



FUTURE  
**EVOLUTION**



**Condensed Interim Financial Statements  
Nine months ended 30 September 2014**

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

As at	Note	30.09.2014 Rs. ' 000 Unaudited	31.12.2013 Rs. ' 000 Audited
<b>Assets</b>			
Intangible Assets		15,150	-
Property, Plant and Equipment		388,591	158,041
Investments allocation for Asian Alliance General Insurance Ltd		100,000	-
Financial Investments		8,319,441	6,242,871
Loans to Life Policyholders and Others		124,204	107,089
Reinsurance Receivables		192,285	144,058
Premium Receivables		506,533	464,453
Amounts due from Related Companies		2,408	259
Other Assets		377,750	166,855
Deferred Acquisition Cost		96,430	89,304
Cash and Cash Equivalents		106,451	102,228
<b>Total Assets</b>		<b>10,229,243</b>	<b>7,475,158</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated Capital		1,062,500	1,062,500
Other Reserves		506,471	114,663
Retained Earnings		1,006,610	654,531
<b>Total Equity</b>		<b>2,575,581</b>	<b>1,831,694</b>
<b>Liabilities</b>			
Insurance Contract Liabilities - Life	<b>9</b>	5,286,075	3,938,030
Insurance Contract Liabilities - Non Life	<b>10</b>	1,056,111	921,221
Employee Benefits		53,367	46,154
Reinsurance Payable		157,766	137,583
Deferred Revenue		24,294	17,820
Amounts due to Related Companies		-	24
Other Liabilities		628,770	398,032
Current Tax Liabilities		28,776	15,537
Short Term Borrowings		151,087	50,000
Bank Overdraft		267,416	119,063
<b>Total Liabilities</b>		<b>7,653,662</b>	<b>5,643,464</b>
<b>Total Equity and Liabilities</b>		<b>10,229,243</b>	<b>7,475,158</b>

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

These Financial Statements comply 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

13 November 2014

Sgd.

**Director**

**ASIAN ALLIANCE INSURANCE PLC**  
**STATEMENT OF INCOME**

Year Ended 31.12.2013 Audited	For the nine months ended 30 September	Note	2014 Rs. ' 000 Unaudited	2013 Rs. ' 000 Unaudited	Variance %
4,076,669	Gross Written Premium	5	3,454,198	2,993,066	15%
(198,465)	Net Change in Reserve for Unearned Premium		(74,666)	(202,614)	-63%
<u>3,878,204</u>	<b>Gross Earned Premium</b>		<u>3,379,532</u>	<u>2,790,452</u>	<b>21%</b>
(635,878)	Premiums ceded to Reinsurers		(357,047)	(496,108)	-28%
(1,967)	Net Change in Reserve for Unearned Reinsurance Premium		24,420	13,868	
<u>3,240,359</u>	<b>Net Earned Premium</b>		<u>3,046,905</u>	<u>2,308,212</u>	<b>32%</b>
	<b>Other Revenue</b>				
598,749	Finance Income		606,831	436,930	39%
224,186	Net Realized Gains		31,051	36,022	-14%
167,858	Net Fair value Gains		1,156,935	46,805	2372%
5,771	Other Operating Income		14,451	4,583	215%
<u>996,564</u>			<u>1,809,268</u>	<u>524,340</u>	245%
<u>4,236,923</u>	<b>Total Net Revenue</b>	6	<u>4,856,172</u>	<u>2,832,552</u>	<b>71%</b>
	<b>Benefits, Claims and Expenses</b>				
(1,124,426)	Net Insurance Benefits and Claims		(1,112,037)	(817,187)	36%
(842,119)	Change in Insurance Contract liabilities - Life		(1,323,911)	(754,973)	75%
(711,700)	Underwriting and net Acquisition Cost		(610,313)	(531,739)	15%
(1,151,972)	Other Operating and Administration Expenses		(1,246,913)	(838,143)	49%
(12,569)	Finance Cost		(17,680)	(9,088)	95%
<u>(3,842,786)</u>	<b>Total Benefits, Losses and Expenses</b>		<u>(4,310,854)</u>	<u>(2,951,130)</u>	46%
<b>394,137</b>	<b>Profit Before Taxation</b>	7	<b>545,319</b>	<b>(118,578)</b>	<b>560%</b>
(31,802)	Income Tax Expenses	8	(13,240)	-	100%
<u>362,335</u>	<b>Profit for the Period</b>		<u>532,079</u>	<u>(118,578)</u>	<b>549%</b>
	<b>Earnings Per Share</b>				
9.66	Basic Earnings Per Share (Rs.)		14.19	(3.16)	
9.66	Diluted Earnings Per Share (Rs.)		14.19	(3.16)	
4.80	Dividend Per Share (Rs.)		-	-	

