



Winovative

 **Asian Alliance
Insurance**
A Softlogic Company

**INTERIM FINANCIAL STATEMENTS
31 MARCH 2016**

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	GROUP		COMPANY	
		31.3.2016	31.12.2015	31.3.2016	31.12.2015
		Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
		Unaudited	Audited	Unaudited	Audited
Assets					
Intangible Assets		19,467	22,219	19,242	21,982
Property, Plant and Equipment		521,297	518,911	434,565	427,519
Investments in Subsidiary	9	-	-	1,100,000	800,000
Financial Investments	10	8,712,052	9,265,451	7,157,734	7,744,020
Loans to Life Policyholders and Others		149,793	145,314	148,323	143,640
Reinsurance Receivables		200,127	122,169	144,184	62,643
Premium Receivables		682,713	550,995	195,299	67,274
Amounts due from Related Companies		1,038	865	1,038	634
Other Assets		510,627	434,345	411,879	354,790
Insurance Contract - Deferred Expenses		138,684	125,922	-	-
Deferred Tax Assets		75,124	61,904	-	-
Cash and Cash Equivalents		231,741	223,936	192,625	192,118
Total Assets		11,242,663	11,472,031	9,804,889	9,814,620
Equity and Liabilities					
Equity					
Stated Capital		1,062,500	1,062,500	1,062,500	1,062,500
Other Reserves		(1,414,108)	(640,440)	(1,196,626)	(495,123)
Revaluation Reserve		24,903	24,903	24,903	24,903
Retained Earnings		1,988,751	1,776,361	2,112,808	1,845,655
Total Equity		1,662,046	2,223,324	2,003,585	2,437,935
Liabilities					
Insurance Contract Liabilities - Life	11	6,368,917	6,192,615	6,368,917	6,192,615
Insurance Contract Liabilities - General	12	1,346,470	1,322,011	-	-
Employee Benefits		67,401	63,358	48,817	45,796
Current Tax Liabilities		15,238	12,325	-	-
Reinsurance Payable		200,702	139,946	112,070	92,972
Insurance Contract - Deferred Revenue		15,236	10,738	-	-
Amounts due to Related Companies		-	-	-	31,603
Other Liabilities		469,910	496,966	340,606	382,735
Short Term Borrowings		269,700	269,700	269,700	269,700
Deferred Tax Liabilities		7,905	7,905	-	-
Bank Overdraft		819,138	733,143	661,194	361,264
Total Liabilities		9,580,617	9,248,707	7,801,304	7,376,685
Total Equity and Liabilities		11,242,663	11,472,031	9,804,889	9,814,620

The Notes form an integral part of these Interim Financial Statements.

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

(Sgd.)

Dilan Christostom
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed and on behalf of the Board;

(Sgd.)

Director
Colombo
20 May 2016

(Sgd.)

Director

ASIAN ALLIANCE INSURANCE PLC
INCOME STATEMENT

For the three months ended 31 March	Note	GROUP		COMPANY		CHANGE
		2016	2015	2016	2015	Group
		Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	%
		Unaudited	Unaudited	Unaudited	Unaudited	
Gross Written Premium	5	1,947,028	1,317,407	1,420,708	867,938	48%
Net Change in Reserve for Unearned Premium		(61,727)	780	-	-	-8014%
Gross Earned Premium		1,885,301	1,318,187	1,420,708	867,938	43%
Premiums ceded to Reinsurers		(210,372)	(173,010)	(138,393)	(114,341)	22%
Net Change in Reserve for Unearned Reinsurance Premium		10,077	(6,115)	-	-	-265%
Net Earned Premium		1,685,006	1,139,062	1,282,315	753,597	48%
Other Revenue						
Finance Income		200,372	174,517	171,916	151,624	15%
Net Realized Gains		17,160	41,186	17,002	41,875	-58%
Net Fair value (Losses)/Gains		(94,374)	(101,318)	(91,413)	(84,324)	-7%
Other Operating Income		9,370	1,361	-	(1,517)	588%
		132,528	115,746	97,505	107,658	14%
Total Net Revenue	6	1,817,534	1,254,808	1,379,820	861,255	45%
Benefits, Claims and Expenses						
Net Insurance Benefits and Claims		(415,460)	(374,125)	(150,300)	(90,207)	11%
Increase in Life Fund		(192,195)	(129,710)	(192,195)	(129,710)	48%
Underwriting and net Acquisition Cost		(456,617)	(244,745)	(398,694)	(205,648)	87%
Other Operating and Administration Expenses		(529,263)	(295,560)	(367,878)	(178,823)	79%
Finance Cost		(8,666)	(7,683)	(3,600)	(6,139)	13%
Total Benefits, Losses and Expenses		(1,602,201)	(1,051,823)	(1,112,667)	(610,527)	52%
Profit Before Taxation	7	215,333	202,985	267,153	250,728	6%
Income Tax Expenses	8	(2,913)	(2,724)	-	-	7%
Profit for the Period		212,420	200,261	267,153	250,728	6%
Earnings Per Share						
Basic Earnings Per Share (Rs.)		0.57	0.53*	0.71	0.67*	
Diluted Earnings Per Share (Rs.)		0.57	0.53*	0.71	0.67*	

*Earnings Per Share (EPS) and Diluted Earning per share have been restated based on post sub division weighted average no of shares as at 31st March 2016.

