

Asian Alliance Insurance PLC

Condensed Consolidated Interim Financial Statements

31 December 2015

Something
extraordinary



Asian Alliance
Insurance
A Softlogic Company

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Note	GROUP		COMPANY	
		31.12.2015	31.12.2014	31.12.2015	31.12.2014*
		Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
		Unaudited	Audited	Unaudited	Audited
Assets					
Intangible Assets		22,219	31,493	21,982	31,493
Property, Plant and Equipment		518,911	377,875	427,519	377,875
Investments in Subsidiary	9	-	-	800,000	100,000
Financial Investments		9,265,451	8,567,946	7,744,020	8,464,071
Loans to Life Policyholders and Others		145,314	133,846	143,640	133,846
Reinsurance Receivables		122,169	159,712	62,643	159,712
Premium Receivables		550,995	460,196	67,274	460,196
Amounts due from Related Companies		865	662	634	2,044
Other Assets		434,345	341,222	354,790	341,022
Deferred Tax Assets		61,904	-	-	-
Insurance Contract - Deferred Expenses		125,922	100,956	-	100,956
Cash and Cash Equivalents		223,936	130,283	192,118	130,255
Total Assets		11,472,031	10,304,191	9,814,620	10,301,470
Equity and Liabilities					
Equity					
Stated Capital		1,062,500	1,062,500	1,062,500	1,062,500
Other Reserves		(640,440)	455,472	(495,123)	455,472
Revaluation Reserve		24,903	-	24,903	-
Retained Earnings		1,776,361	855,693	1,845,655	853,022
Total Equity		2,223,324	2,373,665	2,437,935	2,370,994
Liabilities					
Insurance Contract Liabilities - Life	11	6,192,615	5,223,695	6,192,615	5,223,695
Insurance Contract Liabilities - General	12	1,322,011	1,138,694	-	1,138,694
Employee Benefits		63,358	53,028	45,796	53,028
Current Tax Liabilities		12,325	11,980	-	11,980
Reinsurance Payable		139,946	131,308	92,972	131,308
Insurance Contract - Deferred Revenue		10,738	25,779	-	25,779
Amounts due to Related Companies		-	-	31,603	-
Other Liabilities		496,966	872,254	382,735	872,204
Deferred Tax Liabilities		7,905	-	-	-
Short Term Borrowings		269,700	154,483	269,700	154,483
Bank Overdraft		733,143	319,305	361,264	319,305
Total Liabilities		9,248,707	7,930,526	7,376,685	7,930,476
Total Equity and Liabilities		11,472,031	10,304,191	9,814,620	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

16 February 2016

(Sgd.)

Director

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Note	GROUP		COMPANY		CHANGE
		2015	2014	2015	2014	Group %
		Rs. ' 000 Unaudited	Rs. ' 000 Audited	Rs. ' 000 Unaudited	Rs. ' 000 Audited	
Gross Written Premium	5	6,053,425	4,773,295	4,091,042	4,773,295	27%
Net Change in Reserve for Unearned Premium		(131,590)	(108,998)	-	(108,998)	21%
Gross Earned Premium		5,921,835	4,664,297	4,091,042	4,664,297	27%
Premiums ceded to Reinsurers		(692,550)	(552,563)	(501,471)	(552,563)	25%
Net Change in Reserve for Unearned Reinsurance Premium		(56,544)	28,333	-	28,333	-300%
Net Earned Premium		5,172,741	4,140,067	3,589,571	4,140,067	25%
Other Revenue						
Finance Income		724,761	826,090	621,083	822,187	-12%
Net Realized Gains		148,709	765,268	126,329	765,268	-81%
Net Fair value Gains		84,437	359,284	80,514	359,284	-76%
Other Operating Income		106,316	15,638	39,828	15,638	580%
		1,064,223	1,966,280	867,754	1,962,377	-46%
Total Net Revenue	6	6,236,964	6,106,347	4,457,325	6,102,444	2%
Benefits, Claims and Expenses						
Net Insurance Benefits and Claims		(1,629,158)	(1,548,661)	(433,732)	(1,548,661)	5%
Increase in Life Fund		(966,452)	(1,253,098)	(966,452)	(1,253,098)	-23%
Underwriting and net Acquisition Cost		(1,149,112)	(833,325)	(992,572)	(833,325)	38%
Other Operating and Administration Expenses		(1,565,578)	(1,677,304)	(1,046,670)	(1,676,572)	-7%
Finance Cost		(33,199)	(25,840)	(25,337)	(25,840)	28%
Total Benefits, Losses and Expenses		(5,343,499)	(5,338,228)	(3,464,763)	(5,337,496)	0%
Profit Before Taxation	7	893,465	768,119	992,562	764,948	16%
Income Tax Expenses		30,844	(12,838)	-	(12,838)	340%
Profit for the Period		924,309	755,281	992,562	752,110	22%
Earnings Per Share						
Basic Earnings Per Share (Rs.)		*2.47	20.14	*2.65	20.05	
Diluted Earnings Per Share (Rs.)		*2.47	20.14	*2.65	20.05	