**ASIAN ALLIANCE INSURANCE PLC**  
**STATEMENT OF COMPREHENSIVE INCOME**

<b>Year Ended</b> <b>31.12.2013</b> <b>Audited</b>	<b>For the nine months ended 30 September</b>	<b>2014</b> <b>Rs.' 000</b> <b>Unaudited</b>	<b>2013</b> <b>Rs.' 000</b> <b>Unaudited</b>
<b>362,335</b>	<b>Profit for the period</b>	<b>532,079</b>	<b>(118,578)</b>
	<b><u>Other Comprehensive Income</u></b>		
112,476	Net change in fair value of available for sale financial assets	48,350	35,309
121,854	Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	374,509	24,368
(224,146)	Net change in fair value of available for sale financial assets transferred to the statement of income	(31,051)	(35,981)
(2,330)	Actuarial losses on employee benefits	-	-
<b>7,854</b>	<b>Total of other comprehensive income before tax</b>	<b>391,808</b>	<b>23,696</b>
-	Income Tax	-	-
<b>370,189</b>	<b>Total Comprehensive Income for the period net of tax</b>	<b>391,808</b>	<b>23,696</b>
<b>370,189</b>	<b>Total Comprehensive income for the period attributable to the owners of the Company</b>	<b>923,887</b>	<b>(94,882)</b>

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

## STATEMENT OF INCOME

For the three months ended 30 September	2014 Rs. ' 000 Unaudited	2013 Rs. ' 000 Unaudited	Variance %
Gross Written Premium	1,180,696	998,419	18%
Net Change in Reserve for Unearned Premium	(16,520)	(8,085)	104%
<b>Gross Earned Premium</b>	<b>1,164,176</b>	<b>990,334</b>	<b>18%</b>
Premiums ceded to Reinsurers	(157,510)	(155,356)	1%
<b>Net Written Premium</b>	<b>1,006,666</b>	<b>834,977</b>	<b>21%</b>
Net Change in Reserve for Unearned Reinsurance Premium	5,067	(8,065)	-163%
<b>Net Earned Premium</b>	<b>1,011,733</b>	<b>826,912</b>	<b>22%</b>
<b>Other Revenue</b>			
Finance Income	133,294	110,375	21%
Net Realized Gains	13,719	34,285	100%
Net Fair value Gains	759,755	(52,020)	-1560%
Other Operating Income	1,342	1,909	-30%
	<u>908,110</u>	<u>94,549</u>	<b>860%</b>
<b>Total Net Revenue</b>	<b>1,919,843</b>	<b>921,461</b>	<b>108%</b>
<b>Benefits, Claims and Expenses</b>			
Net Insurance Benefits and Claims	(440,038)	(342,510)	28%
Change in Insurance Contract liabilities - Life	(482,925)	(206,519)	134%
Underwriting and net Acquisition Cost	(219,514)	(184,331)	19%
Other Operating and Administration Expenses	(572,739)	(282,312)	103%
Finance Cost	(7,758)	(3,973)	95%
<b>Total Benefits, Losses and Expenses</b>	<b>(1,722,974)</b>	<b>(1,019,645)</b>	<b>69%</b>
<b>Profit Before Taxation</b>	<b>196,869</b>	<b>(98,184)</b>	<b>-301%</b>
Income Tax Expenses	(4,004)	-	100%
<b>Profit for the Period</b>	<b>192,865</b>	<b>(98,184)</b>	<b>-296%</b>
<b>Earnings Per Share</b>			
Basic Earnings Per Share (Rs.)	5.14	(2.62)	
Diluted Earnings Per Share (Rs.)	5.14	(2.62)	
Dividend Per Share (Rs.)	-	-	

## STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 September	2014 Rs.' 000 Unaudited	2013 Rs.' 000 Unaudited
<b>Profit for the period</b>	<b>192,865</b>	<b>(98,184)</b>
<b><u>Other Comprehensive Income</u></b>		
Net change in fair value of available for sale financial assets	14,812	(119,689)
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	258,530	(26,168)
Net change in fair value of available for sale financial assets transferred to the statement of income	(13,719)	(34,285)
<b>Total of other comprehensive income before tax</b>	<b>259,623</b>	<b>(180,142)</b>
Income Tax	-	-
<b>Total Other Comprehensive Income for the period net of tax</b>	<b>259,623</b>	<b>(180,142)</b>
<b>Total Comprehensive income for the period attributable to the owners of the Company</b>	<b>452,488</b>	<b>(278,326)</b>

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

**ASIAN ALLIANCE INSURANCE PLC**
**STATEMENT OF CHANGES IN EQUITY**

	Stated Capital	Other Reserves	Retained reserves	Total
	Fair Value reserve			
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
<b>Balance as at 01 January 2013</b>	<b>1,062,500</b>	<b>104,477</b>	<b>294,526</b>	<b>1,461,503</b>
<b>Profit for the Period</b>	-	-	(118,578)	(118,578)
<b><u>Other Comprehensive Income for the Period</u></b>				
Net change in fair value of available for sale financial assets	-	35,309	-	35,309
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	-	24,368	-	24,368
Net change in fair value of available for sale financial assets transferred to the statement of income	-	(35,981)	-	(35,981)
Total Other Comprehensive income	-	23,696	-	23,696
<b>Total Comprehensive income for the Period</b>	-	<b>23,696</b>	<b>(118,578)</b>	<b>(94,882)</b>
<b>Balance as at 30 September 2013</b>	<b>1,062,500</b>	<b>128,173</b>	<b>175,948</b>	<b>1,366,621</b>
<b>Profit for the Period</b>	-	-	480,913	480,913
<b><u>Other Comprehensive Income for the Year</u></b>				
Net change in fair value of available for sale financial assets	-	71,319	-	71,319
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	-	(42,522)	-	(42,522)
Net change in fair value of available for sale financial assets transferred to the statement of income	-	(222,449)	-	(222,449)
Actuarial (Losses) on employee Benefits	-	-	(2,330)	(2,330)
<b>Total Other Comprehensive income</b>	-	<b>(193,652)</b>	<b>(2,330)</b>	<b>(195,982)</b>
<b>Total Comprehensive income for the Period</b>	-	<b>(193,652)</b>	<b>478,583</b>	<b>284,931</b>
<b>Audited balance as at 31 December 2013</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>	-	-	532,079	532,079
<b><u>Other Comprehensive Income for the Period</u></b>				
Net change in fair value of available for sale financial assets	-	48,350	-	48,350
Net change in liabilities of insurance contracts arising from fair value changes in available for sale financial assets	-	374,509	-	374,509
Net change in fair value of available for sale financial assets transferred to the statement of income	-	(31,051)	-	(31,051)
<b>Total Other Comprehensive income</b>	-	<b>391,808</b>	-	<b>391,808</b>
<b>Total Comprehensive income for the Period</b>	-	<b>391,808</b>	<b>532,079</b>	<b>923,887</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 30 September 2014</b>	<b>1,062,500</b>	<b>506,471</b>	<b>1,006,610</b>	<b>2,575,581</b>

