

Asian Alliance Insurance PLC

INTERIM FINANCIAL STATEMENTS

30 September 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	
		30.09.2015 Rs. ' 000 Unaudited	31.12.2014 Rs. ' 000 Audited	30.09.2015 Rs. ' 000 Unaudited	31.12.2014* Rs. ' 000 Audited
Assets					
Intangible Assets		25,207	31,493	24,957	31,493
Property, Plant and Equipment		487,691	377,875	402,321	377,875
Investments in Subsidiary	9	-	-	800,000	100,000
Financial Investments		8,489,866	8,567,946	7,051,862	8,464,071
Loans to Life Policyholders and Others		144,157	133,846	143,719	133,846
Reinsurance Receivables		178,855	159,712	116,759	159,712
Premium Receivables		604,397	460,196	94,471	460,196
Amounts due from Related Companies		2,112	662	1,881	2,044
Other Assets		446,576	341,222	354,205	341,022
Insurance Contract - Deferred Expenses		113,668	100,956	-	100,956
Cash and Cash Equivalents		177,234	130,283	147,122	130,255
Total Assets		10,669,763	10,304,191	9,137,297	10,301,470
Equity and Liabilities					
Equity					
Stated Capital		1,062,500	1,062,500	1,062,500	1,062,500
Other Reserves		(412,826)	455,472	(304,496)	455,472
Retained Earnings		1,214,576	855,693	1,222,017	853,022
Total Equity		1,864,250	2,373,665	1,980,021	2,370,994
Liabilities					
Insurance Contract Liabilities - Life	11	6,204,990	5,223,695	6,204,990	5,223,695
Insurance Contract Liabilities - General	12	1,229,013	1,138,694	-	1,138,694
Employee Benefits		56,114	53,028	43,709	53,028
Current Tax Liabilities		20,065	11,980	-	11,980
Reinsurance Payable		221,558	131,308	180,623	131,308
Insurance Contract - Deferred Revenue		11,732	25,779	-	25,779
Other Liabilities		508,424	872,254	396,509	872,204
Short Term Borrowings		73,561	154,483	73,561	154,483
Bank Overdraft		480,056	319,305	257,884	319,305
Total Liabilities		8,805,513	7,930,526	7,157,276	7,930,476
Total Equity and Liabilities		10,669,763	10,304,191	9,137,297	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.)

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

13 November 2015

(Sgd.)

Director

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year Ended Group 31.12.2014 Audited	Year Ended Company 31.12.2014 Audited	For the nine months ended 30 September	Note	GROUP	COMPANY		Variance %
				2015 Rs. ' 000 Unaudited	2015 Rs. ' 000 Unaudited	2014 Rs. ' 000 Unaudited	
4,773,295	4,773,295	Gross Written Premium	5	4,382,652	2,924,798	3,454,198	27%
(108,998)	(108,998)	Net Change in Reserve for Unearned Premium		(88,463)	-	(74,666)	18%
4,664,297	4,664,297	Gross Earned Premium		4,294,189	2,924,798	3,379,532	27%
(552,563)	(552,563)	Premiums ceded to Reinsurers		(505,934)	(363,994)	(357,047)	42%
28,333	28,333	Net Change in Reserve for Unearned Reinsurance Premium		(49,456)	-	24,420	-303%
4,140,067	4,140,067	Net Earned Premium		3,738,799	2,560,804	3,046,904	23%
Other Revenue							
826,090	822,187	Finance Income		489,793	421,059	606,831	-19%
765,268	765,268	Net Realized Gains		57,062	57,751	31,051	84%
359,284	359,284	Net Fair value Gains		144,064	115,807	1,156,935	-88%
15,638	15,638	Other Operating Income		17,057	(1,638)	14,451	18%
1,966,280	1,962,377			707,976	592,979	1,809,268	-61%
6,106,347	6,102,444	Total Net Revenue	6	4,446,775	3,153,783	4,856,173	-8%
Benefits, Claims and Expenses							
(1,548,661)	(1,548,661)	Net Insurance Benefits and Claims		(1,144,899)	(301,251)	(1,112,000)	3%
(1,253,098)	(1,253,098)	Increase in Life Fund		(990,131)	(990,131)	(1,323,616)	-25%
(833,325)	(833,325)	Underwriting and net Acquisition Cost		(790,427)	(718,229)	(610,313)	30%
(1,677,304)	(1,676,572)	Other Operating and Administration Expenses		(1,128,622)	(755,018)	(1,247,245)	-10%
(25,840)	(25,840)	Finance Cost		(25,728)	(20,159)	(17,682)	46%
(5,338,228)	(5,337,496)	Total Benefits, Losses and Expenses		(4,079,807)	(2,784,788)	(4,310,856)	-5%
768,119	764,948	Profit Before Taxation	7	366,968	368,995	545,317	-33%
(12,838)	(12,838)	Income Tax Expenses		(8,085)	-	(13,240)	-39%
755,281	752,110	Profit for the Period		358,883	368,995	532,077	-33%
Earnings Per Share							
20.14	20.05	Basic Earnings Per Share (Rs.)	17.1	0.96*	0.98*	14.19	
20.14	20.05	Diluted Earnings Per Share (Rs.)	17.1	0.96*	0.98*	14.19	