*Earnings Per Share (EPS) and Diluted Earning per share have been computed based on post sub division weighted average no of shares as at 31st December 2015.

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

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December	GROUP		COMPANY	
	2015	2014	2015	*2014
	Rs. ' 000 Unaudited	Rs. ' 000 Audited	Rs. ' 000 Unaudited	Rs. ' 000 Audited
Profit for the period	924,309	755,281	992,562	752,110
Other Comprehensive Income				
Items that will never be reclassified to Income Statement				
Remeasurement of defined benefit (liability)/asset	(5,084)	1,381	71	1,381
Revaluation of Land and Buildings	24,903	-	24,903	-
Related Tax	1,443	-	-	-
	21,262	1,381	24,974	1,381
Items that are or may be reclassified to profit or loss				
Available for sale financial asset - net change in fair value	(521,957)	15,783	(364,298)	15,783
Available for sale financial asset - net change in fair value -Life fund	(515,523)	407,875	(515,523)	407,875
Available for sale financial assets reclassified to income statement	(67,818)	(82,849)	(68,507)	(82,849)
Related Tax	9,386	-	-	-
Other Comprehensive Income, net of tax	(1,074,650)	342,190	(923,354)	342,190
Total comprehensive income for the year	(150,341)	1,097,471	69,208	1,094,300
Total comprehensive income attributable to:				
Owners of the Company	(150,341)	1,097,471	69,208	1,094,300
Non - controlling interests	-	-	-	-
	(150,341)	1,097,471	69,208	1,094,300

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

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED INCOME STATEMENT

For the three months ended 31 December	GROUP		COMPANY		CHANGE
	2015	2014	2015	2014	Group
	Rs. ' 000 Unaudited	Rs. ' 000 Audited	Rs. ' 000 Unaudited	Rs. ' 000 Audited	%
Gross Written Premium	1,670,773	1,319,097	1,166,244	1,319,097	27%
Net Change in Reserve for Unearned Premium	(43,127)	(34,333)	-	(34,333)	26%
Gross Earned Premium	1,627,646	1,284,764	1,166,244	1,284,764	27%
Premiums ceded to Reinsurers	(186,616)	(195,516)	(137,477)	(195,516)	-5%
Net Change in Reserve for Unearned Reinsurance Premium	(7,088)	3,913	-	3,913	-281%
Net Earned Premium	1,433,942	1,093,161	1,028,767	1,093,161	31%
Other Revenue					
Finance Income	234,968	218,159	200,024	215,356	8%
Net Realized Gains	91,647	51,798	68,578	51,798	77%
Net Fair value Gains/(losses)	(59,627)	(115,233)	(35,293)	(115,233)	-48%
Other Operating Income	89,259	1,187	41,466	1,187	7420%
	356,246	155,911	274,775	153,108	128%
Total Net Revenue	1,790,188	1,249,072	1,303,542	1,246,269	43%
Benefits, Claims and Expenses					
Net Insurance Benefits and Claims	(484,259)	(436,624)	(132,481)	(436,624)	11%
Increase in Life Fund	23,679	70,813	23,679	70,813	-67%
Underwriting and net Acquisition Cost	(358,685)	(223,012)	(274,343)	(223,012)	61%
Other Operating and Administration Expenses	(436,956)	(429,795)	(291,652)	(429,658)	2%
Finance Cost	(7,471)	(8,160)	(5,178)	(8,160)	-8%
Total Benefits, Losses and Expenses	(1,263,693)	(1,026,778)	(679,975)	(1,026,641)	23%
Profit Before Taxation	526,496	222,294	623,567	219,628	137%
Income Tax Expenses	38,928	402	-	402	9584%
Profit for the Period	565,424	222,696	623,567	220,030	154%
Earnings Per Share					
Basic Earnings Per Share (Rs.)	*1.51	5.94	*1.66	5.87	
Diluted Earnings Per Share (Rs.)	*1.51	5.94	*1.66	5.87	