## STATEMENT OF CASH FLOWS

For the period ended 30 September	2014 Rs. ' 000 Unaudited	2013 Rs. ' 000 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Insurance premium received	3,609,161	3,133,731
Reinsurance premium paid	(206,623)	(235,412)
Insurance claims and benefits paid	(1,204,132)	(957,738)
Reinsurance claims received	11,340	24,089
Payments to intermediaries to acquire insurance contracts	(682,574)	(613,926)
Cash paid to employees, intermediaries and other suppliers for services and goods	(387,122)	(256,992)
Cash received from sale of salvages	7,561	5,214
Interest received	357,223	303,573
Dividend Received	69,745	124,822
Other operating cash flows	(803,747)	(762,043)
<b>Net Cash Inflow from Operating Activities (Note A)</b>	<b>770,832</b>	<b>765,317</b>
Income tax paid (Economic Service Charge)	(2,808)	(2,343)
Gratuity paid	(3,467)	(1,433)
Interest Paid	(5,283)	(2,768)
<b>Net Cash Generated from Operating Activities</b>	<b>759,274</b>	<b>758,774</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Intangible Assets	(15,739)	-
Investments in Subsidiary	(100,000)	-
Acquisition of Other Investments	(11,267,841)	(17,151,098)
Proceeds from sale of Investments	10,769,775	16,391,329
Acquisition of Property, Plant and Equipment	(211,753)	(54,835)
Proceeds from sale of Property, Plant and Equipment	-	62
<b>Net cash (used) in investing activities</b>	<b>(825,558)</b>	<b>(814,543)</b>
<b>Net cash( used in) / Generated before Financing Activities</b>	<b>(66,284)</b>	<b>(55,769)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(177,848)	-
Short term borrowings	100,000	-
<b>Net Cash (used in) / Generated from Financing Activities</b>	<b>(77,848)</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (Note B)</b>	<b>(144,132)</b>	<b>(55,769)</b>
<b>A. Reconciliation of profit before taxation with cash flows from operating activities</b>		
<b>Profit before Taxation</b>	<b>545,319</b>	<b>(118,578)</b>
<b>Adjustment for:</b>		
Increase in Insurance Contract Liabilities - Life	1,323,911	754,973
Depreciation on Property, Plant and Equipment	32,897	26,444
Amortization of Intangible Assets	589	-
Provision for Bad Debts	-	-
Provision for Employee benefits	10,681	8,760
Interest Expense	5,283	2,768
Net Realised Gains / (Losses)	(31,051)	(36,022)
Net Fair Value Gains / (Losses)	(1,156,935)	(46,806)
(Increase) / Decrease in Other Assets	(341,805)	(194,597)
Increase / (Decrease) in Insurance Contract Liabilities - Non life	134,890	218,086
(Increase) / Decrease in Deferred Acquisition Costs	(7,126)	(5,214)
Increase / (Decrease) in Deferred Revenue	6,474	3,077
Increase / (Decrease) in Payables and Other Liabilities	247,705	152,425
<b>Cash Inflow / (Outflow) from Operating Activities</b>	<b>770,832</b>	<b>765,317</b>
<b>B. Increase / (Decrease) in Cash and Cash Equivalents</b>		
Cash & Cash Equivalents	106,450	30,027
Bank Overdraft	(267,416)	(68,893)
Net Cash & Cash Equivalents as at the end of the Period	(160,966)	(38,866)
Net Cash & Cash Equivalents as at the Beginning of the Period	(16,834)	16,903
<b>Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(144,132)</b>	<b>(55,769)</b>

As at	30.09.2014 Rs. ' 000 Unaudited	31.12.2013 Rs. ' 000 Audited
<b>Assets</b>		
Intangible Assets	15,150	-
Property, Plant and Equipment	281,411	92,820
Investments allocation for General Insurance Ltd	100,000	-
Financial Investments	5,465,109	4,220,428
Loans to Life Policyholders and Others	123,859	106,618
Reinsurance Receivables	119,607	61,775
Premium Receivables	68,805	46,085
Amounts due from Related Companies	1,181	-
Other Assets	71,979	95,047
Cash and Cash Equivalents	97,625	94,254
<b>Total Assets</b>	<b>6,344,726</b>	<b>4,717,027</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Other Reserves	445,436	101,979
<b>Total Equity</b>	<b>445,436</b>	<b>101,979</b>
<b>Liabilities</b>		
Insurance Contract Liabilities - Life	5,286,075	3,938,030
Employee Benefits	24,687	20,502
Reinsurance Payable	58,438	81,990
Other Liabilities	252,054	476,937
Short Term Borrowings	151,087	50,000
Bank Overdraft	126,950	47,589
<b>Total Liabilities</b>	<b>5,899,290</b>	<b>4,615,048</b>
<b>Total Equity and Liabilities</b>	<b>6,344,726</b>	<b>4,717,027</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 7 Floor, Millenium House, 46 / 58, Nawam Mawatha, Colombo 02. The Company is primarily involved in the Life and Non 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 interim financial statements for the nine months ended 30<sup>th</sup> September 2014 were authorised for issue by the Board of Directors on 13 November 2014.

