

INTERIM FINANCIAL STATEMENTS

31st December 2016

softlogic
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SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	COMPANY		GROUP
		31.12.2016 Rs. ' 000 Unaudited	31.12.2015 Rs. ' 000 Restated Audited	31.12.2015 Rs. ' 000 Restated Audited
Assets				
Intangible Assets		13,236	21,982	22,219
Property, Plant and Equipment		485,014	427,519	518,911
Investments in Subsidiary		-	800,000	-
Financial Investments	9	8,218,287	7,744,020	9,265,451
Loans to Life Policyholders and Others		162,448	143,640	145,314
Reinsurance Receivables		85,940	62,643	122,169
Premium Receivables		92,318	67,274	550,995
Amounts due from Related Companies		-	634	865
Other Assets		627,810	354,790	434,345
Insurance Contract - Deferred Expenses		-	-	125,922
Deferred Tax Assets		-	-	61,904
Cash and Cash Equivalents		232,554	192,118	223,936
Total Assets		9,917,607	9,814,620	11,472,031
Equity and Liabilities				
Equity				
Stated Capital		1,062,500	1,062,500	1,062,500
Other Reserves		(1,348,513)	(495,123)	(640,440)
Revaluation Reserve		24,903	24,903	24,903
Retained Earnings		2,223,276	1,469,737	1,400,443
Total Equity		1,962,166	2,062,017	1,847,406
Liabilities				
Insurance Contract Liabilities - Life	10	6,935,047	6,568,532	6,568,532
Insurance Contract Liabilities - General		-	-	1,322,011
Employee Benefits		73,436	45,796	63,358
Current Tax Liabilities		-	-	12,325
Reinsurance Payable		139,262	92,972	139,946
Insurance Contract - Deferred Revenue		-	-	10,738
Amounts due to Related Companies		27,621	31,603	-
Other Liabilities		648,609	382,736	496,967
Short Term Borrowings		-	269,700	269,700
Deferred Tax Liabilities		-	-	7,905
Bank Overdraft		131,466	361,264	733,143
Total Liabilities		7,955,441	7,752,603	9,624,625
Total Equity and Liabilities		9,917,607	9,814,620	11,472,031
Net Asset per Share		5.23	5.50	4.93

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

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

(Sgd.)

Dilan Christostom

Chief Financial Officer

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

Signed and on behalf of the Board;

(Sgd.)

Director

Colombo

8th March 2017

(Sgd.)

Director

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the twelve months ended 31 December	Note	GROUP		COMPANY		CHANGE
		2016	2015	2016	2015	%
		Rs. ' 000 Unaudited	Rs. ' 000 Audited	Rs. ' 000 Unaudited	Rs. ' 000 Audited	
Continuing Operations						
Gross Written Premium	5	5,635,701	4,091,042	5,635,701	4,091,042	38%
Premiums ceded to Reinsurers		(632,953)	(501,471)	(632,953)	(501,471)	26%
Net Earned Premium		5,002,748	3,589,571	5,002,748	3,589,571	39%
Other Revenue						
Finance Income		700,170	621,083	700,170	621,083	13%
Net Realized Gains		59,235	126,329	59,235	126,329	-53%
Net Fair value (Losses)/Gains		(95,888)	80,514	(95,888)	80,514	-219%
Other Operating Income		88	39,828	88	39,828	-100%
Gain on sale of Subsidiary	8.3	-	-	89,400	-	
		663,605	867,754	753,005	867,754	-13%
Total Net Revenue	6	5,666,353	4,457,325	5,755,753	4,457,325	29%
Benefits, Claims and Expenses						
Net Insurance Benefits and Claims		(1,072,166)	(433,732)	(1,072,166)	(433,732)	147%
Increase in Life Fund		(287,685)	(966,452)	(287,685)	(966,452)	-70%
Underwriting and net Acquisition Cost		(1,580,473)	(992,572)	(1,580,473)	(992,572)	59%
Other Operating and Administration Expenses		(1,780,776)	(1,046,670)	(1,780,776)	(1,046,670)	70%
Finance Cost		(67,810)	(25,337)	(67,810)	(25,337)	168%
Total Benefits, Losses and Expenses		(4,788,910)	(3,464,763)	(4,788,910)	(3,464,763)	38%
Profit Before Taxation	7	877,443	992,562	966,843	992,562	-3%
Income Tax Expense		-	-	-	-	
Profit for the Period from Continuing Operations		877,443	992,562	966,843	992,562	-3%
Discontinued Operations						
Profit for the Period from Discontinued Operations (Net of Tax)	8.1	(310,340)	(68,253)	-	-	
Gain on sale of Discontinued Operations	8.3	469,060	-	-	-	
		158,720	(68,253)	-	-	
Total Profit for the Period		1,036,163	924,309	966,843	992,562	-3%
Profit from Continuing Operations Attributable To;						
Owners of the Parent		877,443	992,562	966,843	992,562	
Non Controlling Interest		-	-	-	-	
		877,443	992,562	966,843	992,562	
Profit from Discontinued Operations Attributable To;						
Owners of the Parent		158,720	(68,253)	-	-	
Non Controlling Interest		-	-	-	-	
		158,720	(68,253)	-	-	
Basic/Diluted Earnings Per Share						
Continuing Operations	17	2.34	2.65	2.58	2.65	
Discontinued Operations		0.32	(0.14)	-	-	

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

* 2016 Group represent twelve months results of the Company and nine months results of the discontinued Subsidiary.