*Earnings Per Share (EPS) and Diluted Earning per share have been computed based on post sub division weighted average no of shares as at 31st December 2015.

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

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year three months ended 31 December	GROUP		COMPANY	
	2015	2014	2015	*2014
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited	Audited	Unaudited	Audited
Profit for the period	565,424	222,696	623,567	220,030
Other Comprehensive Income				
Items that will never be reclassified to Income Statement				
Remeasurement of defined benefit (liability)/asset	(5,084)	1,381	71	1,381
Revaluation of Land and Buildings	24,903	-	24,903	-
Related Tax	1,443	-	-	-
	21,263	1,381	24,974	1,381
Items that are or may be reclassified to profit or loss				
Available for sale financial asset - net change in fair value	(173,047)	(32,567)	(126,673)	(32,567)
Available for sale financial asset - net change in fair value -Life fund	(53,197)	33,366	(53,197)	33,366
Available for sale financial assets reclassified to income statement	(10,756)	(51,798)	(10,756)	(51,798)
Related Tax	9,386	-	-	-
Other Comprehensive Income, net of tax	(206,351)	(49,618)	(165,652)	(49,618)
Total comprehensive income for the year	359,073	173,078	457,915	170,412
Total comprehensive income attributable to:				
Owners of the Company	359,073	173,078	457,915	170,412
Non - controlling interests	-	-	-	-
	359,073	173,078	457,915	170,412

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

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - GROUP

For the year ended 31 December 2015	Stated	Other Reserves	Revaluation	Retained	Total
	Capital	Available for sale reserve	reserves	reserves	
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 01 January 2014	1,062,500	114,663	-	654,531	1,831,694
Profit for the Period	-	-	-	755,281	755,281
Other Comprehensive Income for the Period					
Available for sale financial asset -net change in fair value	-	15,783	-	-	15,783
Available for sale financial asset - net change in fair value - Life fund	-	407,875	-	-	407,875
Available for sale financial assets reclassified to income statement	-	(82,849)	-	-	(82,849)
Remeasurement of Defined Benefit (liability)/asset	-	-	-	1,381	1,381
Total Other Comprehensive income	-	340,809	-	1,381	342,190
Total Comprehensive income for the Year	-	340,809	-	756,662	1,097,471
Transactions with the Owners of the Company, recognised directly in Equity					
First and final dividend - 2013	-	-	-	(180,000)	(180,000)
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
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	-	(521,957)	-	-	(521,957)
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	-	(67,818)	-	-	(67,818)
Remeasurement of Defined Benefit (liability)/asset	-	-	-	(5,084)	(5,084)
Revaluation gain on Land and Buildings	-	-	24,903	-	24,903
Tax on Other Comprehensive Income	-	9,386	-	1,443	10,829
Total other Comprehensive income net of tax	-	(1,095,912)	24,903	(3,641)	(1,074,650)
Total Comprehensive income for the Year	-	(1,095,912)	24,903	920,668	(150,341)
Unaudited Balance as at 31 December 2015	1,062,500	(640,440)	24,903	1,776,361	2,223,324

