

what's
our
story?



HNB Assurance PLC

Condensed Consolidated Interim Financial Statements
31st December 2016

Statement of Financial Position

As at,	Note	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		31st Dec 2016	31st Dec 2015	31st Dec 2016	31st Dec 2015
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets					
Property, Plant and Equipment		161,362	136,279	112,151	94,107
Intangible Assets		60,882	45,185	60,882	45,185
Deferred Tax Assets		52,922	49,394	-	-
Financial Investments	3	11,544,575	9,751,611	9,642,596	7,849,625
Investment in Subsidiary		-	-	1,150,000	1,150,000
Loans to Life Policyholders		119,941	91,992	119,941	91,992
Reinsurance Receivables		494,726	141,354	54,814	34,269
Premium Receivables		623,294	345,916	6,805	5,592
Other Assets		770,674	625,985	575,676	493,571
Insurance Contract - Deferred Expenses		74,951	65,935	-	-
Cash and Cash Equivalents		625,527	386,929	476,572	258,222
Total Assets		14,528,854	11,640,580	12,199,437	10,022,563
Equity and Liabilities					
Equity Attributable to the Equity Holders of Parent					
Stated Capital		1,171,875	1,171,875	1,171,875	1,171,875
Retained Earnings		1,721,675	1,174,262	1,897,936	1,397,806
Available for Sale Reserve		(7,152)	(4,748)	(1,465)	53
Other Reserves		1,790	(1,093)	(1,886)	(2,039)
Life Policyholders' Available for Sale Reserve Fund	5	(191,131)	(56,350)	(191,131)	(56,350)
Total Equity		2,697,057	2,283,946	2,875,329	2,511,345
Liabilities					
Insurance Contract Liabilities - Life Insurance	6	8,747,856	7,007,080	8,747,856	7,007,080
Insurance Contract Liabilities - General Insurance	7	1,921,567	1,546,265	-	-
Employee Defined Benefit Liabilities		90,433	81,001	50,883	44,008
Current Tax Liabilities		3,300	-	-	-
Reinsurance Creditors		287,895	131,905	39,395	37,547
Other Liabilities		780,746	590,383	485,974	422,583
Total Liabilities		11,831,797	9,356,634	9,324,108	7,511,218
Total Equity and Liabilities		14,528,854	11,640,580	12,199,437	10,022,563

These Condensed Consolidated Interim Financial Statements are in compliance with the requirements of the Companies Act, No. 07 of 2007.


Indika Perera
 Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Condensed Consolidated Interim Financial Statements.
 Signed on behalf of the Board;


Rose Cooray
 Chairperson


Sarath Ratwatte
 Director

Colombo, Sri Lanka
 09th February 2017

Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		Company		Change	
		Unaudited	Audited	Unaudited	Audited	Group	Company
		2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000	%	%
<i>For the Year Ended 31st December,</i>							
Gross Written Premium	8	6,656,694	5,447,164	3,554,078	2,788,716	22	27
Premium Ceded to Reinsurers		(877,713)	(599,084)	(159,050)	(107,963)	47	47
Net Written Premium		5,778,981	4,848,080	3,395,028	2,680,753	19	27
Net Change in Reserves for Unearned Premium		(181,102)	(122,677)	-	-	48	-
Net Earned Premium		5,597,879	4,725,403	3,395,028	2,680,753	18	27
Other Revenue							
Interest and Dividend Income	9	1,180,085	871,049	987,959	705,571	35	40
Net Realised (Losses)/Gains		(29,119)	30,025	(22,435)	22,512	(197)	(200)
Net Fair Value (Losses)/Gains		(6,461)	16,583	(7,793)	4,028	(139)	(293)
Fee and Commission Income		128,798	116,294	62,858	44,742	11	40
Other Income		25,024	15,201	11,017	6,273	65	76
Total Other Revenue		1,298,327	1,049,152	1,031,606	783,126	24	32
Net Income		6,896,206	5,774,555	4,426,634	3,463,879	19	28
Net Benefits, Claims and Expenses							
Net Insurance Benefits and Claims		(1,947,645)	(2,117,789)	(401,677)	(280,495)	(8)	43
Change in Contract Liabilities - Life Fund		(1,708,285)	(1,462,100)	(1,708,285)	(1,462,100)	17	17
Other Operating and Administration Expenses		(1,572,964)	(1,296,185)	(886,845)	(701,809)	21	26
Underwriting and Net Acquisition Costs		(922,886)	(699,679)	(748,051)	(544,673)	32	37
Other Insurance Related Costs		(38,905)	(29,029)	(25,134)	(17,774)	34	41
Total Benefits, Claims and Other Expenses		(6,190,685)	(5,604,782)	(3,769,992)	(3,006,851)	10	25
Profit Before Taxation		705,521	169,773	656,642	457,028	316	44
Income Tax (Expenses)/Reversals	10	(58,108)	27,571	(56,512)	(29,383)	(311)	92
Profit for the Year	11	647,413	197,344	600,130	427,645	228	40
Other Comprehensive Income, Net of Related Tax							
Items that are or may be reclassified to profit or loss							
- Net Change in fair value of Available-For-Sale financial assets		(153,476)	(87,480)	(147,913)	(80,350)	75	84
- Realized Gains/(Losses) transferred to Income Statement		14,466	(19,242)	11,614	(20,218)	175	157
- Net Change in fair value of Available-For-Sale financial assets transferred to Life Policyholders' Available for Sale Reserve Fund		134,781	97,098	134,781	97,098	39	39
- Related Tax	10	1,825	1,286	-	-	42	-
Items that will never be reclassified to profit or loss							
Actuarial Gains/(Losses) on Defined Benefit Plans		2,883	(2,270)	153	(3,216)	227	105
Total Other Comprehensive Income for the year net of related tax		479	(10,608)	(1,365)	(6,686)	105	80
Total Comprehensive Income for the Year		647,892	186,736	598,765	420,959	247	42
Profit Attributable to:							
Equity Holders of the Parent		647,413	197,344	-	-	228	-
Total Comprehensive Income Attributable to:							
Equity Holders of the Parent		647,892	186,736	-	-	247	-
Basic Earnings Per Share (Rs.)	12	12.95	3.95	12.00	8.55	228	40

