	4,238,656,499.52	2,123,995,496.79
Total liabilities		4,238,656,499.52	2,123,995,496.79
Total equity and liabilities		56,868,223,439.56	54,289,681,898.23

The notes on pages 9 to 22 are an integral part of the Financial Statements.

Authenticated by Directors:

(1)



(Myo Naung)

Managing Director

Grand Guardian Insurance Public Co., Ltd.



(2)



Director

Grand Guardian Insurance Public Co., Ltd.

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31, 2017

Currency – Myanmar Kyat (MMK)

	Note	2017	2016
Insurance premium income	11	9,455,619,565.31	6,144,734,951.67
Commission and other income	12	455,275,763.67	229,639,885.51
Investment income	13	2,367,969,356.20	2,785,446,485.77
Net income		12,278,864,685.18	9,159,821,322.95
Claims	14	2,850,301,392.75	1,795,553,989.72
Acquisition costs and direct expenses	15	919,668,175.83	583,436,505.80
Operating expenses	16	3,803,752,048.81	2,816,484,860.18
Expenses		7,573,721,617.39	5,195,475,355.70
Profit before tax		4,705,143,067.79	3,964,345,967.25
Income tax expenses	17	(1,034,201,275.12)	(311,286,811.08)
Profit for the year		3,670,941,792.67	3,653,059,156.17
Other comprehensive income for the year		–	–
Total comprehensive income for the year		3,670,941,792.67	3,653,059,156.17

Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in MMK per share):

- Basic	18	782.38	778.57
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The notes on pages 9 to 22 are an integral part of the Financial Statements.

Authenticated by Directors:

(1)



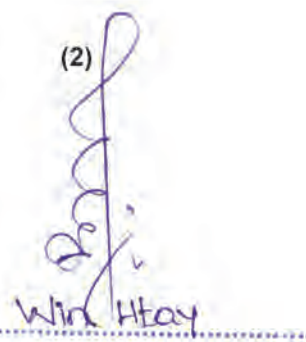
(Myo Naung)

Managing Director

Grand Guardian Insurance Public Co., Ltd.



(2)



Director

Grand Guardian Insurance Public Co., Ltd.

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2017
 Currency – Myanmar Kyat (MMK)

	Issued and paid up capital	Share premium	Life insurance fund	Fire insurance fund	Comprehensive motor insurance fund	Marine and aviation insurance fund	Special travel insurance fund	General reserve fund	Retained earnings	Total equity
2016										
Balance at April 1, 2015	46,920,000,000.00	92,000,000.00	1,043,886,794.00	625,957,714.06	662,434,429.94	-	-	201,662,721.19	-	49,545,941,659.19
Total comprehensive income for the year	-	-	-	-	-	-	-	-	3,653,059,156.17	3,653,059,156.17
Transfer to life insurance fund	-	-	882,844,943.85	-	-	-	-	-	(882,844,943.85)	-
Transfer to fire insurance fund	-	-	-	694,520,592.66	-	-	-	-	(694,520,592.66)	-
Transfer to comprehensive motor insurance fund	-	-	-	-	893,296,501.74	-	-	-	(893,296,501.74)	-
Transfer to marine and aviation insurance fund	-	-	-	-	-	34,269,991.34	-	-	(34,269,991.34)	-
Transfer to general reserve fund	-	-	-	-	-	-	-	114,812,712.66	(114,812,712.66)	-
Provision for dividend payment	-	-	-	-	-	-	-	-	(1,033,314,413.92)	(1,033,314,413.92)
Balance at March 31, 2016	46,920,000,000.00	92,000,000.00	1,926,731,737.85	1,320,478,306.72	1,555,730,931.68	34,269,991.34	-	316,475,433.85	-	52,165,686,401.44

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2017
 Currency – Myanmar Kyat (MMK)

