

Asian Alliance Insurance PLC

INTERIM FINANCIAL STATEMENTS

30 JUNE 2015

Something
extraordinary



Asian Alliance
Insurance
Rest Assured
A Softlogic Group Company

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Note	GROUP		COMPANY	
		30.06.2015	31.12.2014	30.06.2015	31.12.2014*
		Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
		Unaudited	Audited	Unaudited	Audited
Assets					
Intangible Assets		28,921	31,493	28,921	31,493
Property, Plant and Equipment		463,024	377,875	387,180	377,875
Investments in Subsidiary	9	-	-	800,000	100,000
Financial Investments		8,684,152	8,567,946	7,158,133	8,464,071
Loans to Life Policyholders and Others		140,590	133,846	141,318	133,846
Reinsurance Receivables		227,434	159,712	143,689	159,712
Premium Receivables		509,886	460,196	77,075	460,196
Amounts due from Related Companies		2,284	662	3,434	2,044
Other Assets		433,845	341,222	310,630	341,022
Insurance Contract - Deferred Expenses		107,951	100,956	-	100,956
Cash and Cash Equivalents		144,793	130,283	131,906	130,255
Total Assets		10,742,880	10,304,191	9,182,286	10,301,470
Equity and Liabilities					
Equity					
Stated Capital		1,062,500	1,062,500	1,062,500	1,062,500
Other Reserves		261,757	455,472	268,818	455,472
Retained Earnings		1,108,355	855,693	1,156,050	853,022
Total Equity		2,432,612	2,373,665	2,487,368	2,370,994
Liabilities					
Insurance Contract Liabilities - Life	10	5,826,781	5,223,695	5,826,781	5,223,695
Insurance Contract Liabilities - General	11	1,118,574	1,138,694	-	1,138,694
Employee Benefits		56,056	53,028	44,438	53,028
Current Tax Liabilities		17,389	11,980	-	11,980
Reinsurance Payable		246,447	131,308	184,584	131,308
Insurance Contract - Deferred Revenue		20,790	25,779	-	25,779
Other Liabilities		446,670	872,254	291,571	872,204
Short Term Borrowings		155,127	154,483	154,177	154,483
Bank Overdraft		422,434	319,305	193,367	319,305
Total Liabilities		8,310,268	7,930,526	6,694,918	7,930,476
Total Equity and Liabilities		10,742,880	10,304,191	9,182,286	10,301,470

* 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

07 August 2015

(Sgd.)