The Notes form an integral part of these Interim Financial Statements.

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March	GROUP		COMPANY	
	2016	2015	2016	2015
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited	Unaudited	Unaudited	Unaudited
Profit for the period	212,420	200,261	267,153	250,728
<u>Other Comprehensive Income</u>				
Items that are or may be reclassified to profit or loss				
Available for sale financial asset - net change in fair value	(199,396)	(27,070)	(114,011)	-
Available for sale financial asset - net change in fair value -Life fund	(590,677)	(408,032)	(590,677)	(408,032)
Available for sale financial assets reclassified to income statement	3,185	41,186	3,185	41,875
Related Tax	13,220	-	-	-
Other Comprehensive Income, net of tax	(773,668)	(393,916)	(701,503)	(366,157)
Total comprehensive income for the period	(561,248)	(193,655)	(434,350)	(115,429)
Total comprehensive income attributable to:				
Owners of the Company	(561,248)	(193,655)	(434,350)	(115,429)
Non - controlling interests	-	-	-	-
	(561,248)	(193,655)	(434,350)	(115,429)

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - GROUP

For the three months ended 31 March	Stated Capital	Available for sale reserve	Revaluation reserves	Retained reserves	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 01 January 2015	1,062,500	455,472	-	855,693	2,373,665
Profit for the Period	-	-	-	924,309	924,309
<u>Other Comprehensive Income for the Period</u>					
Available for sale financial asset -net change in fair value	-	(521,957)	-	-	(521,957)
Available for sale financial asset - net change in fair value - Life fund	-	(515,523)	-	-	(515,523)
Available for sale financial assets reclassified to income statement	-	(67,818)	-	-	(67,818)
Remeasurement of Defined Benefit (liability)/asset	-	-	-	(5,084)	(5,084)
Revaluation gain on Land and Buildings	-	-	24,903	-	24,903
Tax on Other Comprehensive Income	-	9,386	-	1,443	10,829
Total Other Comprehensive income	-	(1,095,912)	24,903	(3,641)	(1,074,650)
Total Comprehensive income for the period	-	(1,095,912)	24,903	920,668	(150,341)
Audited Balance as at 31 December 2015	1,062,500	(640,440)	24,903	1,776,361	2,223,324
Balance as at 01 January 2016	1,062,500	(640,440)	24,903	1,776,361	2,223,324
Profit for the Period	-	-	-	212,420	212,420
<u>Other Comprehensive Income for the Period</u>					
Available for sale financial asset -net change in fair value	-	(199,396)	-	-	(199,396)
Available for sale financial asset - net change in fair value - Life fund	-	(590,677)	-	-	(590,677)
Available for sale financial assets reclassified to income statement	-	3,185	-	-	3,185
Tax on Other Comprehensive Income	-	13,220	-	-	13,220
Total other Comprehensive income net of tax	-	(773,668)	-	-	(773,668)
Total Comprehensive income for the period	-	(773,668)	-	212,420	(561,248)
<u>Transaction with the owners of the Company, recognised directly in equity</u>					
Share issue transaction cost - Subsidiary	-	-	-	(30)	(30)
Unaudited Balance as at 31 March 2016	1,062,500	(1,414,108)	24,903	1,988,751	1,662,046