	Issued and paid up capital	Share premium	Life insurance fund	Fire insurance fund	Comprehensive motor insurance fund	Marine and aviation insurance fund	Special travel insurance fund	General reserve fund	Retained earnings	Total equity
2017										
Balance at April 1, 2016	46,920,000.00	92,000,000.00	1,926,731,737.85	1,320,478,306.72	1,555,730,931.68	34,269,991.34	-	316,475,433.85	-	52,165,686,401.44
Adjustment for corporate income tax	-	-	(169,407,635.00)	(387,412,852.21)	(445,636,360.63)	(8,828,421.16)	-	1,785,555.78	-	(1,009,499,713.00)
Adjustment for special travel insurance	-	-	(1,193,206,080.00)	-	-	-	-	-	-	(1,193,206,080.00)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	3,670,941,792.67	3,670,941,792.67
Transfer to life insurance fund	-	-	568,337,967.33	-	-	-	-	-	(568,337,967.33)	-
Transfer to fire insurance fund	-	-	-	744,540,313.36	-	-	-	-	(744,540,313.36)	-
Transfer to comprehensive motor insurance fund	-	-	-	-	1,024,963,424.69	-	-	-	(1,024,963,424.69)	-
Transfer to marine and aviation insurance fund	-	-	-	-	-	52,979,686.49	-	-	(52,979,686.49)	-
Transfer to special travel fund	-	-	-	-	-	-	164,169,889.75	-	(164,169,889.75)	-
Transfer to general reserve fund	-	-	-	-	-	-	-	111,595,051.21	(111,595,051.21)	-
Provision for dividend payment	-	-	-	-	-	-	-	-	(1,004,355,461.85)	(1,004,355,461.85)
Balance at March 31, 2017	46,920,000.00	92,000,000.00	1,132,455,990.18	1,677,605,767.87	2,135,057,996.68	78,421,256.67	164,169,889.75	429,856,040.83	-	52,629,566,940.04

The notes on pages 9 to 22 are an integral part of the Financial Statements.

Authenticated by Directors:

(1) 
 (Myo Naung)
 Managing Director

(2) 
 Director



Grand Guardian Insurance Public Co., Ltd.

Grand Guardian Insurance Public Co., Ltd.

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017
 Currency – Myanmar Kyat (MMK)

	Note	2017	2016
Cash flow from operating activities			
Profit for the year		4,705,143,067.79	3,964,345,967.25
<i>Adjustment for:</i>			
Reclassification of property, plant and equipment		-	(2,470,112.00)
Depreciation on property, plant and equipment		303,733,324.01	221,816,198.66
Amortization of intangible asset		20,543,430.00	3,234,313.00
Loss on disposal of property, plant and equipment		359,808.00	12,890,000.00
Property, plant and equipment write off		3,976,596.00	411,553.62
Operating profit / (loss) before working capital changes		5,033,756,225.80	4,200,227,920.53
<i>Working capital changes:</i>			
Change in insurance and other receivables		(1,477,865,867.43)	(463,779,966.92)
Change in provisions, claims and other payables		135,290,755.96	96,859,097.41
Cash generated from operations		3,691,181,114.33	3,833,307,051.02
Income tax paid		(2,161,285,269.00)	(280,000,000.00)
Net cash provided by / (used in) operating activities		1,529,895,845.33	3,553,307,051.02
Cash flow from investing activities			
Purchase of property, plant and equipment		(4,670,008,398.28)	(1,372,312,929.73)
Disposal of property, plant and equipment		915,000.00	10,800,000.00
Disposal of investments		6,000,000,000.00	-
Prepaid for property		(1,360,250,000.00)	(4,290,000,000.00)
Payment for computer software and license		(11,204,395.00)	(92,446,456.00)
Net cash provided by / (used in) investing activities		(40,547,793.28)	(5,743,959,385.73)
Cash flow from financing activities			
Equity dividend paid		(1,032,240,000.00)	(1,337,220,000.00)
Net cash flows from financing activities		(1,032,240,000.00)	(1,337,220,000.00)
Net increase / (decrease) in cash and cash equivalents		457,108,052.05	(3,527,872,334.71)
Cash and cash equivalents at the beginning of the year		20,331,794,947.02	23,859,667,281.73
Cash and cash equivalents at the end of the year	9	20,788,902,999.07	20,331,794,947.02

The notes on pages 9 to 22 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 Insurance Public Co., Ltd.

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

1. General information

Grand Guardian Insurance Public Company Limited (the Company) was incorporated as a public company in the Republic of the Union of Myanmar under The Myanmar Companies Act on December 11, 2012.

The certificate of incorporation issued by Ministry of National Planning and Economic Development under the Government of the Republic of the Union of Myanmar is No. 3772 of 2012-2013.