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the twelve months ended 31 December	GROUP		COMPANY	
	2016	2015	2016	2015
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited		Unaudited	
Profit for the Period from Continuing Operations	877,443	992,562	966,843	992,562
Profit for the Period from Discontinued Operations	158,720	(68,253)	-	-
	1,036,163	924,309	966,843	992,562
<u>Other Comprehensive Income</u>				
Items that will never be reclassified to Income Statement				
Remeasurement of defined benefit (liability)/asset	(13,304)	71	(13,304)	71
Revaluation of Land and Buildings	-	24,903	-	24,903
	(13,304)	24,974	(13,304)	24,974
Items that are or may be reclassified to profit or loss				
Available for sale financial asset - net change in fair value	(160,310)	(364,298)	(160,310)	(364,298)
Available for sale financial asset - net change in fair value -Life fund	(675,953)	(515,523)	(675,953)	(515,523)
Available for sale financial assets reclassified to income statement	(17,127)	(68,507)	(17,127)	(68,507)
Other Comprehensive Income from Continuing Operations, net of tax	(866,694)	(923,354)	(866,694)	(923,354)
Other Comprehensive Income from Discontinued Operations, net of tax (Note 8.1.b)	145,317	(151,296)	-	-
Total comprehensive income for the period	314,786	(150,341)	100,149	69,208
Total comprehensive income attributable to:				
Owners of the Company	314,786	(150,341)	100,149	69,208
Non - controlling interests	-	-	-	-
	314,786	(150,341)	100,149	69,208

* 2016 Group represent twelve months results of the Company and nine months results of the discontinued Subsidiary.

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 31 December	Note	GROUP		COMPANY		CHANGE
		2016 Rs. ' 000 Unaudited	2015 Rs. ' 000	2016 Rs. ' 000 Unaudited	2015 Rs. ' 000	%
Continuing Operations						
Gross Written Premium	5	1,489,703	1,166,244	1,489,703	1,166,244	28%
Premiums ceded to Reinsurers		(199,164)	(137,477)	(199,164)	(137,477)	45%
Net Earned Premium		1,290,539	1,028,767	1,290,539	1,028,767	25%
Other Revenue						
Finance Income		213,905	200,024	213,905	200,024	7%
Net Realized Gains		(14,294)	68,578	(14,294)	68,578	-121%
Net Fair value (Losses)/Gains		(53,546)	(35,293)	(53,546)	(35,293)	52%
Other Operating Income		88	41,466	88	41,466	-100%
Gain on sale of Subsidiary	8.3	-	-	89,400	-	
		146,153	274,775	235,553	274,775	-14%
Total Net Revenue	6	1,436,692	1,303,542	1,526,092	1,303,542	17%
Benefits, Claims and Expenses						
Net Insurance Benefits and Claims		(310,140)	(132,481)	(310,140)	(132,481)	134%
Increase in Life Fund		(82,931)	23,679	(82,931)	23,679	-450%
Underwriting and net Acquisition Cost		(375,107)	(274,343)	(375,107)	(274,343)	37%
Other Operating and Administration Expenses		(650,026)	(291,652)	(650,026)	(291,652)	123%
Finance Cost		(50,359)	(5,178)	(50,359)	(5,178)	873%
Total Benefits, Losses and Expenses		(1,468,563)	(679,975)	(1,468,563)	(679,975)	116%
Profit Before Taxation	7	(31,871)	623,567	57,529	623,567	-91%
Income Tax (Expenses)/Reversal		-	-	-	-	
Profit for the Period from Continuing Operations		(31,871)	623,567	57,529	623,567	-91%
Discontinued Operations						
Profit for the Period from Discontinued Operations (Net of	8.1	-	(58,142)	-	-	
Gain on sale of Discontinued Operations	8.3	469,060	-	-	-	
		469,060	(58,142)	-	-	
Total Profit for the Period		437,189	565,425	57,529	623,567	-91%
Profit from Continuing Operations Attributable To;						
Owners of the Parent		(31,871)	623,567	57,529	623,567	
Non Controlling Interest		-	-	-	-	
		(31,871)	623,567	57,529	623,567	
Profit from Discontinued Operations Attributable To;						
Owners of the Parent		469,060	(58,142)	-	-	
Non Controlling Interest		-	-	-	-	
		469,060	(58,142)	-	-	
Basic/Diluted Earnings Per Share						
Continuing Operations	17	(0.08)	1.66	0.15	1.66	
Discontinued Operations		0.94	-	-	-	