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - COMPANY

For the three months ended 31 March	Stated Capital	Available for sale reserve	Revaluation reserves	Retained reserves	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 01 January 2015	1,062,500	453,205	-	853,022	2,368,727
Profit for the Period	-	-	-	992,562	992,562
<u>Other Comprehensive Income for the Period</u>					
Available for sale financial asset -net change in fair value	-	(364,298)	-	-	(364,298)
Available for sale financial asset - net change in fair value - Life fund	-	(515,523)	-	-	(515,523)
Available for sale financial assets reclassified to income statement	-	(68,507)	-	-	(68,507)
Remeasurement of Defined Benefit (liability)/asset	-	-	-	71	71
Revaluation gain on Land and Buildings	-	-	24,903	-	24,903
Total Other Comprehensive income	-	(948,328)	24,903	71	(923,354)
Total Comprehensive income for the period	-	(948,328)	24,903	992,633	69,208
Audited Balance as at 31 December 2015	1,062,500	(495,123)	24,903	1,845,655	2,437,935
Balance as at 01 January 2016	1,062,500	(495,123)	24,903	1,845,655	2,437,935
Profit for the Period	-	-	-	267,153	267,153
<u>Other Comprehensive Income for the Period</u>					
Available for sale financial asset -net change in fair value	-	(114,011)	-	-	(114,011)
Available for sale financial asset - net change in fair value - Life fund	-	(590,677)	-	-	(590,677)
Available for sale financial assets reclassified to income statement	-	3,185	-	-	3,185
Total other Comprehensive income net of tax	-	(701,503)	-	-	(701,503)
Total Comprehensive income for the period	-	(701,503)	-	267,153	(434,350)
Unaudited Balance as at 31 March 2016	1,062,500	(1,196,626)	24,903	2,112,808	2,003,585

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the three months ended 31 March	GROUP		COMPANY	
	2016	2015	2016	2015
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited	Unaudited	Unaudited	Unaudited
Cash Flows Operating Activities				
Profit before Taxation	215,333	202,985	267,153	250,728
Adjustments for :				
Notional tax Income	(12,386)	(10,324)	(10,853)	(8,774)
Depreciation of Property, Plant and Equipments	21,782	13,471	15,792	9,045
Amortization of Intangible Assets	2,759	2,013	2,746	2,013
Provision for Employee Benefits	4,157	3,811	3,021	2,675
Net Realized Gains	(17,160)	(41,186)	(17,002)	(41,875)
Net Fair value Losses	94,374	101,318	91,413	84,324
	308,859	272,088	352,270	298,136
Change in Operating Assets	(309,451)	(99,909)	(271,742)	(178,915)
Change in Operating Liabilities	231,452	1,465,060	121,668	1,261,552
Cashflows from Operating Activities	230,860	1,637,239	202,196	1,380,773
Gratuity paid	(115)	(2,749)	-	(1,613)
Income tax paid	(2,686)	(1,024)	-	-
Net Cash Generated from Operating Activities	228,060	1,633,466	202,196	1,379,160
Cash Flows Investing Activities				
Acquisition of Subsidiary	-	-	(300,000)	(700,000)
Net Acquisition of Financial Securities	(273,406)	(1,427,892)	(170,328)	(497,200)
Net Acquisition / Capitalization of of Property, Plant and Equipment	(28,946)	(85,445)	(27,618)	(79,342)
Acquisition of of Intangible Assets	(3,898)	-	(3,673)	-
Net Cash (used in) / Generated from Investing Activities	(306,250)	(1,513,337)	(501,619)	(1,276,542)
Cash Flows Financing Activities				
Dividend Paid	-	(168,750)	-	(168,750)
Net Short Term Borrowings	-	(3,461)	-	(3,461)
Net Cash (used in) / Generated from Financing Activities	-	(172,211)	-	(172,211)
Net Increase / (Decrease) in Cash and Cash Equivalents	(78,190)	(52,082)	(299,423)	(69,593)
Net cash and cash equivalents as at the Beginning of the year	(509,207)	(189,022)	(169,146)	(52,072)
Net cash and cash equivalents as at the end of the year	(587,397)	(241,104)	(468,569)	(121,665)
Notes to the Cashflow Statement				
A. Change in Operating Assets				
(Increase) / Decrease in Loans to Life Policyholders	(4,479)	(18,748)	(4,683)	(22,217)
(Increase) / Decrease in Reinsurance Receivables	(77,958)	(65,921)	(81,541)	(56,779)
(Increase) / Decrease in Premium Receivables	(131,718)	40,343	(128,025)	(4,085)
(Increase) / Decrease in Deferred Expenses	(12,762)	(4,263)	-	-
(Increase) / Decrease in Receivable and Other Assets	(82,534)	(51,320)	(57,493)	(95,835)
	(309,451)	(99,909)	(271,742)	(178,915)
B. Change in Operating Liabilities				
Increase / (Decrease) in Insurance Contract Liabilities - Life	176,302	965,991	176,302	965,991
Increase / (Decrease) in Insurance Contract Liabilities - General	24,459	189,406	-	-
Increase / (Decrease) in Reinsurance Payables	60,756	124,293	19,098	114,690
Increase / (Decrease) in Other Liabilities	(30,065)	185,370	(73,732)	180,871
	231,452	1,465,060	121,668	1,261,552
C. Increase in Cash and Cash Equivalents				
Cash and Cash Equivalents	231,741	136,451	192,625	107,932
Bank overdrafts	(819,138)	(377,555)	(661,194)	(229,597)
Net cash and cash equivalents as at 31st December	(587,397)	(241,104)	(468,569)	(121,665)
Net cash and cash equivalents as at the Beginning of the period	(509,207)	(189,022)	(169,146)	(52,072)
Increase / (Decrease) in Cash and Cash Equivalents	(78,190)	(52,082)	(299,423)	(69,593)