Director

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED INCOME STATEMENT

Year Ended Group 31.12.2014 Audited	Year Ended Company 31.12.2014 Audited	For the six months ended 30 June	Note	GROUP	COMPANY		Variance %
				2015 Rs. ' 000 Unaudited	2015 Rs. ' 000 Unaudited	2014 Rs. ' 000 Unaudited	
4,773,295 (108,998)	4,773,295 (108,998)	Gross Written Premium	5	2,770,870	1,891,799	2,273,503	22%
		Net Change in Reserve for Unearned Premium		10,987	-	(58,146)	-119%
4,664,297	4,664,297	Gross Earned Premium		2,781,857	1,891,799	2,215,357	26%
(552,563)	(552,563)	Premiums ceded to Reinsurers		(334,006)	(238,540)	(199,537)	67%
28,333	28,333	Net Change in Reserve for Unearned Reinsurance Premium		(20,974)	-	19,353	-208%
4,140,067	4,140,067	Net Earned Premium		2,426,877	1,653,259	2,035,173	19%
Other Revenue							
826,090	822,187	Finance Income		325,725	280,669	473,537	-31%
765,268	765,268	Net Realized Gains		40,158	40,847	17,332	132%
359,284	359,284	Net Fair value Gains		38,982	33,017	397,180	-90%
15,638	15,638	Other Operating Income		6,236	(1,587)	13,109	-52%
1,966,280	1,962,377			411,101	352,946	901,158	-54%
6,106,347	6,102,444	Total Net Revenue	6	2,837,978	2,006,205	2,936,331	-3%
Benefits, Claims and Expenses							
(1,548,661)	(1,548,661)	Net Insurance Benefits and Claims		(749,126)	(181,938)	(671,999)	11%
(1,253,098)	(1,253,098)	Increase in Life Fund		(588,866)	(588,866)	(840,987)	-30%
(833,325)	(833,325)	Underwriting and net Acquisition Cost		(518,882)	(449,571)	(390,799)	33%
(1,677,304)	(1,676,572)	Other Operating and Administration Expenses		(705,124)	(468,607)	(674,174)	5%
(25,840)	(25,840)	Finance Cost		(17,909)	(14,194)	(10,000)	79%
(5,338,228)	(5,337,496)	Total Benefits, Losses and Expenses		(2,579,907)	(1,703,176)	(2,587,958)	0%
768,119	764,948	Profit Before Taxation	7	258,071	303,029	348,372	-26%
(12,838)	(12,838)	Income Tax Expenses		(5,408)	-	(9,236)	-41%
755,281	752,110	Profit for the Period		252,663	303,029	339,137	-25%
Earnings Per Share							
20.14	20.06	Basic Earnings Per Share (Rs.)		6.74	8.08	9.04	
20.14	20.06	Diluted Earnings Per Share (Rs.)		6.74	8.08	9.04	

*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 six months ended 30 June	GROUP	COMPANY	
	2015 Unaudited	2015 Unaudited	2014 Unaudited
Profit for the period	252,663	303,029	339,137
<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	(10,915)	(899)	33,538
Available for sale financial asset - net change in fair value -Life fund	(142,640)	(142,640)	115,979
Available for sale financial assets reclassified to income statement	(40,158)	(40,847)	(17,332)
Related Tax	-	-	-
Other Comprehensive Income, net of tax	(193,713)	(184,386)	132,185
Total comprehensive income for the year	58,950	118,643	471,322
Total comprehensive income attributable to:			
Owners of the Company	58,950	118,643	471,322
Non - controlling interests	-	-	-
	58,950	118,643	471,322

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED INCOME STATEMENT

For the three months ended 30 June	GROUP	COMPANY		Variance %
	2015 Rs. ' 000 Unaudited	2015 Rs. ' 000 Unaudited	2014 Rs. ' 000 Unaudited	
Gross Written Premium	1,453,464	1,023,862	1,127,395	29%
Net Change in Reserve for Unearned Premium	10,206	-	(28,376)	-136%
Gross Earned Premium	1,463,670	1,023,862	1,099,019	33%
Premiums ceded to Reinsurers	(160,996)	(124,200)	(106,487)	51%
Net Change in Reserve for Unearned Reinsurance Premium	(14,859)	-	(1,545)	862%
Net Earned Premium	1,287,815	899,662	990,986	30%
Other Revenue				
Finance Income	151,207	129,044	145,475	4%
Net Realized Gains	(1,028)	(1,028)	17,060	-106%
Net Fair value Gains	140,300	117,341	221,236	-37%
Other Operating Income	4,875	(70)	952	412%
	295,354	245,287	384,723	-23%
Total Net Revenue	1,583,169	1,144,949	1,375,709	15%
Benefits, Claims and Expenses				
Net Insurance Benefits and Claims	(375,001)	(91,730)	(317,837)	18%
Increase in Life Fund	(459,156)	(459,156)	(402,527)	14%
Underwriting and net Acquisition Cost	(274,137)	(243,923)	(201,150)	36%
Other Operating and Administration Expenses	(409,564)	(289,784)	(355,137)	15%
Finance Cost	(10,225)	(8,055)	(5,937)	72%
Total Benefits, Losses and Expenses	(1,528,083)	(1,092,648)	(1,282,588)	19%
Profit Before Taxation	55,086	52,301	93,121	-41%
Income Tax Expenses	(2,684)	-	(4,284)	-37%
Profit for the Period	52,402	52,301	88,837	-41%
Earnings Per Share				
Basic Earnings Per Share (Rs.)	1.40	1.39	2.37	
Diluted Earnings Per Share (Rs.)	1.40	1.39	2.37	