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

*Earnings Per Share (EPS) and Diluted Earning per share have been computed based on post sub division weighted average no of shares as at 30th September 2015.

ASIAN ALLIANCE INSURANCE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September	GROUP	COMPANY	
	2015	2015	2014
	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited	Unaudited	Unaudited
Profit for the period	358,883	368,995	532,077
<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	(348,910)	(237,625)	48,350
Available for sale financial asset - net change in fair value -Life fund	(462,326)	(462,326)	374,509
Available for sale financial assets reclassified to income statement	(57,062)	(57,751)	(31,051)
Related Tax	-	-	-
Other Comprehensive Income, net of tax	(868,298)	(757,702)	391,808
Total comprehensive income for the year	(509,415)	(388,707)	923,885
Total comprehensive income attributable to:			
Owners of the Company	(509,415)	(388,707)	923,885
Non - controlling interests	-	-	-
	(509,415)	(388,707)	923,885

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 30 September	GROUP	COMPANY		Variance %
	2015	2015	2014	
	Rs. ' 000	Rs. ' 000	Rs. ' 000	
	Unaudited	Unaudited	Unaudited	
Gross Written Premium	1,611,781	1,032,999	1,180,696	37%
Net Change in Reserve for Unearned Premium	(99,450)	-	(16,520)	502%
Gross Earned Premium	1,512,331	1,032,999	1,164,176	30%
Premiums ceded to Reinsurers	(171,928)	(125,454)	(157,510)	9%
Net Change in Reserve for Unearned Reinsurance Premium	(28,482)	-	5,067	-662%
Net Earned Premium	1,311,921	907,545	1,011,733	30%
Other Revenue				
Finance Income	164,069	140,390	133,294	23%
Net Realized Gains	16,904	16,904	13,719	23%
Net Fair value Gains	105,082	82,790	759,755	-86%
Other Operating Income	10,821	(50)	1,342	706%
	296,876	240,034	908,110	-67%
Total Net Revenue	1,608,797	1,147,579	1,919,843	-16%
Benefits, Claims and Expenses				
Net Insurance Benefits and Claims	(395,773)	(119,313)	(440,002)	-10%
Increase in Life Fund	(401,265)	(401,265)	(482,629)	-17%
Underwriting and net Acquisition Cost	(271,545)	(268,658)	(219,514)	24%
Other Operating and Administration Expenses	(423,498)	(286,411)	(573,071)	-26%
Finance Cost	(7,819)	(5,965)	(7,682)	2%
Total Benefits, Losses and Expenses	(1,499,900)	(1,081,612)	(1,722,898)	-13%
Profit Before Taxation	108,897	65,967	196,945	-45%
Income Tax Expenses	(2,677)	-	(4,004)	-33%
Profit for the Period	106,220	65,967	192,941	-45%
Earnings Per Share				
Basic Earnings Per Share (Rs.)	0.28*	0.18*	5.15	
Diluted Earnings Per Share (Rs.)	0.28*	0.18*	5.15	

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

*Earnings Per Share (EPS) and Diluted Earning per share have been computed based on post sub division weighted average no of shares as at 30th September 2015.