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION - LIFE INSURANCE FUND

As at	31.3.2016	31.12.2015
	Rs. ' 000	Rs. ' 000
	Unaudited	Audited
Assets		
Intangible Assets	14,690	11,210
Property, Plant and Equipment	404,880	401,763
Financial Investments	6,384,242	6,856,537
Loans to Life Policyholders and Others	145,646	141,595
Reinsurance Receivables	144,184	62,643
Premium Receivables	195,315	67,290
Other Assets	351,045	312,159
Cash and Cash Equivalents	174,933	190,685
Total Assets	7,814,935	8,043,882
Equity and Liabilities		
Equity		
Other Reserves	(722,313)	(134,820)
Revaluation Reserve	24,903	24,903
Total Equity	(697,410)	(109,917)
Liabilities		
Insurance Contract Liabilities - Life	6,368,917	6,192,614
Employee Benefits	30,562	28,267
Reinsurance Payable	112,070	92,972
Other Liabilities	1,091,511	1,244,021
Short Term Borrowings	269,700	269,700
Bank Overdraft	639,585	326,225
Total Liabilities	8,512,345	8,153,799
Total Equity and Liabilities	7,814,935	8,043,882

1 REPORTING ENTITY

Asian Alliance Insurance PLC (The Company) is a public limited liability Company listed on the Colombo Stock Exchange, incorporated and domiciled in Sri Lanka. The Company has the registered office at No 283, R. A. De Mel Mawatha, Colombo 03. The Company is primarily involved in the Life insurance business. The Company's ultimate parent undertaking and controlling entity is Softlogic Holdings PLC which is incorporated in Sri Lanka.

2 APPROVAL OF FINANCIAL STATEMENTS

The condensed interim Financial Statements for the three months ended 31 March 2016 were authorised for issue by the Board of Directors on 20th May 2016

3 BASIS OF PREPARATION

The Condensed Consolidated Interim Financial Statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2015.

The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2015 have been followed in preparation of these consolidated Interim Financial Statements except for following disclosure. Further, the provisions of the Companies Act no.7 of 2007, the Regulation of the Insurance Industry Act No 43 of 2000 and Colombo Stock Exchange have been considered in preparing these consolidated Interim Financial Statements.

Measurement of Insurance Contact Liabilities-Life

Insurance Contact Liabilities-Life are measured by using The Gross Premium Valuation(GPV) method as specified by Insurance Board of Sri Lanka (IBSL) based on the recommendation of the Independent Consultant Actuary. The liability is computed based on IBSL specified guidelines.

New SLFRS and Interpretations issued but not effective have not been early adopted during the period.

4 AUDIT OF THE INTERIM FINANCIAL STATEMENTS

Figures in the Condensed Consolidated Interim Financial Statements for the period ended 31 March 2016 are provisional and unaudited .

5 GROSS WRITTEN PREMIUM - GROUP / COMPANY

For the period ended 31 March

	GROUP		COMPANY	
	2016 Rs.' 000	2015 Rs.' 000	2016 Rs.' 000	2015 Rs.' 000
	Unaudited	Unaudited	Unaudited	Unaudited
Life Insurance				
First Year Premium	534,067	266,656	534,067	266,656
Renewal Premium	754,342	594,912	754,342	594,912
Group Life Premium	7,762	5,867	7,762	5,867
Single Premium	1,023	503	1,023	503
Group Life Health Premium	123,514	-	123,514	-
Total Life Insurance Gross Written Premium	1,420,708	867,938	1,420,708	867,938
General Insurance				
Fire	20,405	33,309	-	-
Marine	17,534	7,075	-	-
Miscellaneous	82,541	183,630	-	-
Motor	405,839	225,455	-	-
Total General Insurance Gross Written Premium	526,320	449,469	-	-
Consolidated Gross Written Premium	1,947,028	1,317,407	1,420,708	867,938

6 TOTAL NET REVENUE

For the period ended 31 March	GROUP		COMPANY	
	2016	2015	2016	2015
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited	Unaudited	Unaudited	Unaudited
Life	1,379,820	861,255	1,379,820	861,255
General	437,714	393,553	-	-
Consolidated Net Revenue	1,817,534	1,254,808	1,379,820	861,255

General segment net revenue consists of net earned premium, income from financial instruments and other operating income.