*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 30 June	GROUP	COMPANY	
	2015 Unaudited	2015 Unaudited	2014 Unaudited
Profit for the period	52,402	52,301	88,837
<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	16,155	(899)	11,295
Available for sale financial asset - net change in fair value -Life fund	265,392	265,392	28,557
Available for sale financial assets reclassified to income statement	(81,345)	(82,722)	(17,060)
Related Tax	-	-	-
Other Comprehensive Income, net of tax	200,202	181,771	22,792
Total comprehensive income for the year	252,604	234,072	111,629
Total comprehensive income attributable to:			
Owners of the Company	252,604	234,072	111,629
Non - controlling interests	-	-	-
	252,604	234,072	111,629

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - GROUP

For the period ended 30 June 2015	Stated	Other Reserves	Retained	Total
	Capital	Available for sale reserve	reserves	
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 01 January 2014	1,062,500	114,663	654,531	1,831,694
Profit for the Period	-	-	339,137	339,137
<u>Other Comprehensive Income for the Period</u>				
Available for sale financial asset -net change in fair value	-	33,538	-	33,538
Available for sale financial asset - net change in fair value - Life fund	-	115,979	-	115,979
Available for sale financial assets reclassified to income statement	-	(17,332)	-	(17,332)
Total Other Comprehensive income	-	132,185	-	132,185
Total Comprehensive income for the Year	-	132,185	339,137	471,322
<u>Transactions with the Owners of the Company, recognised directly in Equity</u>				
Distributions to owners as Dividends	-	-	(180,000)	(180,000)
Unaudited Balance as at 30 June 2014	1,062,500	246,848	813,668	2,123,016
Profit for the Period	-	-	416,144	416,144
Available for sale financial asset - net change in fair value	-	(17,755)	-	(17,755)
Available for sale financial asset - net change in fair value - Life fund	-	291,896	-	291,896
Available for sale financial assets reclassified to income statement	-	(65,517)	-	(65,517)
Remeasurement of Defined Benefit (liability) / asset	-	-	1,381	1,381
Total Other Comprehensive income	-	208,624	1,381	210,005
Total Comprehensive income for the Year	-	208,624	417,525	626,149
<u>Transactions with the Owners of the Company, recognised directly in Equity</u>				
Distributions to owners as Dividends	-	-	(375,000)	(375,000)
Share Issue Transaction Cost - Subsidiary	-	-	(500)	(500)
Audited Balance as at 31 December 2014	1,062,500	455,472	855,693	2,373,665
Profit for the Period	-	-	252,663	252,663
<u>Other Comprehensive Income for the Period</u>				
Available for sale financial asset -net change in fair value	-	(10,915)	-	(10,915)
Available for sale financial asset - net change in fair value - Life fund	-	(142,640)	-	(142,640)
Available for sale financial assets reclassified to income statement	-	(40,158)	-	(40,158)
Total other Comprehensive income net of tax	-	(193,713)	-	(193,713)
Total Comprehensive income for the Year	-	(193,713)	252,663	58,950
Unaudited Balance as at 30 June 2015	1,062,500	261,757	1,108,355	2,432,612