The Company was also issued Certificate for Commencement of Business (No. 29 of 2013-2014) under Section 103 (1) (a) to (d) of The Myanmar Companies Act by Ministry of National Planning and Economic Development on April 3, 2013.

The Company was issued Insurance Business Licence (No. 002) in pursuance of 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 May 25, 2013.

The objectives of the Company, described in the Memorandum of Association of the Company, are:

- (a) to carry on the 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.
- (b) to borrow money for the benefit of the Company's business from any person, firm, company, bank or financial organization in the manner that the Company shall think fit.

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.
- (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.

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Currency – Myanmar Kyat (MMK)

2. Summary of significant accounting policies (continued)**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:

Sr. No.	Descriptions	Rate
1	Building	1.25%
2	Office furniture	5.00%
3	Office equipment	10.00%
4	Generator & transformer	6.25%
5	Computer & component	20.00%
6	Motor vehicles & cycles	12.5%

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 20% 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.

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.

2. Summary of significant accounting policies (continued)

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.

2. Summary of significant accounting policies (continued)

K Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
- (b) An entity is related to the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment defined benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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.

2. Summary of significant accounting policies (continued)

(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.

(vii) **Fund transfer**

According to IBRB's instruction,

(a) **Life insurance**

All the surplus income earned from life insurance is transferred to life insurance fund.

(b) **General**

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.

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

(d) 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 requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Determination of functional currency

The Company measures foreign currency transactions in the functional currency of the Company. In determining the functional currency of the Company, judgment is required to determine the currency that mainly influences sales prices for goods and services, and the competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currency of the Company is determined based on management's assessment of the economic environment in which the entity operates and the entity's process of determining sales prices.

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 Myanma Insurance and other five 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 motor 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.

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 INSURANCE PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyat (MMK)

5. Property, plant and equipment

Details of property, plant and equipment are as follows:

	Land	Land & building	Office furniture	Office equipment	Generator & transformer	Computer & component	Motor vehicles & cycles	Total
2016								
Cost								
Balance at April 1, 2015	-	12,850,370,867.00	154,223,926.44	73,922,755.00	65,512,900.00	105,954,801.00	155,405,000.00	13,405,390,249.44
Additions	339,140,106.00	652,200,000.00	55,386,096.63	128,862,570.10	-	48,882,293.00	147,841,864.00	1,372,312,929.73
Reclassification	-	(1,000,000,000.00)	(42,700.00)	-	-	-	-	(1,000,042,700.00)
Disposal	-	-	-	-	-	-	(27,600,000.00)	(27,600,000.00)
Write off	-	-	(170,591.00)	(335,000.00)	-	(59,000.00)	-	(564,591.00)
Balance at March 31, 2016	339,140,106.00	12,502,570,867.00	209,396,732.07	202,450,325.10	65,512,900.00	154,778,094.00	275,646,864.00	13,749,495,888.17
Accumulated depreciation								
Balance at April 1, 2015	-	335,010,303.00	49,034,543.37	28,871,998.03	13,336,691.67	33,125,325.96	26,340,149.66	485,719,011.69
Depreciation for the year	-	151,167,146.00	5,618,009.22	11,159,154.73	3,220,799.33	24,216,892.04	26,434,197.34	221,816,198.66
Reclassification	-	(2,500,000.00)	(12,810.00)	-	-	-	-	(2,512,810.00)
Disposal	-	-	-	-	-	-	(3,910,000.00)	(3,910,000.00)
Write off	-	-	(54,020.72)	(99,016.99)	-	-	-	(153,037.71)
Balance at March 31, 2016	-	483,677,449.00	54,585,721.87	39,932,135.77	16,557,491.00	57,342,218.00	48,864,347.00	700,959,362.64
Carrying value								
Balance at March 31, 2016	339,140,106.00	12,018,893,418.00	154,811,010.20	162,518,189.33	48,955,409.00	97,435,876.00	226,782,517.00	13,048,536,525.53

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Currency – Myanmar Kyats (MMK)

5. Property, plant and equipment (continued)

Details of property, plant and equipment are as follows:

	Land	Land & building	Office furniture	Office equipment	Generator & transformer	Computer & component	Motor vehicles & cycles	Total
2017								
Cost								
Balance at April 1, 2016	339,140,106.00	12,502,570,867.00	209,396,732.40	202,450,325.10	65,512,900.00	154,778,094.00	275,646,864.00	13,749,495,888.50
Additions	-	10,598,029,981.00	154,865,478.57	47,618,040.32	70,707,000.00	103,674,369.38	380,100,000.00	11,354,994,869.27
Disposal	-	-	-	(1,325,720.00)	-	-	(620,000.00)	(1,945,720.00)
Write off	-	-	(4,667,410.00)	(269,500.00)	-	(1,085,242.00)	-	(6,022,152.00)
Balance at March 31, 2017	339,140,106.00	22,450,127,559.00	293,886,626.01	186,972,248.72	117,698,325.92	158,267,973.47	548,453,827.67	24,094,546,666.79
Accumulated depreciation								
Balance at April 1, 2016	-	483,677,449.00	54,585,721.87	39,932,136.10	16,557,491.00	57,342,218.00	48,864,347.00	700,959,362.97
Depreciation for the year	-	166,795,840.00	12,677,814.09	22,150,313.60	1,964,083.08	42,160,055.91	57,985,217.33	303,733,324.01
Disposal	-	-	-	(494,384.00)	-	-	(176,528.00)	(670,912.00)
Write off	-	-	(1,555,361.00)	(87,169.00)	-	(403,026.00)	-	(2,045,556.00)
Balance at March 31, 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
Carrying value								
Balance at March 31, 2017	339,140,106.00	22,450,127,559.00	293,886,626.01	186,972,248.72	117,698,325.92	158,267,973.47	548,453,827.67	24,094,546,666.79

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Currency – Myanmar Kyat (MMK)

6. Intangible assets

Intangible assets consist of:

	2017	2016
Balance at April 1,	89,212,143.00	–
Addition	11,204,395.00	92,446,456.00
Amortisation	(20,543,430.00)	(3,234,313.00)
Balance at March 31,	79,873,108.00	89,212,143.00

7. Investments

Investments consist of:

	2017	2016
Three years' treasury bond	7,800,000,000	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

Insurance and other receivables consist of:

	2017	2016
Insurance	8,675,521.00	54,219,771.90
Advances	2,101,279,635.55	962,236,231.00
Prepaid expenses	1,657,501,421.17	5,885,807,414.40
Other receivables	337,444,087.98	117,874,865.38
	4,104,900,665.70	7,020,138,282.68

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017	2016
Cash on hand (MMK)	95,200,366.00	85,269,211.00
Cash on hand (US\$)	31,093,098.00	16,296,832.00
Cash in banks (MMK):		
Saving deposits	2,292,811,219.35	1,427,641,341.31
Smart saving deposit	1,840,249,863.96	3,362,622,859.73
Fixed deposits	11,000,000,000.00	10,000,000,000.00
Current accounts	4,839,659,635.54	4,827,748,089.22
Cash in bank (US\$)	689,888,816.22	612,216,613.76
	20,788,902,999.07	20,331,794,947.02

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Currency – Myanmar Kyat (MMK)

10. Provisions, claims and other payables

Provisions, claims and other payables consist of:

	2017	2016
Provisions	3,266,651,722.42	1,433,767,945.16
Claims	101,657,902.54	136,518,886.00
Other payables:		
Accrued expenses	867,374,738.45	552,847,545.63
Advance insurance premium received	1,750,000.00	–
Staff provident fund	1,222,136.00	861,120.00
	4,238,656,499.41	2,123,995,496.79

11. Insurance premium income

It represents premium income received on the following:

	2017	2016
Life	508,401,037.56	380,629,576.55
Fire	3,309,068,059.39	2,315,068,642.19
Comprehensive motor	5,153,971,935.04	2,977,655,005.79
Marine and aviation insurance	235,465,273.31	114,233,304.45
Special travel	729,643,950.00	654,280,740.00
Refund	(33,345,435.99)	(39,658,175.31)
	9,394,803,781.75	6,021,579,517.12
Commercial tax	(447,585,254.00)	(257,474,142.00)
Net of commercial tax	8,947,218,527.75	5,764,105,375.12
Net insurance premium income	9,455,619,565.31	6,144,734,951.67

12. Commission and other income

Commission and other income consist of:

	2017	2016
Commission	106,118,228.93	97,589,594.08
Other income	349,157,534.74	132,050,291.43
	455,275,763.67	229,639,885.51

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Currency – Myanmar Kyat (MMK)