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

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 December	GROUP		COMPANY	
	2016	2015	2016	2015
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited		Unaudited	
Profit for the Period from Continuing Operations	(31,871)	623,567	57,529	623,567
Profit for the Period from Discontinued Operations	469,060	(58,142)	-	-
	437,189	565,425	57,529	623,567
<u>Other Comprehensive Income</u>				
Items that will never be reclassified to Income Statement				
Remeasurement of defined benefit (liability)/asset	(13,304)	71	(13,304)	71
Revaluation of Land and Buildings	-	24,903	-	24,903
	(13,304)	24,974	(13,304)	24,974
Items that are or may be reclassified to profit or loss				
Available for sale financial asset - net change in fair value	(36,328)	(126,673)	(36,328)	(126,673)
Available for sale financial asset - net change in fair value -Life fund	(260,722)	(53,197)	(260,722)	(53,197)
Available for sale financial assets reclassified to income statement	(25,951)	(10,756)	(25,951)	(10,756)
Other Comprehensive Income from Continuing Operations, net of tax	(336,305)	(165,652)	(336,305)	(165,652)
Other Comprehensive Income from Discontinued Operations, net of tax	-	(40,700)	-	-
Total comprehensive income for the period	100,884	359,073	(278,776)	457,915
Total comprehensive income attributable to:				
Owners of the Company	100,884	359,073	(278,776)	457,915
Non - controlling interests	-	-	-	-
	100,884	359,073	(278,776)	457,915

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - GROUP

For the twelve months ended 31 December	Stated Capital	Available for sale reserve	Revaluation reserves	Retained Earnings	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Restated Rs. ' 000	Restated Rs. ' 000
Balance as at 01 January 2015	1,062,500	455,472	-	855,693	2,373,665
Profit for the Period	-	-	-	924,309	924,309
Other Comprehensive Income for the Period					
Available for sale financial asset -net change in fair value	-	(364,298)	-	-	(364,298)
Available for sale financial asset - net change in fair value - Life fund	-	(515,523)	-	-	(515,523)
Available for sale financial assets reclassified to income statement	-	(68,507)	-	-	(68,507)
Remeasurement of defined benefit (liability)/asset	-	-	-	71	71
Revaluation of Land and Buildings	-	-	24,903	-	24,903
Other Comprehensive Income from Continuing Operations	-	(948,328)	24,903	71	(923,354)
Other Comprehensive Income from Discontinued Operations, net of tax	-	(147,584)	-	(3,712)	(151,296)
Total Other Comprehensive income	-	(1,095,912)	24,903	(3,641)	(1,074,650)
Total Comprehensive income for the period	-	(1,095,912)	24,903	920,668	(150,341)
Balance as at 31 December 2015 , as previously reported	1,062,500	(640,440)	24,903	1,776,361	2,223,324
Adjustment made as directed by Insurance Board of Sri Lanka (Note 10)	-	-	-	(375,918)	(375,918)
Balance as at 31 December 2015 - Restated	1,062,500	(640,440)	24,903	1,400,443	1,847,406
Balance as at 01 January 2016	1,062,500	(640,440)	24,903	1,400,443	1,847,406
Profit for the Period	-	-	-	1,036,163	1,036,163
Other Comprehensive Income for the Period					
Available for sale financial asset -net change in fair value	-	(160,310)	-	-	(160,310)
Available for sale financial asset - net change in fair value - Life fund	-	(675,953)	-	-	(675,953)
Available for sale financial assets reclassified to income statement	-	(17,127)	-	-	(17,127)
Remeasurement of defined benefit (liability)/asset	-	-	-	(13,304)	(13,304)
Other Comprehensive Income from Continuing Operations	-	(853,390)	-	(13,304)	(866,694)
Other Comprehensive Income from Discontinued Operations, net of tax	-	145,317	-	-	145,317
Total Other Comprehensive income	-	(708,073)	-	(13,304)	(721,377)
Total Comprehensive income for the period	-	(708,073)	-	1,022,859	314,786
Transaction with the owners of the Company, recognised directly in equity					
Interim Dividend	-	-	-	(200,000)	(200,000)
Share issue transaction cost	-	-	-	(26)	(26)
Balance as at 31 December 2016	1,062,500	(1,348,513)	24,903	2,223,276	1,962,166