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - COMPANY

For the period ended 30 June 2015	Stated Capital	Other Reserves	Retained	Total
	Rs. ' 000	Available for sale reserve Rs. ' 000	reserves Rs. ' 000	Rs. ' 000
Balance as at 01 January 2014	1,062,500	114,663	654,531	1,831,694
Profit for the Period	-	-	339,137	339,137
Other Comprehensive Income for the Period				
Available for sale financial asset -net change in fair value	-	33,538	-	33,538
Available for sale financial asset - net change in fair value - Life fund	-	115,979	-	115,979
Available for sale financial assets reclassified to income statement	-	(17,332)	-	(17,332)
Total Other Comprehensive income	-	132,185	-	132,185
Total Comprehensive income for the Year	-	132,185	339,137	471,322
Transactions with the Owners of the Company, recognised directly in Equity				
Distributions to owners as Dividends	-	-	(180,000)	(180,000)
Unaudited Balance as at 30 June 2014	1,062,500	246,848	813,668	2,123,016
Profit for the Period	-	-	412,973	412,973
Other Comprehensive Income for the Period				
Available for sale financial asset -net change in fair value	-	(17,755)	-	(17,755)
Available for sale financial asset - net change in fair value - Life fund	-	291,896	-	291,896
Available for sale financial assets reclassified to income statement	-	(65,517)	-	(65,517)
Remeasurement of Defined Benefit (liability)/asset	-	-	1,381	1,381
Total Other Comprehensive income	-	208,624	1,381	210,005
Total Comprehensive income for the Year	-	208,624	414,354	622,978
Transactions with the Owners of the Company, recognised directly in Equity				
Interim Dividend-2014	-	-	(375,000)	(375,000)
Audited Balance as at 31 December 2014	1,062,500	455,472	853,022	2,370,994
Reserve transfer due to segregation of the Company - 1st January 2015	-	(2,266)	-	(2,266)
Balance as at 01 January 2015 subsequent to segregation	1,062,500	453,206	853,022	2,368,728
Profit for the Period	-	-	303,029	303,029
Other Comprehensive Income for the Period				
Available for sale financial asset - net change in fair value	-	(899)	-	(899)
Available for sale financial asset - net change in fair value - Life fund	-	(142,640)	-	(142,640)
Available for sale financial assets reclassified to income statement	-	(40,847)	-	(40,847)
Total other Comprehensive income net of tax	-	(184,386)	-	(184,386)
Total Comprehensive income for the Period	-	(184,386)	303,029	118,643
Unaudited Balance as at 30 June 2015	1,062,500	268,818	1,156,050	2,487,368