13. Investment income

It represents interest received on the following:

	2017	2016
Fixed deposits	344,506,577.72	260,195,861.19
Saving accounts	1,597,263,658.46	1,279,847,884.85
Treasury bond	426,156,065.75	1,245,402,739.73
Capital investment (life)	43,054.27	–
	2,367,969,356.20	2,785,446,485.77

14. Claims

It represents claims payment on the following:

	2017	2016
Life	43,706,015.00	53,520,032.50
Fire	68,251,391.21	525,250,768.76
Comprehensive motor	2,727,890,236.54	1,216,783,188.46
Marine and aviation insurance	1,933,750.00	–
Special travel	8,520,000.00	–
	2,850,301,392.75	1,795,553,989.72

15. Acquisition costs and direct expenses

Acquisition costs and direct expenses consist of:

	2017	2016
Agent commission	908,254,817.39	571,548,033.66
Agent commission refund	(3,261,311.56)	(1,915,052.27)
Assessor & surveyor charges	9,770,000.00	9,106,733.91
Medical examination charges	4,904,670.00	4,696,790.50
	919,668,175.83	583,436,505.80

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Currency – Myanmar Kyat (MMK)

16. Operating expenses

Operating expenses consist of:

	2017	2016
Depreciation & amortisation	324,276,753.51	222,550,509.16
Establishment salaries	1,767,594,033.60	938,655,772.50
Maintenance and repairs	116,235,214.86	292,740,387.00
Operating expenses	749,732,861.85	695,610,782.18
Opening office expenses	5,852,887.00	10,963,382.00
Professional fees	15,120,000.00	13,860,000.00
Rates and Taxes	13,668,049.00	9,617,565.50
Stamp	4,190,700.00	139,190.00
Travelling expenses	74,449,080.20	63,955,317.44
Miscellaneous expenses	732,632,468.79	568,391,954.40
	3,803,752,048.81	2,816,484,860.18

17. Income tax expenses

It represents income tax expenses on the following:

	2017	2016
Current year's income tax provision	1,034,201,275.12	382,709,042.19
(Over) / under provision for previous year	–	(71,422,231.11)
	1,034,201,275.12	71,422,231.11

18. Basic earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during financial year.

	2017	2016
Profit attributable to the Company's equity holders (MMK)	3,670,941,792.67	3,653,059,156.17
Weighted average number of ordinary shares in issue (shares)	4,692,000.00	4,692,000.00
Basic earnings per share (MMK per share)	782.38	778.57

19. Dividend per share

The dividends paid in FY 2016 - 2017 and FY 2015 - 2016 were MMK 1,032.24 million (MMK 220 per share) and MMK 1,337.22 million (MMK 285 per share) respectively. According to meeting minute dated March 16, 2017, a dividend in respect of FY 2016 - 2017 of MMK 1,004.36 million has been provided in accompanying financial statements as per instruction of IBRB.

GRAND GUARDIAN INSURANCE PUBLIC COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

Currency – Myanmar Kyat (MMK)

20. Related party transactions

The Company has the following significant transactions with companies within the group of Shwe Taung. Shareholders of which are the shareholders of the Company who can exercise significant influence over those companies.

(a) Sales of insurance contracts

Name of Company	Sum insured	
	2017	2016
Shwe Taung Development Co., Ltd. (STD)	12,124,950,000	12,750,602,969.00

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 16 – 17 and FY 15 – 16 were MMK 29.56 billion and MMK 30.186 billion respectively. Out of which the Company's retained sum insured amount in FY 16 – 17 and FY 15 – 16 were MMK 12.12 billion and MMK 12.750 billion respectively.

(b) Purchase and lease of property

Name of Company	Type of Transactions	2017	2016
STD	Rental payment for part of head office	199,962,000	165,600,000.00
STD	Deposit for acquisition of three office apartments	10,593,160,000	4,290,000,000.00
STD	Payment for 7 th installment of Plot No. 19/20	–	400,000,000.00
STC	Disposal of motor vehicles	–	16,598,214.00

(c) Key Management remuneration

	2017	2016
Wages and salaries	96,700,000	88,260,000.00

21. Authorization of financial statements

The financial statements of the Company for the year ended March 31, 2017 were authorized for issue on May 17, 2017.

Grand Guardian Insurance Public Co.,Ltd

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