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - COMPANY

For the twelve months ended 31 December	Stated	Available for	Revaluation	Retained	Total
	Capital	sale reserve	reserves	Earnings	
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Restated Rs. ' 000	Restated Rs. ' 000
Balance as at 01 January 2015	1,062,500	453,205	-	853,022	2,368,727
Profit for the Period	-	-	-	992,562	992,562
Other Comprehensive Income for the Period					
Available for sale financial asset -net change in fair value	-	(364,298)	-	-	(364,298)
Available for sale financial asset - net change in fair value - Life fund	-	(515,523)	-	-	(515,523)
Available for sale financial assets reclassified to income statement	-	(68,507)	-	-	(68,507)
Remeasurement of defined benefit (liability)/asset	-	-	-	71	71
Revaluation of Land and Buildings	-	-	24,903	-	24,903
Total Other Comprehensive income	-	(948,328)	24,903	71	(923,354)
Total Comprehensive income for the period	-	(948,328)	24,903	992,633	69,208
Balance as at 31 December 2015 , as previously reported	1,062,500	(495,123)	24,903	1,845,655	2,437,935
Adjustment made as directed by Insurance Board of Sri Lanka (Note 10)	-	-	-	(375,918)	(375,918)
Balance as at 31 December 2015 - Restated	1,062,500	(495,123)	24,903	1,469,737	2,062,017
Balance as at 01 January 2016	1,062,500	(495,123)	24,903	1,469,737	2,062,017
Profit for the Period	-	-	-	966,843	966,843
Other Comprehensive Income for the Period					
Available for sale financial asset -net change in fair value	-	(160,310)	-	-	(160,310)
Available for sale financial asset - net change in fair value - Life fund	-	(675,953)	-	-	(675,953)
Available for sale financial assets reclassified to income statement	-	(17,127)	-	-	(17,127)
Remeasurement of Defined Benefit (liability)/asset	-	-	-	(13,304)	(13,304)
Total other Comprehensive income net of tax	-	(853,390)	-	(13,304)	(866,694)
Total Comprehensive income for the period	-	(853,390)	-	953,539	100,149
Transaction with the owners of the Company, recognised directly in equity					
Interim Dividend	-	-	-	(200,000)	(200,000)
Balance as at 31 December 2016	1,062,500	(1,348,513)	24,903	2,223,276	1,962,166

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the twelve months ended 31 December	GROUP		COMPANY	
	2016	2015	2016	2015
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited		Unaudited	
Continuing Operation				
Cash Flows Operating Activities				
Profit before Taxation	966,843	992,562	966,843	992,562
Adjustments for :				
Depreciation of Property, Plant and Equipments	78,858	48,052	78,858	48,052
Amortization of Intangible Assets	8,746	11,280	8,746	11,280
Provision for Employee Benefits	14,934	10,638	14,934	10,638
Net Realized (Gains)	(59,235)	(126,329)	(59,235)	(126,329)
Net Fair value Losses/(Gains)	95,888	(80,514)	95,888	(80,514)
Net Amortization of Financial Investments	(57,290)	-	(57,290)	-
Gain on Disposal of Subsidiary	(89,400)	-	(89,400)	-
(Gain)/Loss on Sale of Property, Plant and Equipments	(4,936)	445	(4,936)	445
	954,409	856,134	954,409	856,134
Change in Operating Assets	(126,223)	(127,883)	(126,223)	(127,883)
Change in Operating Liabilities	674,696	1,480,697	674,696	1,480,697
Cashflows from Operating Activities	1,502,882	2,208,948	1,502,882	2,208,948
Gratuity paid	(599)	(7,438)	(599)	(7,438)
Income tax paid	-	-	-	-
Net Cash Generated from Operating Activities	1,502,283	2,201,510	1,502,283	2,201,510
Cash Flows Investing Activities				
Acquisition of Subsidiary	(600,000)	(700,000)	(600,000)	(700,000)
Consideration Received from Disposal of Subsidiary	1,276,089	-	1,276,089	-
Acquisition of Financial Securities	(4,018,585)	(1,422,947)	(4,018,585)	(1,422,947)
Consideration Received from Disposal of Investments	2,711,564	-	2,711,564	-
Net Acquisition / Capitalization of of Property, Plant and Equipment	(136,353)	(149,804)	(136,353)	(149,804)
Acquisition of of Intangible Assets	-	(2,864)	-	(2,864)
Proceeds from Sale of Property, Plant and Equipment	4,936	155	4,936	155
Net Cash (used in)/ Generated from Investing Activities	(762,349)	(2,275,460)	(762,349)	(2,275,460)
Cash Flows Financing Activities				
Dividend Paid	(200,000)	(168,569)	(200,000)	(168,569)
Net Short Term Borrowings	(269,700)	115,216	(269,700)	115,216
Net Cash (used in) / Generated from Financing Activities	(469,700)	(53,353)	(469,700)	(53,353)
Net Increase / (Decrease) in Cash and Cash Equivalents	270,234	(127,303)	270,234	(127,303)
Net cash and cash equivalents as at the Beginning of the year	(169,146)	(41,843)	(169,146)	(41,843)
Net cash and cash equivalents as at the end of the year - Continued Operation	101,088	(169,146)	101,088	(169,146)
Net Cashflows from Discontinued Operations (Note 8.2)	18,520	(340,060)	-	-
Notes to the Cashflow Statement				
A. Change in Operating Assets				
(Increase) / Decrease in Loans to Life Policyholders	(18,808)	(7,536)	(18,808)	(7,536)
(Increase) / Decrease in Reinsurance Receivables	(23,297)	10,673	(23,297)	10,673
(Increase) / Decrease in Premium Receivables	(25,044)	(17,106)	(25,044)	(17,106)
(Increase) / Decrease in Receivable and Other Assets	(59,074)	(113,914)	(59,074)	(113,914)
	(126,223)	(127,883)	(126,223)	(127,883)
B. Change in Operating Liabilities				
Increase / (Decrease) in Insurance Contract Liabilities - Life	366,515	968,920	366,515	968,920
Increase / (Decrease) in Reinsurance Payables	46,290	78,268	46,290	78,268
Increase / (Decrease) in Other Liabilities	261,891	433,509	261,891	433,509
	674,696	1,480,697	674,696	1,480,697
C. Increase in Cash and Cash Equivalents				
Cash and Cash Equivalents	232,554	192,118	232,554	192,118
Bank overdrafts	(131,466)	(361,264)	(131,466)	(361,264)
Net cash and cash equivalents as at 31 December	101,088	(169,146)	101,088	(169,146)
Net cash and cash equivalents as at the Beginning of the period	(169,146)	(41,843)	(169,146)	(41,843)
Increase / (Decrease) in Cash and Cash Equivalents	270,234	(127,303)	270,234	(127,303)