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June	GROUP		COMPANY	
	2015		2015	
	Rs. ' 000		Rs. ' 000	
	Unaudited	Unaudited	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES				
Insurance premium received	2,721,181	1,864,892	2,341,123	
Reinsurance premium paid	(194,813)	(66,409)	(218,834)	
Insurance claims and benefits paid	(932,029)	(297,828)	(785,514)	
Reinsurance claims received	99,291	59,736	73,663	
Payments to intermediaries to acquire insurance contracts	(584,601)	(480,321)	(457,406)	
Cash paid to employees, intermediaries and other suppliers for services and goods	(308,235)	(155,405)	(260,954)	
Interest received	277,732	227,682	234,925	
Dividend Received	39,020	38,495	68,729	
Other operating cash flows	(658,124)	(528,608)	(541,624)	
Net Cash Inflow from Operating Activities (Note A)	459,423	662,235	454,108	
Income tax paid (Economic Service Charge)	(2,135)	-	(1,799)	
Gratuity paid	(4,596)	(3,580)	(1,640)	
Interest Paid	(4,515)	(3,095)	(3,729)	
Net Cash Generated from Operating Activities	448,177	655,560	446,940	
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Intangible Assets	-	-	(3,844)	
Investments in Subsidiary	-	(700,000)	(100,000)	
Acquisition of Financial Investments	(8,362,650)	(5,146,105)	(7,462,650)	
Proceeds from sale of Financial Investments	8,127,656	5,475,053	7,342,042	
Acquisition of Property, Plant and Equipment	(133,697)	(124,841)	(207,320)	
Net cash (used) in investing activities	(368,691)	(495,893)	(431,772)	
Net cash (used in) / Generated before Financing Activities	79,486	159,667	15,168	
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividend paid	(168,750)	(168,750)	(177,848)	
Short term borrowings	645	(305)	50,000	
Net Cash (used in) / Generated from Financing Activities	(168,105)	(169,055)	(127,848)	
Net Increase / (Decrease) in Cash and Cash Equivalents (Note B)	(88,619)	(9,388)	(112,680)	
A. Reconciliation of profit before taxation with cash flows from operating activities				
Profit before Taxation	258,071	303,029	348,373	
Adjustment for:				
Increase in Insurance Contract Liabilities - Life	588,866	588,866	840,987	
Depreciation	32,219	22,998	20,417	
Provision for Employee benefits	7,623	5,350	7,126	
Interest Expense	4,515	3,095	3,729	
Net Realised Gains / (Losses)	(40,158)	(40,847)	(17,332)	
Net Fair Value Gains / (Losses)	(38,982)	(33,017)	(397,180)	
(Increase) / Decrease in Other Assets	(151,605)	(72,198)	(329,393)	
Increase / (Decrease) in Insurance Contract Liabilities - General	(20,120)	-	38,807	
(Increase) / Decrease in Deferred Acquisition Costs	(6,994)	-	(2,891)	
Increase / (Decrease) in Deferred Revenue	(4,988)	-	5,250	
Increase / (Decrease) in Payables and Other Liabilities	(169,023)	(115,041)	(63,785)	
Cash Inflow / (Outflow) from Operating Activities	459,422	662,234	454,107	
B. Increase / (Decrease) in Cash and Cash Equivalents				
Cash & Cash Equivalents	144,793	131,906	117,898	
Bank Overdraft	(422,434)	(193,367)	(247,412)	
Net Cash & Cash Equivalents as at the end of the Period	(277,641)	(61,461)	(129,514)	
Net Cash & Cash Equivalents as at the Beginning of the Period	(189,022)	(52,072)	(16,834)	
Increase / (Decrease) in Cash and Cash Equivalents	(88,619)	(9,388)	(112,680)	

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

As at	30.06.2015	31.12.2014
	Rs. ' 000	Rs. ' 000
	Unaudited	Audited
Assets		
Intangible Assets	13,388	15,009
Property, Plant and Equipment	359,687	289,725
Investments in Subsidiary	-	100,000
Financial Investments	5,972,730	5,736,359
Loans to Life Policyholders and Others	139,327	134,352
Reinsurance Receivables	143,689	73,316
Premium Receivables	77,090	50,169
Amounts due from Related Companies	1,381	1,381
Other Assets	278,439	238,252
Cash and Cash Equivalents	129,780	105,025
Total Assets	7,115,511	6,743,589
Equity and Liabilities		
Equity		
Other Reserves	265,651	449,139
Total Equity	265,651	449,139
Liabilities		
Insurance Contract Liabilities - Life	5,826,781	5,223,695
Employee Benefits	27,781	25,725
Reinsurance Payable	184,584	14,704
Other Liabilities	487,641	728,974
Short Term Borrowings	154,177	154,483
Bank Overdraft	168,896	146,869
Total Liabilities	6,849,860	6,294,450
Total Equity and Liabilities	7,115,511	6,743,589

ASIAN ALLIANCE INSURANCE PLC

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 30 June 2015 were authorised for issue by the Board of Directors on 7 August 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 30 June 2015 are provisional and unaudited.

5 GROSS WRITTEN PREMIUM - GROUP / COMPANY

For the six months ended 30 June

	GROUP		COMPANY	
	2015	2015	2015	2014*
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
Life Insurance	Unaudited	Unaudited	Unaudited	Unaudited
First Year Premium	569,928	569,928	443,463	
Renewal Premium	1,225,334	1,225,334	986,887	
Group Life Premium	95,511	95,511	9,647	
Single Premium	1,026	1,026	2,214	
Total Life Insurance Gross Written Premium	1,891,799	1,891,799	1,442,212	
General Insurance				
Fire	57,610	-	92,077	
Marine	22,275	-	21,280	
Miscellaneous	291,701	-	267,683	
Motor	507,485	-	450,251	
Total General Insurance Gross Written Premium	879,071	-	831,291	
Consolidated Gross Written Premium	2,770,870	1,891,799	2,273,503	

* 2014 figures reflect composite results.