ASIAN ALLIANCE INSURANCE PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 September	GROUP	COMPANY	
	2015	2015	2014
	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited	Unaudited	Unaudited
Profit for the period	106,220	65,967	192,941
<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	(337,995)	(236,726)	14,812
Available for sale financial asset - net change in fair value -Life fund	(319,686)	(319,686)	258,530
Available for sale financial assets reclassified to income statement	(16,904)	(16,904)	(13,719)
Related Tax	-	-	-
Other Comprehensive Income, net of tax	(674,585)	(573,316)	259,623
Total comprehensive income for the year	(568,365)	(507,349)	452,564
Total comprehensive income attributable to:			
Owners of the Company	(568,365)	(507,349)	452,564
Non - controlling interests	-	-	-
	(568,365)	(507,349)	452,564

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - GROUP

For the period ended 30 September 2015	Stated	Other Reserves	Retained	Total
	Capital	Available for	reserves	
	Rs. ' 000	sale reserve	Rs. ' 000	Rs. ' 000
Balance as at 01 January 2014	1,062,500	114,663	654,531	1,831,694
Profit for the Period			532,077	532,077
<u>Other Comprehensive Income for the Period</u>				
Available for sale financial asset -net change in fair value	-	48,350	-	48,350
Available for sale financial asset - net change in fair value - Life fund	-	374,509	-	374,509
Available for sale financial assets reclassified to income statement	-	(31,051)	-	(31,051)
Total Other Comprehensive income	-	391,808	-	391,808
Total Comprehensive income for the Year	-	391,808	532,077	923,885
<u>Transactions with the Owners of the Company, recognised directly in Equity</u>				
First and final dividend - 2013	-	-	(180,000)	(180,000)
Unaudited Balance as at 30 September 2014	1,062,500	506,471	1,006,608	2,575,579
Profit for the Period			223,204	223,204
Available for sale financial asset - net change in fair value		(32,567)		(32,567)
Available for sale financial asset - net change in fair value - Life fund		33,366		33,366
Available for sale financial assets reclassified to income statement		(51,798)		(51,798)
Remeasurement of Defined Benefit (liability) / asset			1,381	1,381
Total Other Comprehensive income	-	(50,999)	1,381	(49,618)
Total Comprehensive income for the Year	-	(50,999)	224,585	173,586
<u>Transactions with the Owners of the Company, recognised directly in Equity</u>				
Interim Dividend - 2014	-	-	(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	-	-	358,883	358,883
<u>Other Comprehensive Income for the Period</u>				
Available for sale financial asset -net change in fair value	-	(348,910)	-	(348,910)
Available for sale financial asset - net change in fair value - Life fund	-	(462,326)	-	(462,326)
Available for sale financial assets reclassified to income statement	-	(57,062)	-	(57,062)
Total other Comprehensive income net of tax	-	(868,298)	-	(868,298)
Total Comprehensive income for the Year	-	(868,298)	358,883	(509,415)
Unaudited Balance as at 30 September 2015	1,062,500	(412,826)	1,214,576	1,864,250