ASIAN ALLIANCE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - COMPANY

For the year ended 31 December 2015	Stated	Other Reserves	Revaluation	Retained	Total
	Capital	Available for	reserves	reserves	
	Rs. ' 000	sale reserve	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 01 January 2014	1,062,500	114,663	-	654,531	1,831,694
Profit for the Period	-	-	-	752,110	752,110
Other Comprehensive Income for the Period					
Available for sale financial asset -net change in fair value	-	15,783	-	-	15,783
Available for sale financial asset - net change in fair value - Life fund	-	407,875	-	-	407,875
Available for sale financial assets reclassified to income statement	-	(82,849)	-	-	(82,849)
Remeasurement of Defined Benefit (liability)/asset	-	-	-	1,381	1,381
Total Other Comprehensive income	-	340,809	-	1,381	342,190
Total Comprehensive income for the Year	-	340,809	-	753,491	1,094,300
Transactions with the Owners of the Company, recognised directly in Equity					
First and final dividend - 2013	-	-	-	(180,000)	(180,000)
Interim Dividend - 2014	-	-	-	(375,000)	(375,000)
Audited Balance as at 31 December 2014	1,062,500	455,472	-	853,022	2,370,994
Transfer due to Segregation	-	(2,267)	-	-	(2,267)
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 gain on Land and Buildings	-	-	24,903	-	24,903
Tax on Other Comprehensive Income	-	-	-	-	-
Total other Comprehensive income net of tax	-	(948,328)	24,903	71	(923,354)
Total Comprehensive income for the Year	-	(948,328)	24,903	992,633	69,208
Unaudited Balance as at 31 December 2015	1,062,500	(495,123)	24,903	1,845,655	2,437,935

ASIAN ALLIANCE INSURANCE PLC
CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015	GROUP		COMPANY	
	2015	2014	2015	*'2014
	Rs. ' 000 Unaudited	Rs. ' 000 Audited	Rs. ' 000 Unaudited	Rs. ' 000 Audited
Cash Flows Operating Activities				
Profit before Taxation	893,465	768,119	992,562	764,948
Adjustments for :				
Notional tax Income	(43,282)	(196,693)	(37,213)	(196,693)
Depreciation of Property, Plant and Equipments	68,007	38,675	47,884	38,675
Amortization of Intangible Assets	9,543	9,503	9,511	9,503
Provision for Employee Benefits	14,142	13,427	10,638	13,427
Provision for impairment of premium receivable	6,182	-	-	-
Net Realized (Gains)	(67,818)	(765,268)	(68,507)	(765,268)
Net Fair value (Gains)	(165,328)	(359,284)	(138,336)	(359,284)
	714,910	(491,522)	816,539	(494,692)
Change in Operating Assets	(300,765)	(218,021)	(127,883)	(218,021)
Change in Operating Liabilities	842,055	1,964,651	1,480,696	1,964,018
Cashflows from Operating Activities	1,256,200	1,255,109	2,169,352	1,251,306
Gratuity paid	(8,895)	(5,174)	(7,439)	(5,174)
Income tax paid	(4,245)	(3,787)	-	(3,787)
Net Cash Generated from Operating Activities	1,243,060	1,246,148	2,161,913	1,242,345
Cash Flows Investing Activities				
Acquisition of Subsidiary	-	(100,000)	(700,000)	(100,000)
Net Acquisition of Financial Securities	(1,310,523)	(772,162)	(1,361,868)	(768,386)
Net Acquisition / Capitalization of of Property, Plant and Equipment	(209,043)	(283,767)	(173,738)	(283,767)
Acquisition of of Intangible Assets	(269)	(15,739)	-	(15,739)
Net Cash (used in) / Generated from Investing Activities	(1,519,835)	(1,171,668)	(2,235,606)	(1,167,892)
Cash Flows Financing Activities				
Dividend Paid	(168,828)	(346,597)	(168,828)	(346,598)
Net Short Term Borrowings	115,217	99,930	115,217	99,930
Net Cash (used in) / Generated from Financing Activities	(53,611)	(246,667)	(53,611)	(246,668)
Net Increase / (Decrease) in Cash and Cash Equivalents	(330,386)	(172,187)	(127,303)	(172,215)
Net cash and cash equivalents as at the Beginning of the year	(178,821)	(16,835)	(41,843)	(16,835)
Net cash and cash equivalents as at the end of the year	(509,207)	(189,023)	(169,146)	(189,050)
Notes to the Cashflow Statement				
A. Change in Operating Assets				
(Increase) / Decrease in Loans to Life Policyholders	(7,536)	(26,757)	(7,536)	(26,757)
(Increase) / Decrease in Reinsurance Receivables	37,543	(15,653)	10,673	(15,653)
(Increase) / Decrease in Premium Receivables	(84,617)	4,257	(17,105)	4,257
(Increase) / Decrease in Deferred Expenses	(24,966)	(11,653)	-	(11,653)
(Increase) / Decrease in Receivable and Other Assets	(221,190)	(168,215)	(113,915)	(168,215)
	(300,765)	(218,021)	(127,883)	(218,021)
B. Change in Operating Liabilities				
Increase / (Decrease) in Insurance Contract Liabilities - Life	968,920	1,253,098	968,920	1,253,098
Increase / (Decrease) in Insurance Contract Liabilities - General	183,317	217,473	-	217,473
Increase / (Decrease) in Reinsurance Payables	8,638	(6,275)	78,268	(6,275)
Increase / (Decrease) in Other Liabilities	(318,819)	500,355	433,508	499,722
	842,055	1,964,651	1,480,696	1,964,018
C. Increase in Cash and Cash Equivalents				
Cash and Cash Equivalents	223,936	130,283	192,118	130,255
Bank overdrafts	(733,143)	(319,305)	(361,264)	(319,305)
Net cash and cash equivalents as at 31st December	(509,207)	(189,022)	(169,146)	(189,050)
Net cash and cash equivalents as at the Beginning of the period	(178,821)	(16,835)	(41,843)	(16,835)
Increase / (Decrease) in Cash and Cash Equivalents	(330,386)	(172,187)	(127,303)	(172,215)