**3 BASIS OF PREPARATION**

The 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 2013.

The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2013 have been followed in preparation of these 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 Interim Financial Statements.

**4 AUDIT OF THE INTERIM FINANCIAL STATEMENTS**

Figures in the Interim Financial Statements for the period ended 30 September 2014 are provisional and unaudited.

**5 GROSS WRITTEN PREMIUM**

<b>For the nine months ended 30 September</b>	<b>2014</b>	<b>2013</b>
	<b>Rs.' 000</b>	<b>Rs.' 000</b>
<b>Life Insurance</b>	<b>Unaudited</b>	<b>Unaudited</b>
First Year Premium	658,732	593,923
Renewal Premium	1,518,880	1,207,710
Group Life Premium	11,044	11,094
Single Premium	3,713	1,472
<b>Total Life Insurance Gross Written Premium</b>	<b>2,192,369</b>	<b>1,814,200</b>
<b>Non life Insurance</b>		
Fire	138,187	117,509
Marine	35,856	35,168
Miscellaneous	404,989	366,443
Motor	682,798	659,746
<b>Total Non life Insurance Gross Written Premium</b>	<b>1,261,829</b>	<b>1,178,866</b>
<b>Consolidated Gross Written Premium</b>	<b>3,454,198</b>	<b>2,993,066</b>

**6 TOTAL NET REVENUE**

<b>For the nine months ended 30 September</b>	<b>2014</b>	<b>2013</b>
	<b>Rs.' 000</b>	<b>Rs.' 000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Life segment	3,459,418	1,927,245
Non life segment	1,396,754	905,307
<b>Consolidated Net Revenue</b>	<b>4,856,172</b>	<b>2,832,552</b>

Non life 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 INCOME TAX**

For the nine months ended 30 September

	2014 Rs.' 000 Unaudited	2013 Rs.' 000 Unaudited
Life Segment	510,795	48,337
Non Life Segment	34,524	(166,915)
<b>Total</b>	<b>545,319</b>	<b>(118,578)</b>

**8 INCOME TAX**

The Company is liable to pay income tax at the rate of 28% (2013 - 28%) of its taxable profits in accordance with the provisions of the Inland Revenue Act, No 10 of 2006 and subsequent amendments there to.

For the nine months ended 30 September

	2014 Rs.' 000 Unaudited	2013 Rs.' 000 Unaudited
Life Segment	-	-
Non Life Segment	13,240	-
	<b>13,240</b>	<b>-</b>

**9 INSURANCE CONTRACT LIABILITIES - LIFE**

As at

	30 September 2014 Rs.' 000 Unaudited	31 December 2013 Rs.' 000 Audited
Insurance Contract Liabilities	5,070,375	3,746,464
Unclaimed benefits	215,700	191,566
	<b>5,286,075</b>	<b>3,938,030</b>

**9a Valuation of Life Insurance Fund**

Pending valuation of the Insurance Contract Liabilities - Life Fund by the Consultant Actuary for the period ended 30<sup>th</sup> September 2014. However the valuation of Life insurance fund was done as at 31 March 2014 by Mr. M. Poopalanathan of Actuarial and Management Consultants (Pvt) Ltd, who recommended transfer a sum of Rs 168.5 Million from life fund to the shareholder's fund as at 31<sup>st</sup> March 2014. Final Valuation will be performed as at 31<sup>st</sup> December 2014 as required by Regulation.

**9b Liability Adequacy Test (LAT) - Life Insurance Contract Liabilities**

The Company has not carried out a Liability Adequacy Test (LAT) in respect of Insurance Contract Liabilities Life Fund as required by SLFRS 4 - Insurance Contracts as at 30<sup>th</sup> September 2014. however as stated in the Annual Report 2013, Liability Adequacy Test will be performed annually.