6 TOTAL NET REVENUE

For the six months ended 30 June	GROUP		COMPANY		
	2015		2015		2014
	Rs.' 000		Rs.' 000		Rs.' 000
	Unaudited		Unaudited		Unaudited
Life segment	2,006,205	2,006,205	2,075,175		
General segment	831,773	-	861,156		
Consolidated Net Revenue	2,837,978	2,006,205	2,936,331		

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 six months ended 30 June	GROUP		COMPANY		
	2015		2015		2014
	Rs.' 000		Rs.' 000		Rs.' 000
	Unaudited		Unaudited		Unaudited
Life Segment	303,029	303,029	326,545		
General Segment	(44,958)	-	21,827		
Total	258,071	303,029	348,372		

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 into 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 licensed 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	30 June 2015 Rs.' 000 Unaudited	31 December 2014 Rs.' 000 Audited
Insurance Contract Liabilities	5,588,429	4,999,563
Unclaimed benefits	238,352	224,132
	<u>5,826,781</u>	<u>5,223,695</u>

10a Valuation of Life Insurance Fund

Pending valuation of the Insurance Contract Liabilities - Life Fund by the Consultant Actuary for the period ended 30th June 2015.

However 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.

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 / COMPANY)

As at	30 June 2015 Rs.' 000 Unaudited	31 December 2014 Rs.' 000 Audited
11a Reserves for Net Unearned Premium	855,311	845,323
Gross Claims Payable	263,263	293,371
	<u>1,118,574</u>	<u>1,138,694</u>

11b Valuation of Incurred But Not Reported (IBNR)

The IBNR claims reserve is pending actuarial valuation as at 30th June 2015.

11c 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;

As at 30 June	2015 Rs.' Mns
Authorised by the Board, and Contracted for	39

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 30 June 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.

Tax Intimation - Life

The Company has received a tax Intimation letter on Life Insurance taxation. However, no assessment has been issued yet on this intimation. The Company is of the strong view that no additional tax liability is arising due to this intimation letter and also we have filed a response highlighting our view, which was done in consultation with Tax Consultants. Even if this tax intimation would materialized against the Company, no additional tax liabilities are required for the Company. However, the loss come down to Rs. 807 million from 1,076 million.

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

	Group	Company	
	30.06.2015	30.06.2015	31.12.2014
Net Assets Per Share (Rs)	64.87	66.33	63.23
<u>Market Price Per Share</u>		30.06.2015	31.12.2014
		Rs	Rs
Last traded price		202.50	143.00
Highest price per share for the period		209.90	160.00
Lowest price per share for the period		125.00	80.00

16 STATED CAPITAL

	30.06.2015	31.12.2014
	No. of Shares	No. of Shares
Stated capital represented by fully paid ordinary shares	37,500,000	37,500,000

At an Extraordinary General Meeting held on 20th July 2015, the shareholders approved a sub division of the Company shares, whereby one (1) existing share was sub divided to ten (10), thereby increasing the ordinary shares in issue from 37,500,000 to 375,000,000 ordinary shares. For the purpose of calculating Earnings Per Share (EPS), the increased number of ordinary shares has not been considered as at 30th June 2015. Stated Capital of the Company as at date which would remain at Rs. 1,062,500,000/-.