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

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

As at	31.12.2015	31.12.2014
	Rs. ' 000	Rs. ' 000
	Unaudited	Audited
Assets		
Intangible Assets	11,017	15,009
Property, Plant and Equipment	401,956	289,725
Investments in Subsidiary	-	100,000
Financial Investments	6,856,537	5,736,359
Loans to Life Policyholders and Others	141,595	134,352
Reinsurance Receivables	62,643	73,316
Premium Receivables	67,290	50,169
Amounts due from Related Companies	-	1,381
Other Assets	312,159	238,252
Cash and Cash Equivalents	190,685	105,025
Total Assets	8,043,882	6,743,589
Equity and Liabilities		
Equity		
Other Reserves	(134,820)	449,139
Revaluation Reserve	24,903	-
Total Equity	(109,917)	449,139
Liabilities		
Insurance Contract Liabilities - Life	6,192,614	5,223,695
Employee Benefits	28,267	25,725
Reinsurance Payable	92,972	14,704
Other Liabilities	1,244,021	728,974
Short Term Borrowings	269,700	154,483
Bank Overdraft	326,225	146,869
Total Liabilities	8,153,799	6,294,450
Total Equity and Liabilities	8,043,882	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 31 December 2015 were authorised for issue by the Board of Directors on 16 February 2016

3 BASIS OF PREPARATION

The Condensed Consolidated Interim Financial Statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2014.

The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2014 have been followed in preparation of these consolidated Interim Financial Statements. Further, the provisions of the Companies Act no.7 of 2007, the Regulation of the Insurance Industry Act No 43 of 2000 and Colombo Stock Exchange have been considered in preparing these consolidated Interim Financial Statements.

New SLFRS and Interpretations issued but not effective have not been early adopted during the period.

4 AUDIT OF THE INTERIM FINANCIAL STATEMENTS

Figures in the Condensed Consolidated Interim Financial Statements for the period ended 31 December 2015 are provisional and unaudited .

5 GROSS WRITTEN PREMIUM - GROUP / COMPANY

For the year ended 31 December

	GROUP		COMPANY	
	2015 Rs.' 000 Unaudited	2015 Rs.' 000 Unaudited	2014* Rs.' 000 Audited	
Life Insurance				
First Year Premium	1,375,679	1,375,679	930,524	
Renewal Premium	2,609,741	2,609,741	2,085,613	
Group Life Premium	98,986	98,986	27,137	
Single Premium	6,636	6,636	4,874	
Total Life Insurance Gross Written Premium	4,091,042	4,091,042	3,048,148	
General Insurance				
Fire	95,697	-	185,245	
Marine	58,555	-	51,269	
Miscellaneous	561,412	-	886,793	
Motor	1,246,719	-	601,840	
Total General Insurance Gross Written Premium	1,962,383	-	1,725,147	
Consolidated Gross Written Premium	6,053,425	4,091,042	4,773,295	

* 2014 figures reflect composite results.