**10 INSURANCE CONTRACT LIABILITIES - NON LIFE**

As at

	30 September 2014 Rs.' 000 Unaudited	31 December 2013 Rs.' 000 Audited
<b>10a</b> Reserves for Net Unearned Premium	814,904	764,658
Gross Claims Payable	241,207	156,563
	<b>1,056,111</b>	<b>921,221</b>

**10b Valuation of Incurred But Not Reported (IBNR)**

The IBNR claims reserve is pending actuarial valuation as at 30<sup>th</sup> September 2014.

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

The Company has not carried out a LAT in respect of Insurance Contract Liabilities Non Life as required by SLFRS 4 - Insurance Contracts as at 30 September 2014. As stated in the Annual Report 2013, LAT will be performed annually.

## 11 Investment in Subsidiary

### 11a Incorporation

The Company incorporated a fully owned subsidiary, Asian Alliance General Insurance Ltd in order to transfer the General Insurance (Non Life Insurance) business W.E.F. 1st January 2015 in line with the requirement to segregate Life and General Insurance (Non Life Insurance) business as required by the RII (Amendment) Act No. 03 of 2011. Asian Alliance Insurance PLC invested Rs. 100 Million in line with the regulatory requirements in the said subsidiary company.

The subsidiary company, Asian Alliance General Insurance Ltd, does not have any commercial operations as at the reporting date except for the investments made using the Stated Capital.

Asian Alliance General Insurance Ltd invested the proceeds received as Stated Capital in Government securities (100%) as at the reporting date. Further, the Company has earned Rs. 2,389,904 as Interest income from this investment for the period ended 30<sup>th</sup> September 2014. In addition, the Company has incurred Rs. 681,450 for the Preliminary Expenses and other related expenses including application for IBSL registration. In addition, the Company has incurred Rs. 500,000 as Stamp Duty on the Issue of Shares and Rs 2,400 bank chargers for the period ended 30<sup>th</sup> September 2014. As per the Group Accounting Policy, the Stamp Duty will be accounted under the Statement of Changes in Equity. Except for those, there is no material income / expenses in the Subsidiary Company for the period ended 30<sup>th</sup> September 2014.

### 11b Presentation of Consolidated Financial Statements

Asian Alliance Insurance PLC has not presented Consolidated Financial Statements for the 09 Months ended 30th September 2014 as the subsidiary does not have any commercial operations. Further, there is no material change to the financial results (Profitability) of Asian Alliance Insurance PLC even if the consolidated financial statements are presented.

Accounting policies of Asian Alliance General Insurance Ltd has been fully aligned with the Parent Company Asian Alliance Insurance PLC and The investment in subsidiary is stated at cost in the Company's Financial Statements

## 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 30th September

2014  
Rs.' 000

Authorised by the Board, and Contracted for

14,638

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

The Contingent Liability of the Company as at 30 September 2014, 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

	30.09.2014 Rs	31 December 2013 Rs
<b>Net Assets Per Share</b>	<b>68.68</b>	<b>48.85</b>
<b>Market Price Per Share</b>		
Last traded price	138.10	105.00
Highest price per share for the period	160.00	107.00
Lowest price per share for the period	80.00	87.00

### 16 STATED CAPITAL

As at 30th September

	2014 No. of Shares	2013 No. of Shares
Stated capital represented by fully paid ordinary shares carry equal voting rights		
Ordinary shares	37,500,000	37,500,000