Life segment net revenue consists of net written premium, income from financial instruments and other operating income.

7 PROFIT BEFORE TAXATION

For the period ended 31 March	GROUP		COMPANY	
	2016	2015	2016	2015
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited	Unaudited	Unaudited	Unaudited
Life	267,153	250,728	267,153	250,728
General	(51,820)	(47,743)	-	-
Total	215,333	202,985	267,153	250,728

8 INCOME TAX EXPENSE

For the period ended 31 March	GROUP		COMPANY	
	2016	2015	2016	2015
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited	Unaudited	Unaudited	Unaudited
Income Tax on Current period's Profits	(2,913)	(2,724)	-	-
Income Tax Expense reported in the Income Statement	(2,913)	(2,724)	-	-
Differed Taxation (Charge) / Reversal	13,220	-	-	-

The major components of income tax expense for the period ended 31 March are as follows;

Tax recognised in Income Statement**Current Tax Expense**

Income Tax on Current period's Profits	(2,913)	(2,724)	-	-
	(2,913)	(2,724)	-	-

Income Tax Expense reported in the Income Statement**Tax recognised in Statement of Profit or Loss and Other Comprehensive Income**

Differed Taxation (Charge) / Reversal	13,220	-	-	-
---------------------------------------	--------	---	---	---

9 INVESTMENT IN SUBSIDIARY

Asian Alliance Insurance PLC, following the due process stipulated by the Insurance Board of Sri Lanka (IBSL) and having obtained approvals from all relevant parties including District Courts, transferred its General Insurance Business to its newly formed subsidiary Asian Alliance General Insurance Limited with effect from 1st of January 2015 according to the guideline issued by IBSL on Segregation of composite Insurance Companies in to two separate companies. Accordingly, Asian Alliance Insurance PLC has become a Life Insurance Company as well as the holding Company of Asian Alliance General Insurance Limited (AAGI) which is now a licensed General Insurance Company. Accordingly, Asian Alliance Insurance PLC is providing both Life and General Insurance solutions under a group structure.

10 FINANCIAL INVESTMENTS

As at		GROUP		COMPANY	
		Mar-2016	Dec-2015	Mar-2016	Dec-2015
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
		Unaudited	Audited	Unaudited	Audited
Held to Maturity (HTM)	Note 10.1	225,094	227,727	225,094	227,727
Loans and Receivables (L & R)	Note 10.2	1,013,531	781,297	629,998	522,610
Available - for - Sale (AFS)	Note 10.3	6,800,486	7,481,233	5,783,852	6,374,199
Fair Value Through Profit or Loss (FVTPL)	Note 10.4	672,941	775,194	518,790	619,484
Total Financial Investments		8,712,052	9,265,451	7,157,734	7,744,020

As at		GROUP		COMPANY	
		Mar-2016	Dec-2015	Mar-2016	Dec-2015
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
		Unaudited	Audited	Unaudited	Audited

10.1 Held to Maturity (HTM)

Treasury Bonds		225,094	227,727	225,094	227,727
		225,094	227,727	225,094	227,727

10.2 Loans and Receivables (L & R)

Debt Securities - Bank Deposits	Note 10.2.a	48,537	40,762	-	-
- Debentures	Note 10.2.b	-	111,431	-	90,713
Overnight Reverse Repo		964,994	629,104	629,998	431,897
		1,013,531	781,297	629,998	522,610

10.2.a Bank Deposits (L & R)

Licensed Commercial Banks		48,537	40,762	-	-
Registered Finance Companies		-	-	-	-
		48,537	40,762	-	-

10.2.b Debentures (L & R)

Unlisted		-	111,431	-	90,713
		-	111,431	-	90,713

10.3 Available - for - Sale (AFS)

Debt Securities					
- Debentures		1,361,663	1,227,459	1,259,917	1,127,542
Equity Securities					
- Quoted		1,508,007	1,714,245	1,254,807	1,423,095
- Un Quoted		369,700	369,700	319,700	319,700
Treasury Bonds		3,561,116	4,169,829	2,949,428	3,503,862
		6,800,486	7,481,233	5,783,852	6,374,199

10.4 Fair Value Through Profit or Loss (FVTPL)

Equity Securities		520,606	624,763	498,988	600,146
Unit Trust		66,453	64,898	19,802	19,338
Debenture		85,882	85,533	-	-
		672,941	775,194	518,790	619,484

11 INSURANCE CONTRACT LIABILITIES - LIFE (GROUP / COMPANY)

As at	Mar-2016 Rs.' 000 Unaudited	Dec-2015 Rs.' 000 Audited
Insurance Contract Liabilities	6,158,202	5,966,015
Unclaimed benefits	210,715	226,600
	6,368,917	6,192,615

11.a Valuation of Life Insurance Fund

The valuation of life insurance fund as at 31 march 2016 was carried out by Mr. Poopalanathan of Actuarial & Management Consultants (Pvt) Limited, who recommended a sum of Rs 250 Million to be transferred from life fund to the shareholder's fund for the period.

