

Asian Alliance Insurance PLC

# INTERIM FINANCIAL STATEMENT

31 MARCH 2015

*Something*  
extraordinary



**ASIAN ALLIANCE INSURANCE PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at	Note	GROUP		COMPANY	
		31.03.2015	31.12.2014	31.03.2015	31.12.2014*
		Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
		Unaudited	Audited	Unaudited	Audited
<b>Assets</b>					
Intangible Assets		30,444	31,493	30,444	31,493
Property, Plant and Equipment		432,784	377,875	354,898	377,875
Investments in Subsidiary	9	-	-	800,000	100,000
Financial Investments		8,077,967	8,567,946	6,539,782	8,464,071
Loans to Life Policyholders and Others		135,657	133,846	137,787	133,846
Reinsurance Receivables		226,767	159,712	127,633	159,712
Premium Receivables		473,860	460,196	68,869	460,196
Amounts due from Related Companies		1,461	662	2,611	2,044
Other Assets		413,298	341,222	324,821	341,022
Insurance Contract - Deferred Expenses		96,498	100,956	-	100,956
Cash and Cash Equivalents		136,451	130,283	107,932	130,255
<b>Total Assets</b>		<b>10,025,188</b>	<b>10,304,191</b>	<b>8,494,778</b>	<b>10,301,470</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Stated Capital		1,062,500	1,062,500	1,062,500	1,062,500
Other Reserves		61,556	455,472	87,047	455,472
Retained Earnings		1,055,954	855,693	1,103,749	853,022
<b>Total Equity</b>		<b>2,180,010</b>	<b>2,373,665</b>	<b>2,253,296</b>	<b>2,370,994</b>
<b>Liabilities</b>					
Insurance Contract Liabilities - Life	10	5,348,005	5,223,695	5,348,005	5,223,695
Insurance Contract Liabilities - General	11	1,134,071	1,138,694	-	1,138,694
Employee Benefits		54,091	53,028	43,730	53,028
Current Tax Liabilities		14,705	11,980	-	11,980
Reinsurance Payable		219,283	131,308	114,690	131,308
Insurance Contract - Deferred Revenue		25,945	25,779	-	25,779
Other Liabilities		520,502	872,254	354,439	872,204
Short Term Borrowings		151,021	154,483	151,021	154,483
Bank Overdraft		377,555	319,305	229,597	319,305
<b>Total Liabilities</b>		<b>7,845,178</b>	<b>7,930,526</b>	<b>6,241,482</b>	<b>7,930,476</b>
<b>Total Equity and Liabilities</b>		<b>10,025,188</b>	<b>10,304,191</b>	<b>8,494,778</b>	<b>10,301,470</b>

\* 2014 Company results replicate the composite insurance performance whereas 2015 reflect segregated results.

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

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

(Sgd.)

**Saliya Wickramasinghe**  
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

15th May 2015

(Sgd.)

**Director**

ASIAN ALLIANCE INSURANCE PLC  
**CONSOLIDATED INCOME STATEMENT**

For the three months ended 31 March	Note	GROUP	COMPANY		Variance %
		2015	2015	2014	
		Rs. ' 000	Rs. ' 000	Rs. ' 000	
		Unaudited	Unaudited	Unaudited	
Gross Written Premium	5	1,317,407	867,938	1,146,108	15%
Net Change in Reserve for Unearned Premium		780	-	(29,770)	-103%
<b>Gross Earned Premium</b>		<b>1,318,186</b>	<b>867,938</b>	<b>1,116,338</b>	<b>18%</b>
Premiums ceded to Reinsurers		(173,010)	(114,341)	(93,050)	86%
Net Change in Reserve for Unearned Reinsurance Premium		(6,115)	-	20,899	-129%
<b>Net Earned Premium</b>		<b>1,139,062</b>	<b>753,597</b>	<b>1,044,187</b>	<b>9%</b>
<b>Other Revenue</b>					
Finance Income		174,517	151,624	328,062	-47%
Net Realized Gains		41,186	41,875	272	15050%
Net Fair value Gains		(101,318)	(84,324)	175,944	-158%
Other Operating Income		1,361	(1,517)	12,157	-89%
		<b>115,747</b>	<b>107,658</b>	<b>516,435</b>	<b>-78%</b>
<b>Total Net Revenue</b>	<b>6</b>	<b>1,254,809</b>	<b>861,255</b>	<b>1,560,622</b>	<b>-20%</b>
<b>Benefits, Claims and Expenses</b>					
Net Insurance Benefits and Claims		(503,835)	(219,918)	(792,621)	-36%
Underwriting and net Acquisition Cost		(244,745)	(205,648)	(189,649)	29%
Other Operating and Administration Expenses		(295,560)	(178,823)	(319,037)	-7%
Finance Cost		(7,683)	(6,139)	(4,064)	89%
<b>Total Benefits, Losses and Expenses</b>		<b>(1,051,824)</b>	<b>(610,527)</b>	<b>(1,305,371)</b>	<b>-19%</b>
<b>Profit Before Taxation</b>	<b>7</b>	<b>202,985</b>	<b>250,728</b>	<b>255,251</b>	<b>-20%</b>
Income Tax Expenses		(2,724)	-	(4,951)	-45%
<b>Profit for the Period</b>		<b>200,261</b>	<b>250,728</b>	<b>250,300</b>	<b>-20%</b>
<b>Earnings Per Share</b>					
Basic Earnings Per Share (Rs.)		5.34	6.69	6.67	
Diluted Earnings Per Share (Rs.)		5.34	6.69	6.67	