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - COMPANY

For the period ended 30 September 2015	Stated Capital	Other Reserves	Retained	Total
		Available for	reserves	
	Rs. ' 000	sale reserve	Rs. ' 000	Rs. ' 000
Balance as at 01 January 2014	1,062,500	114,663	654,531	1,831,694
Profit for the Period	-	-	532,077	532,077
<u>Other Comprehensive Income for the Period</u>				
Available for sale financial asset -net change in fair value	-	48,350	-	48,350
Available for sale financial asset - net change in fair value - Life fund	-	374,509	-	374,509
Available for sale financial assets reclassified to income statement	-	(31,051)	-	(31,051)
Total Other Comprehensive income	-	391,808	-	391,808
Total Comprehensive income for the Year	-	391,808	532,077	923,885
<u>Transactions with the Owners of the Company, recognised directly in Equity</u>				
First and final dividend - 2013	-	-	(180,000)	(180,000)
Unaudited Balance as at 30 September 2014	1,062,500	506,471	1,006,608	2,575,579
Profit for the Period	-	-	220,033	220,033
<u>Other Comprehensive Income for the Period</u>				
Available for sale financial asset -net change in fair value	-	(32,567)	-	(32,567)
Available for sale financial asset - net change in fair value - Life fund	-	33,366	-	33,366
Available for sale financial assets reclassified to income statement	-	(51,798)	-	(51,798)
Remeasurement of Defined Benefit (liability)/asset	-	-	1,381	1,381
Total Other Comprehensive income	-	(50,999)	1,381	(49,618)
Total Comprehensive income for the Year	-	(50,999)	221,414	170,415
<u>Transactions with the Owners of the Company, recognised directly in Equity</u>				
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	-	-	368,995	368,995
<u>Other Comprehensive Income for the Period</u>				
Available for sale financial asset - net change in fair value	-	(237,625)	-	(237,625)
Available for sale financial asset - net change in fair value - Life fund	-	(462,326)	-	(462,326)
Available for sale financial assets reclassified to income statement	-	(57,751)	-	(57,751)
Total other Comprehensive income net of tax	-	(757,702)	-	(757,702)
Total Comprehensive income for the Period	-	(757,702)	368,995	(388,708)
Unaudited Balance as at 30 September 2015	1,062,500	(304,496)	1,222,017	1,980,021

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September	GROUP	COMPANY	
	2015	2015	2014
	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES			
Insurance premium received	4,226,087	2,880,496	3,609,161
Reinsurance premium paid	(380,339)	(194,023)	(206,623)
Insurance claims and benefits paid	(1,423,848)	(475,631)	(1,204,132)
Reinsurance claims received	203,370	122,101	11,340
Payments to intermediaries to acquire insurance contracts	(898,795)	(763,842)	(682,574)
Cash paid to employees, intermediaries and other suppliers for services and goods	(459,766)	(248,274)	(387,122)
Interest received	422,789	347,860	357,223
Dividend Received	42,954	41,919	69,745
Other operating cash flows	(892,986)	(650,856)	(796,186)
Net Cash Inflow from Operating Activities (Note A)	839,464	1,059,750	770,832
Income tax paid (Economic Service Charge)	(3,205)	-	(2,808)
Gratuity paid	(8,348)	(6,983)	(3,467)
Interest Paid	(5,922)	(3,134)	(5,283)
Net Cash Generated from Operating Activities	821,989	1,049,633	759,274
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of Intangible Assets	-	-	(15,739)
Investments in Subsidiary	-	(700,000)	(100,000)
Acquisition of Financial Investments	(721,693)	(21,693)	(11,267,841)
Proceeds from sale of Financial Investments	196,214	-	10,769,775
Acquisition of Property, Plant and Equipment	(160,640)	(136,959)	(211,753)
Net cash (used) in investing activities	(686,119)	(858,653)	(825,558)
Net cash (used in) / Generated before Financing Activities	135,870	190,981	(66,284)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	(168,750)	(168,750)	(177,848)
Repayment of Borrowings	(80,921)	(80,921)	100,000
Net Cash (used in) / Generated from Financing Activities	(249,671)	(249,671)	(77,848)
Net Increase / (Decrease) in Cash and Cash Equivalents (Note B)	(113,800)	(58,690)	(144,132)
A. Reconciliation of profit before taxation with cash flows from operating activities			
Profit before Taxation	366,968	368,995	545,319
Adjustment for:			
Increase in Insurance Contract Liabilities - Life	990,160	990,160	1,323,911
Depreciation	50,824	36,304	32,897
Provision for Bad Debts	6,182	-	-
Amortization of Intangible Assets	6,536	6,536	589
Provision for Employee benefits	11,434	8,024	10,681
Interest Expense	5,922	3,134	5,283
Net Realised Gains / (Losses)	(57,062)	(57,751)	(31,051)
Net Fair Value Gains / (Losses)	(144,064)	(115,807)	(1,156,935)
(Increase) / Decrease in Other Assets	(349,285)	(212,611)	(341,805)
Increase / (Decrease) in Insurance Contract Liabilities - General	90,319	-	134,890
(Increase) / Decrease in Deferred Acquisition Costs	(12,712)	-	(7,126)
Increase / (Decrease) in Deferred Revenue	14,047	-	6,474
Increase / (Decrease) in Payables and Other Liabilities	(139,804)	32,767	247,705
Cash Inflow / (Outflow) from Operating Activities	839,464	1,059,750	770,832
B. Increase / (Decrease) in Cash and Cash Equivalents			
Cash & Cash Equivalents	177,234	147,122	106,450
Bank Overdraft	(480,056)	(257,884)	(267,416)
Net Cash & Cash Equivalents as at the end of the Period	(302,822)	(110,762)	(160,966)
Net Cash & Cash Equivalents as at the Beginning of the Period	(189,022)	(52,072)	(16,834)
Increase / (Decrease) in Cash and Cash Equivalents	(113,800)	(58,690)	(144,132)