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION - LIFE INSURANCE FUND

As at	31.12.2016 Rs. ' 000 Unaudited	31.12.2015 Rs. ' 000 Restated Audited
Assets		
Intangible Assets	7,809	11,210
Property, Plant and Equipment	424,362	401,763
Financial Investments	6,869,209	6,856,537
Loans to Life Policyholders and Others	159,338	141,595
Reinsurance Receivables	85,940	62,643
Premium Receivables	92,333	67,290
Other Assets	398,887	312,159
Cash and Cash Equivalents	232,087	190,685
Total Assets	8,269,965	8,043,882
Equity and Liabilities		
Equity		
Other Reserves	(815,254)	(134,820)
Revaluation Reserve	24,903	24,903
Total Equity	(790,351)	(109,917)
Liabilities		
Insurance Contract Liabilities - Life	6,935,047	6,568,532
Employee Benefits	51,992	28,267
Reinsurance Payable	139,262	92,972
Other Liabilities	1,814,709	868,103
Short Term Borrowings	-	269,700
Bank Overdraft	119,306	326,225
Total Liabilities	9,060,316	8,153,799
Total Equity and Liabilities	8,269,965	8,043,882

1 REPORTING ENTITY

Softlogic Life 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 twelve months ended 31 December 2016 were authorised for issue by the Board of Directors on 8th March 2017.

3 BASIS OF PREPARATION

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

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

Measurement of Insurance Contact Liabilities-Life

Insurance Contact Liabilities-Life are measured by using The Gross Premium Valuation(GPV) method as specified by Insurance Board of Sri Lanka (IBSL) based on the recommendation of the Independent Consultant Actuary. The liability is computed based on Solvency Margin Rules (RBC) 2015 which is applicable with effect from 1st January 2016.

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 Interim Financial Statements for the period ended 31 December 2016 are provisional and unaudited .

5 GROSS WRITTEN PREMIUM

For the twelve months ended 31 December

	GROUP & COMPANY	
	2016	2015
	Rs.' 000	Rs.' 000
	Unaudited	
Life Insurance-Continued		
First Year Premium	2,050,282	1,375,679
Renewal Premium	3,374,614	2,609,741
Group Life Premium	188,607	98,986
Single Premium	22,198	6,636
Total Life Insurance Gross Written Premium	5,635,701	4,091,042

6 TOTAL NET REVENUE

For the twelve months ended 31 December

	GROUP	COMPANY	GROUP & COMPANY
	2016	2016	2015
	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited		
Continuing Operations-Life Insurance	5,666,353	5,755,753	4,457,325
Net Revenue	5,666,353	5,755,753	4,457,325

7 PROFIT BEFORE TAXATION

For the twelve months ended 31 December

	GROUP	COMPANY	GROUP & COMPANY
	2016	2016	2015
	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited		
Continuing Operations-Life Insurance	877,443	966,843	992,562
Total	877,443	966,843	992,562

8 DISCONTINUED OPERATIONS

Based on the Share Sale and Purchase agreement on 24th June 2016, for the sale of all the shares that it holds in Asian Alliance General Insurance Limited ,the Company divested its 100% stake in Asian Alliance General Insurance Limited to Fairfax Asia Limited with effect from 3rd October 2016.