In the opinion of the consultant actuary, as at 31 March 2016 the Company maintains a capital adequacy ratio to cover marginal requirements prescribed under the section 26(1) of the regulation of Insurance Industry Act No 43 of 2000 and subsequent amendments there to.

11.b Liability Adequacy Test (LAT) - Life Insurance Contract Liabilities

Liability Adequacy Test (LAT) in respect of the Insurance Contract Liabilities as required by SLFRS 4 - Insurance Contracts will be performed annually.

12 INSURANCE CONTRACT LIABILITIES - NON LIFE (GROUP)

As at	Mar-2016 Rs.' 000 Unaudited	Dec-2015 Rs.' 000 Audited
12.a Reserves for Net Unearned Premium	1,085,106	1,033,457
Gross Claims Payable	261,364	288,554
	1,346,470	1,322,011

12.b Liability Adequacy Test (LAT) - General Insurance Contract Liabilities

Liability Adequacy Test (LAT) in respect of the Insurance Contract Liabilities as required by SLFRS 4 - Insurance Contracts will be performed annually.

13 CAPITAL COMMITMENTS AND CONTINGENCIES**13.1 Capital Commitments**

As at the end of the interim period, there were no capital expenditure approved by the Board and contracted for hence no provision has been made in the Interim Financial Statements.

13.2 Contingencies - Group & Company

The Contingent Liability of the Company as at 31 March 2016, relates to the followings;

- a) The Company has been issued with an assessment by the Department of Inland Revenue on 28 October 2011 and 26 April 2013 under the Value Added Tax Act, in relation to the taxable period ending 31 December 2009 and 2010 for Rs. 9.6 Million and Rs. 52.3 Million respectively.
The Company has filed an appeal in November 2011 on the basis that the underlying computation includes items which are exempt /out of scope of the VAT Act. The Commissioner General of Inland Revenue has determined the assessment and the Company has appealed to the Tax Appeals Commission. The Company is awaiting the final decision.
- b) The Company has received a tax assessments letter for Life Insurance taxation for the year 2010. The Company is of the strong view that no additional tax liability is arising and also we have filed a response highlighting our view, which was done in consultation with Tax Consultants. Further even if this would materialized against the Company, no additional tax liabilities are required for the Company due to carried forward taxable losses and credits. However, the accumulated tax losses of Life business will come down by Rs. 237 Million.
- c) The Company has received a notice of assessments letter for Life Insurance taxation for the years 2011 and 2012. The Company has filed a petition of appeal through Company's Tax Consultants and the Company is of the strong view that no additional tax liability is arose due to this. Further even if this would materialized against the Company, no additional tax liabilities are required for the Company due to carried forward taxable losses and credits. However, the accumulated tax losses of Life business will come down by Rs. 554 Million.

13.3 Pending Litigations

In the opinion of Directors and in consultation with the company Lawyers, litigation currently pending against the company will not have a material impact on the reported results or future operations of the company. All pending litigation for claims have been evaluated and adequate provisions have been made in the financial statements.

14 EVENTS AFTER THE REPORTING PERIOD

There have been no events subsequent to the reporting date, which require adjustments to or disclosure in the Interim Financial Statements.

15 COMPARATIVE INFORMATION

Comparative information has been restated to ensure comparability with the current year information.

16 SHARE INFORMATION	Group		Company	
	31.3.2016	31.12.2015	31.3.2016	31.12.2015
Net Assets Per Share (Rs)	4.43	5.93	5.34	6.50
<u>Market Price Per Share</u>				31.3.2016
				Rs
Last traded price				15.20
Highest traded price per share for the period (Jan-Mar)				16.00
Lowest traded price per share for the period (Jan-Mar)				12.00

17 STATED CAPITAL

As at	Mar-2016 Rs.' 000	Dec-2015 Rs.' 000
Stated Capital	1,062,500	1,062,500
No of Ordinary Shares	375,000,000	375,000,000

18 BASIC & DILUTED EARNING PER SHARE (EPS)

	Group		Company	
	31.3.2016	31.3.2015	31.3.2016	31.3.2015
Profit attributable to Ordinary Shareholders (Rs. 000)	212,420	200,261	267,153	250,728
Weighted Average No of shares as at 31 March	375,000,000	375,000,000	375,000,000	375,000,000
Basic Earning per share (Rs.)	0.57	0.53*	0.71	0.67*
Diluted Earning per share (Rs.)	0.57	0.53*	0.71	0.67*

*Earnings Per Share (EPS) and Diluted Earning per share have been restated based on post sub division weighted average no of shares as at 31st March 2016.