### 17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder

	As at 30 September 2014	
	No. of Shares	%
SoftLogic Capital Plc	21,646,123	57.72
Nederlandse Financierings - Maatschappij Voor	7,125,000	19.00
HSBC Intl Nominees Ltd / State Street Munich c	7,125,000	19.00
SoftLogic Finance Plc	547,158	1.46
A.L.F.De Mel	205,889	0.55
Teruaki Ono	140,024	0.37
G.C.Goonetilleke	76,550	0.20
HSBC Intl Nominees Ltd - SSBT - Deutsche Bank	40,641	0.11
M.F.Farook	38,000	0.10
Murugesu Mahibalan	31,769	0.08
Asha Financial Services Limited/ C.N.Pakianat	24,209	0.06
Waldock Mackenzie Ltd / M.Z.M.Wafik	18,935	0.05
Julia Anne De Mel	18,857	0.05
Kazuo Kondo	18,390	0.05
SoftLogic Holdings Plc	17,555	0.05
P.D.R.Weeraratne	15,300	0.04
Seylan Bank PLC/Tharana Gangul Thoradeniya	13,000	0.03
Waldock Mackenzie Ltd / G. Soysa	12,500	0.03
Krishantha Sanjeewa Jinadasa	10,040	0.03
Ranga Buddhima Jeevanthi Tiranagama	10,000	0.03
Kamani Hewage	10,000	0.03
Edgar Gunathunga	10,000	0.03
M.R.H.Galappatti	10,000	0.03
	37,164,940	99.11
Others	335,060	0.89
<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 30 September 2014 was 2.66 % ( 30 September 2013 - 2.77 %) and a number of public shareholders as at 30th September is six hundred and twenty six only.

19 DIRECTORS' SHARE HOLDINGS

As at 30th September Name of The Director	2014 No of Shares	2014 %
Mr.A. K. Pathirage (Chairman)	-	-
Mr. J. H. Paul Ratnayake (Deputy Chairman)	-	-
Mr. T. M. I. Ahamed (Managing Director)	-	-
Mr. Ramal . G. Jasinghe (Director / CEO)	-	-
Mr.S. Rajapakse	-	-
Mr.M. R. Abeywardena	-	-
Mr.J. K. Mukhi	-	-
Mr.J. W.H. Richters	-	-

20 RELATED PARTY DISCLOSURES

20.1 Transactions with Group Companies and Director related entities

Company	Relationship	Nature Of Transaction	For the period Ended 30.09.2014 Rs. ' 000	For the period Ended 30.09.2013 Rs. ' 000
			Unaudited	Unaudited
Softlogic Holdings PLC & Group	Softlogic Holdings PLC owns 47.18% of the Company's issued Share Capital	Insurance Premiums Claims Incurred	50,466 53,139	85,197 24,110
Softlogic Holdings PLC	Softlogic Holdings PLC owns 47.18% of the Company's issued Share Capital	Investments in Equity Shares as at Investments in Debentures as at Interest income on Debentures	73,008 141,750 15,308	39,948 130,000 -
Softlogic Capital PLC	Softlogic Capital PLC owns 57.73% of the Company's issued Share Capital	Asset Management Fee Other Consultancy Fees	66,287 37,467	28,306 19,469
Softlogic Information Technologies (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Purchase of Fixed Assets Insurance Premiums Claims Incurred	28,472 5,004 4,598	9,420
Softlogic Communications (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Investments in Commercial Papers Interest Income	- 1,532	27,297 8,667
Softlogic Retail (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Purchase of Fixed Assets Investments in Commercial Papers Interest Income	26,504 - 5,560	5,979 99,081 7,618
Softlogic Finance PLC	Group Company of Softlogic Holdings PLC	Investments in Debentures Investments in Commercial Papers Interest Income	89,119 - 9,883	80,000 114,130 8,243
Softlogic Stockbrokers (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Broker Charges	10,453	347
Softlogic Destination Management (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Foreign Travelling Expenses Paid	5,064	5,816
Asiri Hospital Holdings PLC	Group Company of Softlogic Holdings PLC	Investments in Equity Shares as at Dividend Income	116,500 2,750	74,500 2,427
Asian Alliance General Insurance Ltd	Subsidiary Company	Investment in Subsidiary	100,000	-
Softlogic Computers (Pvt) Ltd	Group Company of Softlogic Holdings PLC	Purchase of Fixed Assets	14,025	-

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 30.09.2014 Rs. ' 000	Period Ended 30.09.2013 Rs. ' 000
			Unaudited	Unaudited
Paul Rathnayake Associates	Director Related Entity	Insurance Placed	-	156
		Legal Fees Paid	627	987
P.R.Secretarial Services (Pvt) Ltd	Director Related Entity	Secretarial Fees paid	505	218