\*Variance information in group column represents the change with 2015 Group results against 2014 Company results.

ASIAN ALLIANCE INSURANCE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Amounts in 'Rs. ' 000

For the three months ended 31 March	GROUP	COMPANY	
	2015 Unaudited	2015 Unaudited	2014 Unaudited
<b>Profit for the period</b>	<b>200,261</b>	<b>250,728</b>	<b>250,300</b>
<b><u>Other Comprehensive Income</u></b>			
<b>Items that are or may be reclassified to profit or loss</b>			
Available for sale financial asset - net change in fair value	(27,070)	-	22,243
Available for sale financial asset - net change in fair value -Life fund	(408,032)	(408,032)	87,422
Available for sale financial assets reclassified to income statement	41,186	41,875	(272)
Related Tax	-	-	-
<b>Other Comprehensive Income, net of tax</b>	<b>(393,916)</b>	<b>(366,157)</b>	<b>109,393</b>
<b>Total comprehensive income for the year</b>	<b>(193,655)</b>	<b>(115,430)</b>	<b>359,693</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(193,655)	(115,430)	359,693
Non - controlling interests	-	-	-
	<b>(193,655)</b>	<b>(115,430)</b>	<b>359,693</b>

ASIAN ALLIANCE INSURANCE PLC  
STATEMENT OF CHANGES IN EQUITY - GROUP

For the period ended 31 March 2015	Stated Capital	Other Reserves Available for sale reserve	Retained reserves	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
<b>Balance as at 01 January 2014</b>	<b>1,062,500</b>	<b>114,663</b>	<b>654,531</b>	<b>1,831,694</b>
<b>Profit for the Period</b>	-	-	250,300	250,300
<b><u>Other Comprehensive Income for the Period</u></b>				
Available for sale financial asset -net change in fair value	-	22,243	-	22,243
Available for sale financial asset - net change in fair value - Life fund	-	87,422	-	87,422
Available for sale financial assets reclassified to income statement	-	(272)	-	(272)
<b>Total Other Comprehensive income</b>	-	<b>109,393</b>	-	<b>109,393</b>
<b>Total Comprehensive income for the Year</b>	-	<b>109,393</b>	<b>250,300</b>	<b>359,693</b>
<b><u>Transactions with the Owners of the Company, recognised directly in Equity</u></b>				
Distributions to owners as Dividends	-	-	(180,000)	(180,000)
<b>Unaudited Balance as at 31 March 2014</b>	<b>1,062,500</b>	<b>224,056</b>	<b>724,831</b>	<b>2,011,387</b>
<b>Profit for the Period</b>	-	-	<b>504,981</b>	<b>504,981</b>
Available for sale financial asset - net change in fair value	-	(6,460)	-	(6,460)
Available for sale financial asset - net change in fair value - Life fund	-	320,453	-	320,453
Available for sale financial assets reclassified to income statement	-	(82,577)	-	(82,577)
Remeasurement of Defined Benefit (liability) / asset	-	-	1,381	1,381
<b>Total Other Comprehensive income</b>	-	<b>231,416</b>	<b>1,381</b>	<b>232,797</b>
<b>Total Comprehensive income for the Year</b>	-	<b>231,416</b>	<b>506,362</b>	<b>737,778</b>
<b><u>Transactions with the Owners of the Company, recognised directly in Equity</u></b>				
Distributions to owners as Dividends	-	-	(375,000)	(375,000)
Share Issue Transaction Cost - Subsidiary	-	-	(500)	(500)
<b>Audited Balance as at 31 December 2014</b>	<b>1,062,500</b>	<b>455,472</b>	<b>855,693</b>	<b>2,373,665</b>
<b>Profit for the Period</b>	-	-	<b>200,261</b>	<b>200,261</b>
<b><u>Other Comprehensive Income for the Period</u></b>				
Available for sale financial asset -net change in fair value	-	(27,070)	-	(27,070)
Available for sale financial asset - net change in fair value - Life fund	-	(408,032)	-	(408,032)
Available for sale financial assets reclassified to income statement	-	41,186	-	41,186
<b>Total other Comprehensive income net of tax</b>	-	<b>(393,916)</b>	-	<b>(393,916)</b>
<b>Total Comprehensive income for the Year</b>	-	<b>(393,916)</b>	<b>200,261</b>	<b>(193,655)</b>
<b>Unaudited Balance as at 31 March 2015</b>	<b>1,062,500</b>	<b>61,556</b>	<b>1,055,954</b>	<b>2,180,010</b>