The General Insurance Business segment was classified as Asset Held For Sale in quarter ended 30 September 2016 and disposal gain has been recorded in quarter ended 31 December 2016.The comparative Statements of Profit or Loss and Other Comprehensive Income have been re stated.The disclosures required by SLFRS 5 as given below.

Disclosure Required	Presentation
Result of discontinued operation	Note 8.1
Cash flows from/(used in) discontinued operations	Note 8.2
Gain on Sale of Discontinued Operation	Note 8.3

8.1 Summarised Income Statement of Discontinued Operation

8.1.a For,	Rs. '000' 9 Months ended Sep 2016	Rs. '000' 12 Months ended Dec 2015
Gross Written Premium	1,784,967	1,977,003
Net Earned Premium	1,362,405	1,597,790
Investment Income and Other Income	(2,398)	196,469
Total Net Revenue	1,360,007	1,794,259
Net Insurance Benefits and Claims	(993,806)	(1,195,426)
Underwriting and net Acquisition Cost	(199,471)	(156,540)
Other Operating ,Administration and Finance Expenses	(472,741)	(541,390)
Profit Before Taxation	(306,011)	(99,097)
Income Tax Expenses	(4,329)	30,844
(Loss) from Discontinued Operations	(310,340)	(68,253)

8.1.b Other Comprehensive Income

Available for sale financial asset -net change in fair value	6,664	(157,659)
Available for sale financial assets reclassified to income statement	148,040	689
Remeasurement of defined benefit (liability)/asset	-	(5,155)
Tax on Other Comprehensive Income	(9,387)	10,829
Total other Comprehensive income net of tax	145,317	(151,296)
Total Comprehensive income for the period	(165,023)	(219,549)

8.2 Summarised Cashflow Statement of Discontinued Operation

For,	Rs. '000' 9 Months ended Sep 2016	Rs. '000' 12 Months ended Dec 2015
Net Cash Generated from Operating Activities	112,946	(918,560)
Net Cash (used in)/ Generated from Investing Activities	(354,365)	25,708
Net Cash (used in) / Generated from Financing Activities	600,000	699,971
	358,581	(192,881)
Net cash and cash equivalents as at the Beginning of the year	(340,061)	(147,179)
Net cash and cash equivalents as at the end of the year	18,520	(340,060)

8.3 Realised Gain from Disposal of Subsidiary

For the twelve months ended 31 December	GROUP 2016 Rs.' 000	COMPANY 2016 Rs.' 000
Total Purchase Consideration	1,541,836	1,541,836
Net Assets as at 30 September 2016	(1,020,340)	-
Cost of the Investment as at 30 September 2016	-	(1,400,000)
Gross Disposal Gain- Before Adjustments	521,496	141,836
Adjustments	(52,436)	(52,436)
Net Disposal Gain	469,060	89,400

9 FINANCIAL INVESTMENTS

As at		Company		Group
		Dec-2016	Dec-2015	Dec-2015
		Rs. '000	Rs. '000	Rs. '000
		Unaudited	Audited	Audited
Held to Maturity (HTM)	Note 9.1	233,041	227,727	227,727
Loans and Receivables (L & R)	Note 9.2	482,520	522,610	781,297
Available - for - Sale (AFS)	Note 9.3	6,973,740	6,374,199	7,481,233
Fair Value Through Profit or Loss (FVTPL)	Note 9.4	528,985	619,484	775,194
Total Financial Investments		8,218,287	7,744,020	9,265,451
As at		Company		Group
		Dec-2016	Dec-2015	Dec-2015
		Rs. '000	Rs. '000	Rs. '000
		Unaudited	Audited	Audited
9.1 Held to Maturity (HTM)				
Treasury Bonds		233,041	227,727	227,727
		233,041	227,727	227,727
9.2 Loans and Receivables (L & R)				
Debt Securities - Bank Deposits	Note 9.2.a	200,095	-	40,762
- Debentures	Note 9.2.b	-	90,713	111,431
Overnight Reverse Repo		282,426	431,897	629,104
		482,520	522,610	781,297
9.2.a Bank Deposits (L& R)				
Licensed Commercial Banks		200,095	-	40,762
		200,095	-	40,762
9.2.b Debentures (L & R)				
Unlisted		-	90,713	111,431
		-	90,713	111,431
9.3 Available - for - Sale (AFS)				
Debt Securities				
- Debentures		1,554,430	1,127,542	1,227,459
Equity Securities				
- Quoted		1,428,296	1,423,095	1,714,245
- Un Quoted		369,700	319,700	369,700
Treasury Bonds		3,621,314	3,503,862	4,169,829
		6,973,740	6,374,199	7,481,233
9.4 Fair Value Through Profit or Loss (FVTPL)				
Equity Securities		528,985	600,146	624,763
Unit Trust		-	19,338	64,898
Debentures		-	-	85,533
		528,985	619,484	775,194