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

As at	30.09.2015	31.12.2014
	Rs. ' 000	Rs. ' 000
	Unaudited	Audited
Assets		
Intangible Assets	12,003	15,009
Property, Plant and Equipment	375,314	289,725
Investments in Subsidiary	-	100,000
Financial Investments	6,036,679	5,736,359
Loans to Life Policyholders and Others	141,548	134,352
Reinsurance Receivables	116,759	73,316
Premium Receivables	94,485	50,169
Amounts due from Related Companies	1,381	1,381
Other Assets	21,046	238,252
Cash and Cash Equivalents	144,647	105,025
Total Assets	6,943,861	6,743,589
Equity and Liabilities		
Equity		
Other Reserves	(70,938)	449,139
Total Equity	(70,938)	449,139
Liabilities		
Insurance Contract Liabilities - Life	6,204,990	5,223,695
Employee Benefits	26,454	25,725
Reinsurance Payable	180,623	14,704
Other Liabilities	284,361	728,974
Short Term Borrowings	73,561	154,483
Bank Overdraft	244,811	146,869
Total Liabilities	7,014,800	6,294,450
Total Equity and Liabilities	6,943,861	6,743,589

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 September 2015 were authorised for issue by the Board of Directors on 13 November 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 September 2015 are provisional and unaudited.

5 GROSS WRITTEN PREMIUM - GROUP / COMPANY
For the nine months ended 30 September

	GROUP		COMPANY	
	2015		2015	2014*
	Rs.' 000		Rs.' 000	Rs.' 000
Life Insurance	Unaudited		Unaudited	Unaudited
First Year Premium	939,998		939,998	658,732
Renewal Premium	1,887,780		1,887,780	1,518,880
Group Life Premium	93,349		93,349	11,044
Single Premium	3,671		3,671	3,713
Total Life Insurance Gross Written Premium	2,924,798		2,924,798	2,192,369
General Insurance				
Fire	76,838		-	138,186
Marine	41,332		-	35,856
Miscellaneous	460,259		-	404,989
Motor	879,425		-	682,798
Total General Insurance Gross Written Premium	1,457,854		-	1,261,829
Consolidated Gross Written Premium	4,382,652		2,924,798	3,454,198

* 2014 figures reflect composite results.