ASIAN ALLIANCE INSURANCE PLC  
STATEMENT OF CHANGES IN EQUITY - COMPANY

For the period ended 31 March 2015	Stated Capital	Other Reserves	Retained	Total
		Available for	reserves	
	Rs. ' 000	sale reserve	Rs. ' 000	Rs. ' 000
<b>Balance as at 01 January 2014</b>	<b>1,062,500</b>	<b>114,663</b>	<b>654,531</b>	<b>1,831,694</b>
Profit for the Period	-	-	250,300	250,300
<b><u>Other Comprehensive Income for the Period</u></b>				
Available for sale financial asset -net change in fair value	-	22,243	-	22,243
Available for sale financial asset - net change in fair value - Life fund	-	87,422	-	87,422
Available for sale financial assets reclassified to income statement	-	(272)	-	(272)
Total Other Comprehensive income	-	109,393	-	109,393
<b>Total Comprehensive income for the Year</b>	<b>-</b>	<b>109,393</b>	<b>250,300</b>	<b>359,693</b>
<b><u>Transactions with the Owners of the Company, recognised directly in Equity</u></b>				
Distributions to owners as Dividends	-	-	(180,000)	(180,000)
<b>Unaudited Balance as at 31 March 2014</b>	<b>1,062,500</b>	<b>224,056</b>	<b>724,831</b>	<b>2,011,387</b>
Profit for the Period	-	-	501,810	501,810
<b><u>Other Comprehensive Income for the Period</u></b>				
Available for sale financial asset -net change in fair value	-	(6,460)	-	(6,460)
Available for sale financial asset - net change in fair value - Life fund	-	320,453	-	320,453
Available for sale financial assets reclassified to income statement	-	(82,577)	-	(82,577)
Remeasurement of Defined Benefit (liability)/asset	-	-	1,381	1,381
<b>Total Other Comprehensive income</b>	<b>-</b>	<b>231,416</b>	<b>1,381</b>	<b>232,797</b>
<b>Total Comprehensive income for the Year</b>	<b>-</b>	<b>231,416</b>	<b>503,191</b>	<b>734,607</b>
<b><u>Transactions with the Owners of the Company, recognised directly in Equity</u></b>				
Interim Dividend-2014	-	-	(375,000)	(375,000)
<b>Audited Balance as at 31 December 2014</b>	<b>1,062,500</b>	<b>455,472</b>	<b>853,022</b>	<b>2,370,994</b>
Reserve transfer due to segregation of the Company - 1st January 2015	-	(2,266)	-	(2,266)
<b>Balance as at 01 January 2015 subsequent to segregation</b>	<b>1,062,500</b>	<b>453,206</b>	<b>853,022</b>	<b>2,368,728</b>
Profit for the Period	-	-	250,728	250,728
<b><u>Other Comprehensive Income for the Period</u></b>				
Available for sale financial asset - net change in fair value - Life fund	-	(408,032)	-	(408,032)
Available for sale financial assets reclassified to income statement	-	41,875	-	41,875
<b>Total other Comprehensive income net of tax</b>	<b>-</b>	<b>(366,157)</b>	<b>-</b>	<b>(366,157)</b>
<b>Total Comprehensive income for the Period</b>	<b>-</b>	<b>(366,157)</b>	<b>250,728</b>	<b>(115,429)</b>
<b>Unaudited Balance as at 31 March 2015</b>	<b>1,062,500</b>	<b>87,047</b>	<b>1,103,749</b>	<b>2,253,296</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 March	GROUP	COMPANY	
	2015	2015	2014
	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited	Unaudited	Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Insurance premium received	1,303,743	849,237	1,150,637
Reinsurance premium paid	(71,017)	(12,891)	(83,842)