6 TOTAL NET REVENUE

For the year ended 31 December	GROUP		COMPANY	
	2015	2015	2015	2014
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited	Unaudited	Unaudited	Audited
Life	4,457,325	4,457,325	4,293,915	
General	1,779,639	-	1,808,529	
Consolidated Net Revenue	6,236,964	4,457,325	6,102,444	

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 year ended 31 December	GROUP		COMPANY	
	2015	2015	2015	2014
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited	Unaudited	Unaudited	Audited
Life	992,562	992,562	840,099	
General	(99,097)	-	(75,151)	
Total	893,465	992,562	764,948	

8 INCOME TAX EXPENSE

For the year ended 31 December	GROUP		COMPANY	
	2015	2015	2015	2014
	Rs.' 000	Rs.' 000	Rs.' 000	Rs.' 000
	Unaudited	Unaudited	Unaudited	Audited

The major components of income tax expense for the year ended 31 December are as follows;

Tax recognised in Income Statement**Current Tax Expense**

Income Tax on Current Year's Profits	11,380	-	11,980
Adjustments for prior years	945	-	858
	12,325	-	12,838

Deferred Income Tax

Origination of Deferred Tax Liability	7,905	-	-
Origination of Deferred Tax Assets	(51,074)	-	-
Differed Taxation Charge / (Reversal)	(43,169)	-	-

Income Tax Expense reported in the Income Statement

	(30,844)	-	12,838
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Tax recognised in Statement of Profit or Loss and Other Comprehensive Income

Differed Taxation Charge / (Reversal)	(10,829)	-	-
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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 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 31 December	2015	2014
	Rs.' 000	Rs.' 000
	Unaudited	Audited
Insurance Contract Liabilities	5,966,015	4,999,563
Unclaimed benefits	226,600	224,132
	<u>6,192,615</u>	<u>5,223,695</u>

11.a Valuation of Life Insurance Fund

The valuation of life insurance fund as at 31 December 2015 was carried out by Mr. Poopalanathan of Actuarial & Management Consultants (Pvt) Limited, who recommended a sum of Rs 810 Million to be transferred from life fund to the shareholder's fund for the year.

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

11.b 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 2015 was carried out and no additional provision is required.

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

As at 31 December	2015 Rs.' 000 Unaudited	2014 Rs.' 000 Audited
12.a Reserves for Net Unearned Premium	1,033,457	845,323
Gross Claims Payable	288,554	293,371
	<u>1,322,011</u>	<u>1,138,694</u>

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

The incurred but not reported claims reserve has been computed by Independent Actuary, NMG Financial Services Consulting as at 31 December 2015 and necessary provisions have been made during the year.

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

As per the liability adequacy test performed by the NMG Financial Services Consulting, it was concluded that the liability value is sufficient to meet future benefits and expenses. Hence no provision was made for premium deficiency.

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 31 December 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. 52.3 Million. 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.

The Company has received a tax assessments letter for Life Insurance taxation for the years 2010, 2011 and 2012. 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. 791 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	
	31.12.2015	31.12.2015	31.12.2015	31.12.2014
Net Assets Per Share (Rs)	*5.93		*6.50	63.23
Market Price Per Share			31.12.2015	31.12.2014
			Rs	Rs
Last traded price			*16.00	143.00
Highest traded price per share for the period (12 Months)			221.90	160.00
Lowest traded price per share for the period (12 Months)			*15.90	80.00

* Prices are subsequent to the Share Split

17 STATED CAPITAL

As at 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	
	31.12.2015	31.12.2015	31.12.2014
Profit attributable to Ordinary Shareholders (Rs. 000)	924,309	992,562	752,110
Weighted Average No of shares as at 31 December	375,000,000	375,000,000	37,500,000
Basic Earning per share (Rs.)	*2.47	*2.65	20.05
Diluted Earning per share (Rs.)	*2.47	*2.65	20.05

*Earnings Per Share (EPS) and Diluted Earning per share have been computed based on post sub division weighted average no of shares as at 31st December 2015.