10 INSURANCE CONTRACT LIABILITIES - LIFE

As at		Company		Group
		Dec-2016 Rs. '000 Unaudited	Dec-2015 Rs. '000 Restated Audited	Dec-2015 Rs. '000 Restated Audited
Insurance Contract Liabilities	10.2	1,814,822	5,966,014	5,966,014
Surplus Created due to Change in Valuation method from NPV to GPV	10.1	4,814,795	-	-
Adjustment made as at 31.12.2015		-	375,918	375,918
Unclaimed benefits		305,430	226,600	226,600
		6,935,047	6,568,532	6,568,532

10.1 Surplus Created due to Change in Valuation method from NPV to GPV

As per the Solvency Margin Rules (Risk Based Capital) which has been enacted with effect from 01st January 2016, All Insurance Companies are required to value the Life Insurance Policy Liabilities as per the Gross Premium Valuation (GPV) method.

One-off Surplus

The change in the valuation method from Net Premium Valuation (NPV) which was computed based on Solvency Margin Rules 2002 to Gross Premium Valuation (GPV) resulted a one off release in policy liabilities amounting to Rs. 4,815 Million.

The Insurance Board of Sri Lanka (IBSL) has directed all insurance companies not to transfer or distribute the "Surplus created due to change in valuation method from NPV to GPV" and to maintain it within the long term insurance fund until specific instructions are issued by the IBSL.

10.2 Valuation of Life Insurance Fund

An amount of Rs. 250 million, Rs. 310 million and Rs. 330 million declared as surplus for the quarter ended 31 March 2016, 30 June 2016 and 30 September 2016 respectively as recommended by appointed Actuary Mr. Kunj Behari Maheshwari, Messrs. Wills Towers and Watson (WTW).

10.3 Liability Adequacy Test (LAT) - Life Insurance Contract Liabilities

Liability Adequacy Test (LAT) in respect of the Insurance Contract Liabilities as required by SLFRS 4 - Insurance Contracts as at 31 December 2016 was carried out and no additional provision is required.

11 CAPITAL COMMITMENTS AND CONTINGENCIES

11.1 Capital Commitments

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

11.2 Contingencies - Company

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

- a) The Company has been issued with an assessment by the Department of Inland Revenue on 28 October 2011 and 26 April 2013 under the Value Added Tax Act, in relation to the taxable period ending 31 December 2009 and 2010 for Rs. 9.6 Million and Rs. 52.3 Million respectively. The Company has filed an appeal in November 2011 on the basis that the underlying computation includes items which are exempt /out of scope of the VAT Act. The Commissioner General of Inland Revenue has determined the assessment and the Company has appealed to the Tax Appeals Commission. The Company is awaiting the final decision.

Life Insurance Taxation

- b) The Company has received a tax assessments letter for Life Insurance taxation for the year 2010. The Company is of the strong view that no additional tax liability is arising and also we have filed a response highlighting our view, which was done in consultation with Tax Consultants. Further even if this would materialized against the Company, no additional tax liabilities are required for the Company due to carried forward taxable losses and credits. However, the accumulated tax losses of Life business will come down by Rs. 237 Million.
- c) The Company has received a notice of assessments letter for Life Insurance taxation for the years 2011, 2012 and 2013. The Company has filed a petition of appeal through Company's Tax Consultants and the Company is of the strong view that no additional tax liability is arose due to this. Further even if this would materialized against the Company, no additional tax liabilities are required for the Company due to carried forward taxable losses and credits. However, the accumulated tax losses of Life business will come down by Rs. 952 Million.

11.3 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 interim financial statements.

12 EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the Reporting date which would require adjustments or disclosure in the Financial Statements.