19 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	As at 31 March 2016	
	No. of Shares	%
1 Softlogic Capital Plc	221,932,810	59.18%
2 Hsbc Intl Nom Ltd-State Street Munich C/O Ssbt-Deg-Deutsche	71,250,000	19.00%
3 Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	71,250,000	19.00%
4 Mr. G.C. Goonetilleke	775,500	0.21%
5 Mr. M.M. Fuad	651,189	0.17%
6 Mr. R.R.S. Ananda	615,950	0.16%
7 Waldock Mackenzie Ltd/ Mr.S.N.P.Palihena And Mrs. A,S,Palihena	277,249	0.07%
8 Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd	246,893	0.07%
9 Citizens Development Business Finance Plc/D.S.J.Wickramaratne And D.J.Wickramaratne	210,000	0.06%
10 Mr. N.W.S.B. Ekanayaka	200,000	0.05%
11 Waldock Mackenzie Ltd/Mr. M.Z.M. Wafik	189,340	0.05%
12 Softlogic Holdings Plc	175,550	0.05%
13 Waldock Mackenzie Ltd/Mrs. G. Soysa	125,000	0.03%
14 Mr. D.S.J. Wickramaratne	122,500	0.03%
15 Commercial Bank Of Ceylon Plc/Rananjaya Holdings (Pvt)Ltd	110,000	0.03%
16 Mr. E. Gunatunga	100,000	0.03%
17 Ms. M.R.H. Galappatti	100,000	0.03%
18 Merchant Bank Of Sri Lanka Limited/Union Investments Ltd.,	100,000	0.03%
19 Mr. H.A.M.P. Algama	100,000	0.03%
20 Oakley Investments Limited	91,230	0.02%
Others	368,623,211	98.30%
Total	375,000,000	100%

20 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 March 2016 was 2.77 % (31 March 2015 - 2.77 %) and a number of public shareholders as at 31 March 2016 was 1,257.

21 DIRECTORS' SHARE HOLDINGS

As at 31 March Name of The Director	2016	
	No of Shares	%
Mr.A. K. Pathirage (Chairman)	Nil	Nil
Mr. J. H. Paul Ratnayake (Deputy Chairman)	Nil	Nil
Mr. T. M. I. Ahamed (Managing Director / CEO)	Nil	Nil
Mr. Ramal . G. Jasinghe - Director	Nil	Nil
Mr. S. Rajapakse- Director	Nil	Nil
Mr. M. R. Abeywardena - Director	Nil	Nil
Mr.J. K. Mukhi - Director	Nil	Nil
Mr. J. W. H. Richters - Director	Nil	Nil

22 RELATED PARTY DISCLOSURES

22.1 Transactions with Key Management Personnel of the Company or its parent

According to Sri Lanka Accounting Standard (LKAS) 24 Related Party Disclosure, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) of the Company and their immediate family members have been classified as Key Management Personnel of the Company.

Immediate family member is defined as spouse or dependent. A dependent is defined as anyone who depends on the respective KMP for his/her financial needs.

a) Other Transactions with Key Management Personnel

Company	Relationship	Nature of Transaction	Transaction Value	
			2016 Rs. 000	2015 Rs. 000
Paul Rathnayake Associates	Director Related Entity	Claims Incurred	64	-
		Legal Fees Paid	-	240
P.R.Secretarial Services (Pvt) Ltd	Director Related Entity	Secretarial Fees Paid	971	84
Acuity Group	Director Related Entity	Insurance Placed Expenses	27	3

b) Transactions with Parent and Ultimate Controlling Party

For the period ended 31 March	Related Party	Relationship	Nature of the Transaction	Group		Company	
				2016 Rs "000"	2015 Rs "000"	2016 Rs "000"	2015 Rs "000"
Softlogic Holdings PLC	Ultimate Parent		Insurance Premiums	485	3,867	-	-
			Claims Incurred	796	847	-	-
			Expenses	658	-	658	-
			Interest Income	22,487	5,161	20,121	3,970
Softlogic Capital PLC	Immediate Parent		Asset Management Fee	35,443	74,264	35,443	57,268
			Other Consultancy Fees	8,473	6,796	6,796	6,796

As at 31 March	Related Party	Relationship	Nature of the Transaction	Group		Company	
				2016 Rs "000"	2015 Rs "000"	2016 Rs "000"	2015 Rs "000"
Softlogic Holdings PLC	Ultimate Parent	Investments	185,921	185,921	155,921	155,921	

c) Transactions with Subsidiary Company- Asian Alliance General Insurance Ltd.