Insurance claims and benefits paid	(467,792)	(149,926)	(386,540)
Reinsurance claims received	11,252	-	1,497
Payments to intermediaries to acquire insurance contracts	(290,802)	(248,618)	(233,416)
Cash paid to employees, intermediaries and other suppliers for services and goods	(139,991)	(64,712)	(106,295)
Interest received	185,955	151,141	108,199
Dividend Received	32,215	32,215	44,860
Other operating cash flows	(334,880)	(280,535)	(308,131)
<b>Net Cash Inflow from Operating Activities (Note A)</b>	<b>228,684</b>	<b>275,911</b>	<b>186,968</b>
Income tax paid (Economic Service Charge)	(1,024)	-	(898)
Gratuity paid	(2,749)	(1,613)	(1,645)
Interest Paid	(1,646)	(921)	(1,187)
<b>Net Cash Generated from Operating Activities</b>	<b>223,265</b>	<b>273,377</b>	<b>183,238</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investments in Subsidiary	-	(700,000)	-
Acquisition of Financial Investments	(4,837,264)	(3,281,653)	(4,666,832)
Proceeds from sale of Financial Investments	4,819,572	3,890,235	4,785,353
Acquisition of Property, Plant and Equipment	(85,445)	(79,342)	(190,835)
<b>Net cash (used) in investing activities</b>	<b>(103,137)</b>	<b>(170,760)</b>	<b>(72,314)</b>
<b>Net cash ( used in) / Generated before Financing Activities</b>	<b>120,128</b>	<b>102,617</b>	<b>110,924</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid	(168,750)	(168,750)	(177,848)
Short term borrowings	(3,461)	(3,461)	(50,000)
<b>Net Cash (used in) / Generated from Financing Activities</b>	<b>(172,211)</b>	<b>(172,211)</b>	<b>(227,848)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (Note B)</b>	<b>(52,082)</b>	<b>(69,593)</b>	<b>(116,924)</b>
<b>A. Reconciliation of profit before taxation with cash flows from operating activities</b>			
<b>Profit before Taxation</b>	<b>202,985</b>	<b>250,728</b>	<b>255,251</b>
<b>Adjustment for:</b>			
Increase in Insurance Contract Liabilities - Life	129,710	129,710	438,459
Depreciation	13,471	9,045	10,010
Provision for Bad Debts	-	-	7,959
Amortization of Intangible Assets	2,013	2,013	-
Provision for Employee benefits	3,811	2,675	3,570
Interest Expense	1,646	921	1,187
Net Realised Gains / (Losses)	(41,186)	(41,875)	(272)
Net Fair Value Gains / (Losses)	101,318	84,324	(175,944)
(Increase) / Decrease in Other Assets	(97,540)	(77,542)	(289,558)
Increase / (Decrease) in Insurance Contract Liabilities - General	(4,623)	-	23,444
(Increase) / Decrease in Deferred Acquisition Costs	4,458	-	(2,931)
Increase / (Decrease) in Deferred Revenue	166	-	6,448
Increase / (Decrease) in Payables and Other Liabilities	(87,546)	(84,087)	(90,654)
<b>Cash Inflow / (Outflow) from Operating Activities</b>	<b>228,684</b>	<b>275,911</b>	<b>186,969</b>
<b>B. Increase / (Decrease) in Cash and Cash Equivalents</b>			
Cash & Cash Equivalents	136,451	107,932	93,565
Bank Overdraft	(377,555)	(229,597)	(227,324)
Net Cash & Cash Equivalents as at the end of the Period	(241,104)	(121,665)	(133,759)
Net Cash & Cash Equivalents as at the Beginning of the Period	(189,022)	(52,072)	(16,835)
<b>Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(52,082)</b>	<b>(69,593)</b>	<b>(116,924)</b>