13 COMPARATIVE INFORMATION

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

14 SHARE INFORMATION

	Company		Group
	31.12.2016	31.12.2015	31.12.2015
Net Assets Per Share (Rs)	5.23	5.50	4.93
Dividend Per Share (Rs)	0.53	-	-
Market Price Per Share			
Last traded price as at 31 December 2016	20.50	16.00	-
Highest traded price per share for the Quarter (Sep-Dec)	23.90	18.90	-
Lowest traded price per share for the Quarter (Sep-Dec)	18.60	16.00	-

15 STATED CAPITAL

As at	Company		Group
	31.12.2016 Rs.' 000	31.12.2015 Rs.' 000	31.12.2015 Rs.' 000
Stated Capital	1,062,500	1,062,500	1,062,500
No of Ordinary Shares	375,000,000	375,000,000	375,000,000

16 BASIC & DILUTED EARNING PER SHARE (EPS)

	Group		Company	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit attributable to Ordinary Shareholders from Continuing Operation (Rs. 000)	877,443	992,562	966,843	992,562
Profit attributable to Ordinary Shareholders from Discontinuing Operation (Rs. 000)	158,720	(68,253)	-	-
Weighted Average No of shares as at 31 December	375,000,000	375,000,000	375,000,000	375,000,000
Basic/Diluted Earning per share - Continuing Operation (Rs.)	2.34	2.65	2.58	2.65
Basic/Diluted Earning per share - Discontinuing Operation (Rs.)	0.32	(0.14)	-	-

18 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	As at 31 December 2016	
	No. of Shares	%
1 Sofilogic Capital PLC	221,952,810	59.19%
2 HSBC Intl Nominees Ltd / State Street Munich c/o SSBT - DEG - Deutsche	71,250,000	19.00%
3 Nederlandse Financierings - Maatschappij Voor Ontwikkelingslan	71,250,000	19.00%
4 Sandwave Limited	1,618,680	0.43%
5 Waldoek Mackenzie Ltd/Mr.S.N.P.Palihena and Mrs. A.S.Palihena	1,000,000	0.27%
6 Mr. Goonetilleke Gajath Chrysantha	775,000	0.21%
7 Mr. Ananda Rajapaksha Rathnayaka Sarath	615,950	0.16%
8 Citizens development business finance PLC/D.S.J. Wickramaratne and D.J. Wickramaratne	401,599	0.11%
9 United Motors Lanka PLC	394,030	0.11%
10 Mr. Ekanayaka Nahimala Welegedara Senarath Bandara	205,000	0.05%
11 People's Leasing & Finance PLC/Mr.D.M.P. Dissanayake	200,004	0.05%
12 Mr. Kumara Ganegoda Hitiarachchige Sarath	200,000	0.05%
13 Sofilogic Holding PLC	175,550	0.05%
14 Waldoek Mackenzie Ltd / M.Z.M Wafik	156,190	0.04%
15 Mrs. Hanifa Fathima Farzana	122,061	0.03%
16 Mr. Mushtaq Mohamed Fuad	113,035	0.03%
17 Mr. Kandegedara Semasinghe Nawaratna Chandrasekara Wanninayaka Mudiyansele Bandara Chandrasekara	101,000	0.03%
18 Union Investments Private LTD	100,000	0.03%
19 Mr. Edgar Gunathunga	100,000	0.03%
20 Ms. Galappatti Merennage Roshini Hasamali	100,000	0.03%
Others	370,830,909	98.90%
Total	375,000,000	100%

19 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 December 2016 was 2.77 % (31 December 2015 - 2.77 %) and a number of public shareholders as at 31 December 2016 was 1,047 (31 December 2015 - 1,283) .

20 DIRECTORS' SHARE HOLDINGS

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

21 RELATED PARTY DISCLOSURES

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

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

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

For the twelve months ended 31 December	Group		Company	
	2016 Rs.' 000	2015 Rs.' 000	2016 Rs.' 000	2015 Rs.' 000
Transactions with the Ultimate Parent & Parent				
Investments	55,921	195,009	55,921	155,921
Insurance Premiums	9,468	12,546	-	-
Rendering / Receiving of services	85,326	-	77,369	770
Interest & Maturity received	147,645	18,132	144,098	15,750
Dividend received	14,531	9,088	14,531	9,088
Dividend Paid	190,801	-	190,801	-
Expenses	-	110,911	-	103,295
Claims Paid	3,901	3,420	-	2,414
Transactions with Subsidiary				
Equity investment	-	800,000	-	800,000
Insurance Premiums	46,124	82,755	46,124	14,620
Transfer of assets and liabilities	-	4,014,985	-	4,014,985
Claims Paid	937	31	937	31
Transactions with Companies under Common Control				
Investments	62,874	242,874	62,874	222,874
Insurance Premiums	100,508	97,885	-	-
Rendering Receiving of services	66,632	-	66,632	56,869
Purchases of property plant & equipment	7,363	29,565	6,914	23,989
Interest & Maturity received /Given	88,721	-	88,721	21,332
Dividend received	2,376	-	2,376	12,018
Other Income	3,400	3,400	-	-
Claims Paid	23,813	42,298	-	67,187
Expenses	448	-	448	-
Companies controlled / jointly controlled / significantly influenced by KMP and their close family members				
Insurance Premiums	1,803	1,891	-	-
Rendering / Receiving of services	-	575	-	455
Claims Paid	1,237	1,769	-	-
Professional Charges	68	122	-	61