6 TOTAL NET REVENUE

For the nine months ended 30 September	GROUP		COMPANY	
	2015	2015	2015	2014
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited	Unaudited	Unaudited	Unaudited
Life segment	3,153,783	3,153,783		3,459,419
General segment	1,292,992	-		1,396,755
Consolidated Net Revenue	4,446,775	3,153,783		4,856,173

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 nine months ended 30 September	GROUP		COMPANY	
	2015	2015	2015	2014
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited	Unaudited	Unaudited	Unaudited
Life Segment	368,995	368,995		510,795
General Segment	(2,027)	-		34,522
Total	366,968	368,995		545,317

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 RE-CLASSIFICATION OF EQUITY FINANCIAL INVESTMENT

The Company reclassified its strategic investment in equity shares into Available For Sale (AFS) as Board of Director's opinion as such this is a strategic investment hence no longer appropriate to classify as Fair Value Through Profit & Loss (FVTPL) investment as at 31 July 2015.

Re-classified amount as at 31 July 2015 as follows,

	Rs.' 000
The Company	1,829,218
Group	2,241,718

11 INSURANCE CONTRACT LIABILITIES - LIFE (GROUP / COMPANY)

As at	30 September 2015 Rs.' 000 Unaudited	31 December 2014 Rs.' 000 Audited
Insurance Contract Liabilities	5,989,693	4,999,563
Unclaimed benefits	215,296	224,132
	6,204,990	5,223,695

11.a Valuation of Life Insurance Fund

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

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

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

12 INSURANCE CONTRACT LIABILITIES - NON LIFE (GROUP / COMPANY)

As at	30 September 2015 Rs.' 000 Unaudited	31 December 2014 Rs.' 000 Audited
12.a Reserves for Net Unearned Premium	983,242	845,323
Gross Claims Payable	245,771	293,371
	1,229,013	1,138,694

12.b Valuation of Incurred But Not Reported (IBNR)

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

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

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

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

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

13.2 Contingencies - Group & Company

The Contingent Liability of the Company as at 30 September 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.

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	
	30.09.2015	30.09.2015	31.12.2014
Net Assets Per Share (Rs)	4.97	5.28	63.23
<u>Market Price Per Share</u>		30.09.2015	31.12.2014
		Rs	Rs
Last traded price		18.00*	143.00
Highest price per share for the period		221.89	160.00
Lowest price per share for the period		17.79*	80.00

* Prices are subsequent to the Share Split

17 STATED CAPITAL

	30.09.2015	31.12.2014
	No. of Shares	No. of Shares
As at	30 September	31 December
	2015	2014
	Rs.' 000	Rs.' 000
Stated Capital	<u>1,062,500</u>	<u>1,062,500</u>
No of Ordinary Shares	375,000,000	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.

17.1 BASIC & DILUTED EARNING PER SHARE (EPS)

	Group	Company	
	30.09.2015	30.09.2015	31.12.2014
Profit attributable to Ordinary Shareholders (Rs. 000)	358,883	368,995	532,077
Weighted Average No of shares as at 30 September	375,000,000	375,000,000	37,500,000
Basic Earning per share (Rs.)	0.96*	0.98*	14.19
Diluted Earning per share (Rs.)	0.96*	0.98*	14.19

*Earnings Per Share (EPS) and Diluted Earning per share have been computed based on post sub division weighted average no of shares as at 30th September 2015.