Transactions due to segregation of Life and General Insurance Business	31 March 2016 Rs "000"	31 March 2015 Rs "000"
Investment in Stated Capital	1,100,000	800,000

d) Transactions with/between Subsidiary Companies of Parent and Other Related Companies

For the Year ended	Related Party	Nature of the Transaction	Group		Company	
			31 March 2016 Rs "000"	31 March 2015 Rs "000"	31 March 2016 Rs "000"	31 March 2015 Rs "000"
Softlogic Retail (Pvt) Ltd		Insurance Premiums	1,651	557	-	-
		Claims Incurred	1,914	3,071	-	-
		Other Expenses	7	7,202	6	7,202
		Purchase of Fixed Assets	3,737	206	3,733	206
Softlogic Finance PLC		Interest Income	10,101	9,684	6,701	6,284
		Claims Incurred	118	527	-	-
		Insurance Premiums	4,447	1,001	-	-
		Investment	80,000	80,000	60,000	60,000
		Other Expenses	176	2,892	176	2,892
Asiri Hospital Holdings PLC		Insurance Premiums	3,938	17,294	-	-
		Dividend Income	-	2,415	-	2,415
		Claims Incurred	1,127	1,376	-	-
		Investments	62,874	52,105	62,874	52,125
Asiri Hospital Matara (Pvt) Ltd		Claims Incurred	64	71,342	-	-
		Insurance Premiums	1,030	82	-	-
Asiri Surgical Hospital PLC		Insurance Premiums	5,297	393	-	-
		Claims Incurred	232	66	-	-
		Other Expenses	103	-	103	-
Softlogic BPO services (pvt)Ltd		Insurance Premiums	-	511	-	-
		Claims Incurred	561	1,136	-	-
		Other Expenses	2,513	-	1,789	-

22 RELATED PARTY DISCLOSURES (Cont.)

d) Transactions with/between Subsidiary Companies of Parent and Other Related Companies (Cont.)

For the Period ended	Related Party	Nature of the Transaction	Group		Company	
			31 March 2016	31 March 2015	31 March 2016	31 March 2015
			Rs "000"	Rs "000"	Rs "000"	Rs "000"
	Central Hospital Limited	Claims Incurred	659	681	-	-
		Insurance Premiums	7,091	632	-	-
	Nextage (Pvt) Ltd	Expenses	338	82	338	82
	Softlogic City Hotels Pvt Ltd.	Insurance Premiums	6	-	-	-
	Softlogic Destination Management Pvt Ltd	Claims Incurred	2	-	-	-
		Expenses	78	6,342	78	6,342
	Softlogic Restaurant Pvt Ltd	Claims Incurred	23	2	-	-
		Expenses	-	31	-	31
		Insurance Premiums	-	63	-	-
	Odel PLC & related companies	Claims Incurred	481	32	-	-
		Insurance Premiums	1,231	482	-	-
	Abacus International Lanka Pvt td	Claims Incurred	83	128	-	-
		Insurance Premiums	-	33	-	-
	Ceysand Resorts (pvt) Ltd	Claims Incurred	708	534	-	-
		Insurance Premiums	5,775	5,188	-	-
	Future Automobile Pvt Ltd	Claims Incurred	40	59	-	-
		Insurance Premiums	589	708	-	-
	Softlogic Communication Services Pvt Ltd	Claims Incurred	714	-	-	-
		Insurance Premiums	1,253	-	-	-
	Softlogic Communication Pvt Ltd	Claims Incurred	-	187	-	-
		Insurance Premiums	-	1,103	-	-
		Expenses	-	37	-	-
	Softlogic Computers Pvt Ltd	Claims Incurred	131	251	-	-
		Insurance Premiums	143	54	-	-
	Softlogic International Pvt Ltd	Insurance Premiums	-	227	-	-
	Softlogic Auto mobiles Pvt Ltd	Claims Incurred	84	96	-	-
		Insurance Premiums	1,311	499	-	-
	Softlogic Brands Pvt Ltd	Insurance Premiums	1,313	246	-	-
	Softlogic Corporate Services Ltd	Claims Incurred	47	5	-	-
		Insurance Premiums	42	-	-	-
	Softlogic Stock Brokers Pvt Ltd	Insurance Premiums	6	48	-	-
		Claims Incurred	66	175	-	-
	Softlogic Information Technologies (Pvt) Ltd	Purchase of Fixed Assets	227	1,535	-	-
		Claims Incurred	918	750	-	-
		Expenses	249	-	-	-
		Insurance Premiums	652	517	-	-
	Softlogic Mobile Distribution (Pvt) Ltd	Insurance Premiums	-	230	-	-