18 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	As at 31 December 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 Pan Asia Bank PLC/V.P.K.A Palpita	372,227	0.10
7 Dandunna Arachchige Dasantha Primal	282,500	0.08
8 Global Sea Foods (Pvt) Ltd	210,000	0.06
9 Don Sujith Jayathu Wickramaratne	205,000	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	126,830	0.03
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 Mushtaq Mohamed Fuad	101,630	0.03
18 Merchant Bank of Sri Lanka Ltd/Union Investment Ltd	100,000	0.03
19 Edgar Gunathunga	100,000	0.03
20 Merennage Roshini Hasamali Galappatti	100,000	0.03
	<u>368,428,267</u>	<u>98.26</u>
Others	6,571,733	1.74
Total	<u>375,000,000</u>	<u>100.00</u>

19 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 December 2015 was 2.77 % (31 December 2014 - 2.77 %) and a number of public shareholders as at 31 December 2015 was 1,284.

20 DIRECTORS' SHARE HOLDINGS

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

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) 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.

a) Other Transactions with Key Management Personnel

Company	Relationship	Nature of Transaction	Transaction Value	
			2015 Rs. 000	2014 Rs. 000
Paul Rathnayake Associates	Director Related Entity	Insurance Placed	203	48
		Claims Incurred	463	-
		Legal Fees Paid	800	627
P.R.Secretarial Services (Pvt) Ltd	Director Related Entity	Secretarial Fees Paid	545	719
Acuity Group	Director Related Entity	Claims Incurred	1,769	439
		Expenses	123	-

b) Transactions with Parent and Ultimate Controlling Party

For the Year ended 31 December	Related Party	Relationship	Nature of the Transaction	Group		Company	
				2015 Rs "000"	2014 Rs "000"	2015 Rs "000"	2014 Rs "000"
Softlogic Holdings PLC	Ultimate Parent	Insurance Premiums	12,545	8,769	-	8,769	
			3,420	7,716	3,420	7,716	
			1,148	-	1,148	-	
			10,322	30,540	7,940	30,540	
Softlogic Capital PLC	Immediate Parent	Asset Management Fee	28,876	68,911	22,893	68,911	
		Other Consultancy Fees	27,184	30,000	27,184	30,000	

As at 31 December	Related Party	Relationship	Nature of the Transaction	Group		Company	
				2015 Rs "000"	2014 Rs "000"	2015 Rs "000"	2014 Rs "000"
Softlogic Holdings PLC	Ultimate Parent	Investments	185,921	178,672	100,000	178,672	

c) Transactions with Subsidiary Company- Asian Alliance General Insurance Ltd.

Transactions due to segregation of Life and General Insurance Business

	31 December 2015 Rs "000"	31 December 2014 Rs "000"
Investment in Stated Capital	800,000	100,000
Other Transactions		
Insurance Premiums	14,620	-

d) Transactions with/between Subsidiary Companies of Parent and Other Related Companies

For the Year ended	Related Party	Nature of the Transaction	Group		Company	
			31 December 2015 Rs "000"	31 December 2014 Rs "000"	31 December 2015 Rs "000"	31 December 2014 Rs "000"
Softlogic Retail (Pvt) Ltd		Insurance Premiums	19,585	21,474	-	21,474
		Claims Incurred	-	32,683	-	32,683
		Other Expenses	9,986	-	8,710	-
		Purchase of Fixed Assets	24,209	28,187	17,075	28,187
Softlogic Finance PLC		Interest Income	12,714	24,263	9,314	24,263
		Claims Incurred	3,445	26,712	-	26,712
		Insurance Premiums	3,621	17,480	-	17,480
		Investment	80,000	-	60,000	-
		Other Expenses	2,406	-	2,406	-
Asiri Hospital Holdings PLC		Insurance Premiums	5,106	21,484	-	21,484
		Dividend Income	2,415	2,750	2,415	2,750
		Claims Incurred	4,353	6,969	-	6,969
		Investments	62,874	52,105	62,874	52,105
Asiri Hospital Matara (Pvt) Ltd		Claims Incurred	185	62	-	62
		Insurance Premiums	322	-	-	-
Asiri Surgical Hospital PLC		Insurance Premiums	432	2,282	-	2,282
		Claims Incurred	653	83	-	83
Softlogic BPO services (pvt)Ltd		Insurance Premiums	2,257	28	-	28
		Claims Incurred	893	891	-	891
		Other Expenses	21,412	-	21,412	-

21 RELATED PARTY DISCLOSURES (Cont.)

d) Transactions with/between Subsidiary Companies of Parent and Other Related Companies (Cont.)