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

As at	31.03.2015	31.12.2014
	Rs. ' 000	Rs. ' 000
	Unaudited	Audited
<b>Assets</b>		
Intangible Assets	14,093	15,009
Property, Plant and Equipment	343,097	289,725
Investments in Subsidiary	-	100,000
Financial Investments	5,409,199	5,736,359
Loans to Life Policyholders and Others	135,836	134,352
Reinsurance Receivables	127,633	73,316
Premium Receivables	68,884	50,169
Amounts due from Related Companies	1,381	1,381
Other Assets	258,320	238,252
Cash and Cash Equivalents	105,927	105,025
<b>Total Assets</b>	<b>6,464,371</b>	<b>6,743,589</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Other Reserves	82,981	449,139
<b>Total Equity</b>	<b>82,981</b>	<b>449,139</b>
<b>Liabilities</b>		
Insurance Contract Liabilities - Life	5,348,005	5,223,695
Employee Benefits	27,709	25,725
Reinsurance Payable	114,690	14,704
Other Liabilities	529,134	728,974
Short Term Borrowings	151,021	154,483
Bank Overdraft	210,831	146,869
<b>Total Liabilities</b>	<b>6,381,390</b>	<b>6,294,450</b>
<b>Total Equity and Liabilities</b>	<b>6,464,371</b>	<b>6,743,589</b>



**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 2015 were authorised for issue by the Board of Directors on 15<sup>th</sup> May 2015

**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 2014.

The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2014 have been followed in preparation of these consolidated Interim Financial Statements. 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.

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 2015 are provisional and unaudited.

**5 GROSS WRITTEN PREMIUM - GROUP / COMPANY**

For the three months ended 31 March

	2015 Rs.' 000 Unaudited	2014* Rs.' 000 Unaudited
<b>Life Insurance</b>		
First Year Premium	266,656	213,642
Renewal Premium	594,912	495,845
Group Life Premium	5,867	6,882
Single Premium	503	1,339
<b>Total Life Insurance Gross Written Premium</b>	<b>867,938</b>	<b>717,709</b>
<b>General Insurance</b>		
Fire	33,309	58,361
Marine	7,075	13,462
Miscellaneous	183,631	122,139
Motor	225,455	234,437
<b>Total General Insurance Gross Written Premium</b>	<b>449,469</b>	<b>428,399</b>
<b>Consolidated Gross Written Premium</b>	<b>1,317,407</b>	<b>1,146,108</b>

\* 2014 figures reflect composite results.

**6 TOTAL NET REVENUE**

For the three months ended 31 March	GROUP		COMPANY	
	2015	2015	2015	2014
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited	Unaudited	Unaudited	Unaudited
Life segment	861,255	861,255	1,106,776	
General segment	393,553	-	453,846	
<b>Consolidated Net Revenue</b>	<b>1,254,809</b>	<b>861,255</b>	<b>1,560,622</b>	

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 three months ended 31 March	GROUP		COMPANY	
	2015	2015	2015	2014
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited	Unaudited	Unaudited	Unaudited
Life Segment	250,728	250,728	240,424	
General Segment	(47,743)	-	14,827	
<b>Total</b>	<b>202,985</b>	<b>250,728</b>	<b>255,251</b>	

**8 INCOME TAX**

The Company and the Group is liable to pay income tax at the rate of 28% (2014 - 28%) of its taxable profits in accordance with the provisions of the Inland Revenue Act, No 10 of 2006 and subsequent amendments there to.

**9 INVESTMENT IN SUBSIDIARY****The Segregation of the Life and General Insurance Businesses**

In terms of Section 53 of the Regulation of Insurance Industry (Amendment) Act No. 3 of 2011, all composite insurance companies are required to split their Life and General Insurance business into two separate legal entities. In consultation with the insurance industry, IBSL has brought forward the deadline for compliance to 1st of January 2015 and has set out a timetable with key milestones leading to the completion of the process by that date.

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 guidelines 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 now which was under a one company as a composite insurer till 31st of December 2014.