18 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	As at 30 September 2015	
	No. of Shares	%
1 Softlogic Capital PLC	221,932,810	59.18
2 Nederlandse Financierings - Maatschappij Voor Ontwikkelingslan	71,250,000	19.00
3 HSBC Intl Nominees Ltd / State Street Munich c/o SSBT - DEG - Deutsche	71,250,000	19.00
4 Gajath Chrysantha Goonetilleke	775,500	0.21
5 Rajapaksha Rathnayaka Sarath Ananda	696,880	0.19
6 Dandunna Arachchige Dasantha Primal	311,839	0.80
7 Pan Asia Bank PLC/V.P.K.A Palpita	253,948	0.07
8 Global Sea Foods (Pvt) Ltd	252,000	0.07
9 Capital Link Ceylon Pvt Ltd	202,500	0.05
10 Nahimala Welegedara Senerath Bandara Ekanayaka	200,000	0.05
11 Waldock Mackenzie Ltd / M.Z.M Wafik	189,340	0.05
12 Softlogic Holdings PLC	175,550	0.05
13 First Capital Market Ltd/M.M.S Cooray	136,830	0.04
14 Waldock Mackenzie Ltd / G Soyza	125,000	0.03
15 Seylan Bank PLC/S.N.C.W.M Bandara Chandrasekara	125,000	0.03
16 Commercial Bank of Ceylon PLC/Rananjaya Holdings Pvt Ltd	110,000	0.03
17 Merchant Bank of Sri Lanka Ltd/Union Investment Ltd	100,000	0.03
18 Kamani Indira Adhihetty Hewage	100,000	0.03
19 Edgar Gunathunga	100,000	0.03
20 Merennage Roshini Hasamali Galappatti	100,000	0.03
Others	368,387,197	98.97
Total	<u>375,000,000</u>	<u>100.00</u>

19 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 30 September 2015 was 2.77 % (30 September 2014 - 2.66 %) and a number of public shareholders as at 30 September 2015 was 1274.

20 DIRECTORS' SHARE HOLDINGS

As at 30 September 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	-	-

21 RELATED PARTY DISCLOSURES

21.1 Transactions with Group Companies and Director related entities

Company	Relationship	Nature of Transaction	Period Ended 30.09.2015 Rs. ' 000	Period Ended 30.09.2014 Rs. ' 000
Softlogic Holdings PLC & Group	Softlogic Holdings PLC owns 43.32% of the Company's issued Share Capital	Insurance Premiums Claims Incurred Other expenses Purchase of Fixed Assets	80,457 18,596 109,115 183	50,466 53,139 15,517
Softlogic Holdings PLC	Do	Insurance Premiums Claims Incurred Investments Other Expenses Interest income on Debentures	12,860 2,295 185,921 770 15,314	- - 214,758 - 15,308
Softlogic Capital PLC	Softlogic Capital PLC owns 59.19% of the Company's issued Share Capital	Asset Management Fee payment Other Consultancy Fees	82,137 20,388	66,287 37,467
Softlogic Information Technologies (Pvt) Ltd	Do	Purchase of Fixed Assets Insurance Premiums Other Expenses Claims Incurred	3,212 7,182 558 3,861	28,472 5,004 - 4,598
Softlogic Retail (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Purchase of Fixed Assets Insurance Premiums Interest Income Other Expenses Claims Incurred	18,074 18,815 - 11,888 15,360	26,504 - 5,560 - -
Softlogic Finance PLC	Do	Investments in Debentures Interest Income on Debentures Claims Incurred Insurance Premiums Short Term Borrowings Other Expenses	80,000 3,590 2,939 3,418 52,983 8,591	89,119 9,883 - - - -
Asiri Hospital Holdings PLC	Do	Investments in Equity Shares Insurance Premiums Claims Incurred Dividend Income	118,250 20,778 1,898 -	116,500 - - 2,750
Asian Alliance General Insurance Ltd	Subsidiary Company	Investment in Subsidiary Intercompany Receivables	700,000 1,381	100,000 -
Nextage (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Advertising	672	-
Acuity Group	Related Company	Claims Incurred Other Expenses	1,204 629	-

21.2 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 30.09.2015 Rs. ' 000	Period Ended 30.09.2014 Rs. ' 000
Paul Rathnayake Associates	Director Related Entity	Legal Fees Paid	629	627
P.R.Secretarial Services (Pvt) Ltd	Director Related Entity	Secretarial Fees paid	524	505