For the Year ended	Related Party	Nature of the Transaction	Group		Company	
			31 December 2015	31 December 2014	31 December 2015	31 December 2014
			Rs "000"	Rs "000"	Rs "000"	Rs "000"
	Central Hospital Limited	Claims Incurred	1,877	783	-	783
		Insurance Premiums	1,259	159	-	159
		Expenses	66	-	-	-
	Nextage (Pvt) Ltd	Expenses	676	90,303	-	90,303
	Softlogic City Hotels Pvt Ltd.	Insurance Premiums	13	48	-	48
	Destination Management Pvt Ltd	Expenses	11,145	3,850	11,032	3,850
		Insurance Premiums	187	-	-	-
	Softlogic Destination Management Pvt Ltd	Claims Incurred	-	3,679	-	3,679
	Softlogic Restaurant Pvt Ltd	Claims Incurred	190	93	31	93
		Insurance Premiums	843	2,198	-	2,198
	Odel PLC & related companies	Expenses	25	-	25	-
		Claims Incurred	502	-	-	-
		Insurance Premiums	23,201	21	-	21
	Abacus International Lanka Pvt td	Claims Incurred	576	1,156	-	1,156
		Insurance Premiums	1,191	761	-	761
	Ceysand Resorts (pvt) Ltd	Claims Incurred	3,698	1,403	-	1,403
		Insurance Premiums	7,392	6,113	-	6,113
	Future Automobile Pvt Ltd	Claims Incurred	1,070	757	-	757
		Insurance Premiums	2,322	2,415	-	2,415
	Softlogic Communication Services Pvt Ltd	Claims Incurred	-	93	-	93
		Insurance Premiums	1,004	581	-	581
	Softlogic Communication Pvt Ltd	Claims Incurred	1,738	3,317	-	3,317
		Insurance Premiums	3,797	3,162	-	3,162
		Interest Income	-	4,014	-	4,014
		Expenses	37	-	-	-
	Softlogic Computers Pvt Ltd	Claims Incurred	-	5,831	-	5,831
		Purchase of Fixed Assets	183	14,026	-	14,026
		Expenses	2,219	-	-	-
		Insurance Premiums	1,850	1,622	-	1,622
	Softlogic International Pvt Ltd	Claims Incurred	-	1,093	-	1,093
		Insurance Premiums	2,454	2,528	-	2,528
	Softlogic Auto mobiles Pvt Ltd	Claims Incurred	4,971	3,180	-	3,180
		Insurance Premiums	3,883	2,187	-	2,187
		Expenses	133	-	-	-
	Softlogic Brands Pvt Ltd	Claims Incurred	-	119	-	119
		Insurance Premiums	8,085	121	-	121
	Softlogic Corporate Services Ltd	Claims Incurred	-	6	-	6
		Insurance Premiums	178	-	-	-
	Softlogic Stock Brokers Pvt Ltd	Expenses	-	961	-	961
		Insurance Premiums	1,073	237	-	237
	Silk Route Foods Pvt Ltd	Insurance Premiums	236	-	-	-
	Uni Walkers Pvt Ltd	Insurance Premiums	-	775	-	775
		Other Income	-	14,157	-	14,157
	Softlogic Information Technologies (Pvt) Ltd	Purchase of Fixed Assets	5,173	13,639	-	13,639
		Claims Incurred	5,012	10,147	-	10,147
		Expenses	837	-	-	-
		Insurance Premiums	7,108	6,667	-	6,667
	Softlogic Mobile Distribution (Pvt) Ltd	Insurance Premiums	1,103	219	-	219