Considering the nature of the restructuring required by IBSL, Institute of Chartered Accountants of Sri Lanka has issued guidelines on presentation and disclosure with regard to the Segregation of the Life and General Insurance Business under Section 53 of the Regulation of Insurance Industry (Amendment) Act No. 03 of 2011. Accordingly following disclosures are made in the financial statements.

Accordingly, Asian Alliance Insurance PLC is now a Life Insurance Company whilst Asian Alliance General Insurance Limited is a licenced General Insurance company 100% owned by Asian Alliance Insurance PLC

The comparative information in condensed separate interim financial statements including Statement of Financial Position, Income Statement, and Statement of Cash Flows contain the results of composite insurance business. However segregation of composite insurance business was effected on 1st January 2015, hence these condensed separate financial statements of current period contain only the results of life insurance as general insurance business was transferred to subsidiary of AAGI.

**10 INSURANCE CONTRACT LIABILITIES - LIFE (GROUP / COMPANY)**

As at	31 March 2015 Rs.' 000 Unaudited	31 December 2014 Rs.' 000 Audited
Insurance Contract Liabilities	5,129,272	4,999,563
Unclaimed benefits	218,732	224,132
	<u>5,348,005</u>	<u>5,223,695</u>

**10a Valuation of Life Insurance Fund**

The valuation of life insurance fund as at 31 March 2015 was made by Mr. Poopalanathan, AIA, Messers of Actuarial & Management Consultants (Pvt) Limited, who recommended a sum of Rs 230 Million to be transferred from life fund to the shareholder's fund based on the audited financial statements.

In the opinion of the consultant actuary, the admissible assets of the life insurance fund at 31 March 2015 is adequate to cover margin requirement prescribed the liabilities of the funds and the solvency under section 26 of the Regulation of Insurance Industry Act No 43 of 2000 and subsequent amendments thereto.

**10b Liability Adequacy Test (LAT) - Life Insurance Contract Liabilities**

As stated in the Annual Report 2014, LAT will be performed annually.

**11 INSURANCE CONTRACT LIABILITIES - NON LIFE (GROUP)**

As at	31 March 2015 Rs.' 000 Unaudited	31 December 2014 Rs.' 000 Audited
<b>11a</b> Reserves for Net Unearned Premium	850,658	845,323
Gross Claims Payable	283,413	293,371
	<u>1,134,071</u>	<u>1,138,694</u>

**11b Liability Adequacy Test (LAT) - General Insurance Contract Liabilities**

As stated in the Annual Report 2014, LAT will be performed annually.

**12 CAPITAL COMMITMENTS AND CONTINGENCIES****12.1 Capital Commitments**

The Company has commitments for acquisition of Property, Plant & Equipments and details are as follows;

<b>As at 31st March</b>	<b>2015 Rs.' Mns</b>
Authorised by the Board, and Contracted for	64

As at the end of the interim period, except for above there are no material capital expenditure approved by the Board and contracted for which no provision has been made in the Interim Financial Statements.

**12.2 Contingencies - Group & Company**

The Contingent Liability of the Company as at 31 March 2015, relates to the followings;

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. 4.5 Million and Rs. 26.9 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.

Based on the information available and the Tax expert advice, the Directors are confident that the ultimate resolution of the above contingency is unlikely to have a material adverse effect on the Statement of Financial Position of the Company.

**12.3 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.

**13 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.

**14 COMPARATIVE INFORMATION**

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

**15 SHARE INFORMATION**

	<b>Group</b>	<b>Company</b>	
	<b>31.03.2015</b>	<b>31.03.2015</b>	<b>31.12.2014</b>
<b>Net Assets Per Share (Rs)</b>	<b>58.13</b>	<b>60.09</b>	<b>63.23</b>
<b><u>Market Price Per Share</u></b>		<b>31.03.2015</b>	<b>31.12.2014</b>
		<b>Rs</b>	<b>Rs</b>
Last traded price		132.00	143.00
Highest price per share for the period		152.90	160.00
Lowest price per share for the period		125.00	80.00

**16 STATED CAPITAL**

	<b>31.03.2015</b>	<b>31.12.2014</b>
	<b>No. of Shares</b>	<b>No. of Shares</b>
Stated capital represented by fully paid ordinary shares	37,500,000	37,500,000