17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	As at 30 June 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 Gajath Chrysantha Goonetilleke	76,550	0.20
5 Rajapaksha Rathnayaka Sarath Ananda	69,438	0.19
6 Global Sea Foods (Pvt) Ltd	40,266	0.11
7 Waldock Mackenzie Ltd / S.N.P. Paliheena and A.S. Palihe	35,000	0.09
8 Mohamed Firdouse Farook	28,000	0.07
9 Hotel International Ltd	25,000	0.07
10 Nahimala Welegedara Senerath Bandara Ekanayaka	20,000	0.05
11 Dandunna Arachchige Dasantha Primal	20,000	0.05
12 Waldock Mackenzie Ltd / M.Z.M.Wafik	18,934	0.05
13 Softlogic Holdings PLC	17,555	0.05
14 Asha Financial Services Limited / C. N. Pakianathan	14,736	0.04
15 Waldock Mackenzie Ltd / G. Soysa	12,500	0.03
16 People's Leasing & Finance PLC/M.A.U. Gnanathilake	12,000	0.03
17 Inpa Letchana Marium Jaupher	11,916	0.03
18 Gampaha Development Company Pvt Ltd	11,000	0.03
19 Krishantha Sanjeeewa Jinadasa	10,040	0.03
20 Don Sujith Jayathu Wickramaratne	10,000	0.03
	36,876,216	98.33
Others	623,784	1.67
Total	37,500,000	100.00

18 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 30 June 2015 was 2.77 % (30 June 2014 - 2.76 %) and a number of public shareholders as at 30 June 2015 was 919.

19 DIRECTORS' SHARE HOLDINGS

As at 30 June Name of The Director	2015	
	No of Shares	%
Mr.A. K. Pathirage (Chairman)	-	-
Mr. J. H. Paul Ratnayake (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 30.06.2015 Rs. ' 000	Period Ended 30.06.2014 Rs. ' 000
Softlogic Holdings PLC & Group	Softlogic Holdings PLC owns 43.32% of the Company's issued Share Capital	Insurance Premiums	56,761	16,396
		Claims Incurred	16,999	25,620
		Other expenses	7,431	-
Softlogic Holdings PLC	Do	Insurance Premiums	7,502	-
		Claims Incurred	1,936	63,365
		Investments in Debentures as at	130,000	130,000
		Interest Income on Debentures	1,704	10,148
Softlogic Capital PLC	Softlogic Capital PLC owns 59.19% of the Company's issued Share Capital	Asset Management Fee payment	-	18,461
		Other Consultancy Fees	13,592	12,979
Softlogic Information Technologies (Pvt) Ltd	Do	Purchase of Fixed Assets	2,746	6,520
		Insurance Premiums	835	-
		Claims Incurred	1,807	-
Softlogic Retail (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Purchase of Fixed Assets	15,063	4,630
		Insurance Premiums	4,466	-
		Interest Income	-	5,560
		Claims Incurred	6,345	-
Softlogic Finance PLC	Do	Investments in Debentures	80,000	80,000
		Interest Income on Debentures	4,049	6,468
		Claims Incurred	2,100	-
		Insurance Premiums	2,970	-
		Short Term Borrowings	202,127	-
		Other Expenses	12,151	-
Asiri Hospital Holdings PLC	Do	Investments in Equity Shares as at	99,500	95,000
		Insurance Premiums	20,112	-
		Claims Incurred	1,564	-
		Dividend Income	-	2,750
Asian Alliance General Insurance Ltd	Subsidiary Company	Investment in Subsidiary	700,000	100,000
		Intercompany Receivables	1,381	-
Nextage (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Advertising	619	-
Softlogic BPO services (pvt)Ltd	Group Company of Softlogic Holdings PLC	Advance payment made on Oracle E-Business	7,230	7,230

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 30.06.2015 Rs. ' 000	Period Ended 30.06.2014 Rs. ' 000
Paul Rathnayeke Associates	Director Related Entity	Legal Fees Paid	121	627
P.R.Secretarial Services (Pvt) Ltd	Director Related Entity	Secretarial Fees paid	207	437