## 17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	As at 31 March 2015	
	No. of Shares	%
1 Softlogic Capital PLC	22,193,281	59.18
2 Nederlandse Financierings - Maatschappij Voor Ontwikkelingslan	7,125,000	19.00
3 HSBC Intl Nominees Ltd / State Street Munich c/o SSBT - DEG - Deutsche	7,125,000	19.00
4 Teruaki Ono	166,000	0.44
5 Ashantha Lakdasa Francis De Mel	102,019	0.27
6 Gajath Chrysantha Goonetilleke	76,550	0.20
7 Murugesu Mahibalan	40,690	0.11
8 Mohamed Firdouse Farook	28,000	0.07
9 Asha Financial Services Limited / C. N. Pakianathan	26,525	0.07
10 Hotel International Ltd	25,000	0.07
11 Nahimala Welegedara Senerath Bandara Ekanayaka	20,000	0.05
12 Waldock Mackenzie Ltd / M.Z.M. Wafik	18,934	0.05
13 Kazuo Kondo	18,390	0.05
14 Softlogic Holdings PLC	17,555	0.05
15 Ranga Buddhima Jeevanthi Tiranagama	16,000	0.04
16 Pattiyapawulage Don Raj Rohitha Weeraratne	14,000	0.04
17 Waldock Mackenzie Ltd / Mrs. G. Soysa	12,500	0.03
18 Moiz Najmudeen	11,448	0.03
19 Warnakulasuriya Samira Sethsiri Rajindra Fernando	11,000	0.03
20 Chokshanada Kumara Sangakkara	10,314	0.03
	37,058,206	98.81
Others	441,794	1.19
<b>Total</b>	<b>37,500,000</b>	<b>100.00</b>

## 18 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 March 2015 was 2.77 % ( 31 March 2014 - 2.76 %) and a number of public shareholders as at 31 March 2015 was 667.

## 19 DIRECTORS' SHARE HOLDINGS

As at 31st March Name of The Director	2015	
	No of Shares	%
Mr.A. K. Pathirage (Chairman)	-	-
Mr. J. H. Paul Ratnayeke (Deputy Chairman)	-	-
Mr. T. M. I. Ahamed (Managing Director / CEO)	-	-
Mr. Ramal . G. Jasinghe - Director	-	-
Mr. S. Rajapakse- Director	-	-
Mr. M. R. Abeywardena - Director	-	-
Mr.J. K. Mukhi - Director	-	-
Mr. J. W. H. Richters - Director	-	-

## 20 RELATED PARTY DISCLOSURES

## 20.1 Transactions with Group Companies and Director related entities

Company	Relationship	Nature of Transaction	Period Ended 31.03.2015 Rs. ' 000	Period Ended 31.03.2014 Rs. ' 000
Softlogic Holdings PLC & Group	Softlogic Holdings PLC owns 43.32% of the Company's issued Share Capital	Insurance Premiums Claims Incurred Interest income Investments	36,562 849 3,881 108,286	32,974 9,944
Softlogic Holdings PLC	Do	Investments in Equity Shares as at Investments in Debentures as at Interest income on Debentures	- 32,499 1,164	48,672 130,000 5,111
Softlogic Capital PLC	Softlogic Capital PLC owns 59.19% of the Company's issued Share Capital	Asset Management Fee payment Other Consultancy Fees	74,603 6,795	6,502 6,120
Softlogic Information Technologies (Pvt) Ltd	Do	Purchase of Fixed Assets Insurance Premiums Claims Incurred	1,528 591 749	1,788
Softlogic Retail (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Purchase of Fixed Assets Insurance Premiums Claims Incurred	125 633 3,069	2,559 - -
Softlogic Finance PLC	Do	Investments in Debentures Interest Income on Debentures	84,910 3,179	145,000 5,153
Asiri Hospital Holdings PLC	Do	Investments in Equity Shares as at Dividend Income	101,000 -	111,000 2,750
Asian Alliance General Insurance Ltd	Subsidiary Company	Investment in Subsidiary Intercompany Receivables	700,000 1,381	-
Nextage (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Advertising	141	-

20.2 A number of key management personnel or the related parties holds positions in other entities that results in them having control or significant influence over the financial or operating policies of the following entities.

Company	Relationship	Nature of Transaction	Period Ended 31.03.2015 Rs. ' 000	Period Ended 31.03.2014 Rs. ' 000
Paul Rathnayake Associates	Director Related Entity	Legal Fees Paid	240	353
P.R.Secretarial Services (Pvt) Ltd	Director Related Entity	Secretarial Fees paid	84	116