Statement of Changes in Equity - Group

For the Year Ended 31st December 2016

	Number of Shares '000	Stated Capital Rs. '000	Retained Earnings Rs. '000	Available for Sale Reserve Rs. '000	Other Reserves Rs. '000	Life Policyholders' AFS Reserve Fund Rs. '000	Total Equity Rs. '000
Balance as at 01st January 2015	50,000	1,171,975	1,196,546	3,590	1,177	40,748	2,413,936
Super Gain Tax		-	(31,378)	-	-	-	(31,378)
Total Comprehensive Income for the Year		-	197,344	-	-	-	197,344
Profit for the Year - Audited		-	197,344	-	-	-	197,344
Other Comprehensive Income for the Year, net of tax		-	-	(105,436)	-	-	(105,436)
Net Change in fair value of Available-For-Sale financial assets		-	-	(105,436)	-	-	(105,436)
Net Change in fair value of Available-For-Sale financial assets		-	-	(105,436)	-	-	(105,436)
- transferred to Life Policyholders' Available For Sale Reserve Fund		-	-	97,098	-	-	97,098
Actuarial Losses on Defined Benefit Plans		-	-	(2,270)	(2,270)	-	(4,540)
Total Other Comprehensive Income for the Year		-	-	(8,338)	(2,270)	-	(10,608)
Total Comprehensive Income for the Year		-	197,344	(8,338)	(2,270)	-	186,736
Net Change in fair value of Available-For-Sale financial assets		-	-	-	-	-	-
- transferred from Available For Sale Reserve		-	-	-	-	(97,098)	(97,098)
Transactions with owners recorded directly in equity		-	-	-	-	-	-
Distributions to owners of the Parent		-	(750)	-	-	-	(750)
Share Issue Transaction Cost - Subsidiary		-	(187,500)	-	-	-	(187,500)
Dividend paid to equity holders for 2014		-	-	-	-	-	-
Audited balance as at 31st December 2015	50,000	1,171,975	1,174,262	(47,448)	(1,083)	(56,350)	2,283,946
Balance as at 01st January 2016	50,000	1,171,975	1,174,262	(47,448)	(1,083)	(56,350)	2,283,946
Total Comprehensive Income for the Year		-	647,413	-	-	-	647,413
Profit for the year- Unaudited		-	647,413	-	-	-	647,413
Other Comprehensive Income for the Year, net of tax		-	-	(137,185)	-	-	(137,185)
Net Change in fair value of Available-For-Sale financial assets		-	-	(137,185)	-	-	(137,185)
Net Change in fair value of Available-For-Sale financial assets		-	-	(137,185)	-	-	(137,185)
- transferred to Life Policyholders' Available For Sale Reserve Fund		-	-	134,781	-	-	134,781
Actuarial Gains on Defined Benefit Plans		-	-	-	2,883	-	2,883
Total Other Comprehensive Income for the Year		-	-	(2,404)	2,883	-	479
Total Comprehensive Income for the Year		-	647,413	(2,404)	2,883	-	647,892
Net Change in fair value of Available-For-Sale financial assets		-	-	-	-	(134,781)	(134,781)
- transferred from Available For Sale Reserve		-	-	-	-	-	-
Transactions with owners recorded directly in equity		-	-	-	-	-	-
Distributions to owners of the Parent		-	(100,000)	-	-	-	(100,000)
Dividend paid to equity holders for 2015		-	1,721,675	(7,152)	1,790	-	2,697,057
Unaudited balance as at 31st December 2016	50,000	1,171,975	1,721,675	(7,152)	1,790	(191,131)	2,697,057

Unaudited balance as at 31st December 2016 (2015 - 50 Million Ordinary Shares as at 31st December 2016)

Statement of Changes in Equity - Company

For the Year Ended 31st December 2016

	Number of Shares '000	Stated Capital Rs. '000	Retained Earnings Rs. '000	Available for Sale Reserve Rs. '000	Other Reserves Rs. '000	Life Policyholders' AFS Reserve Fund Rs. '000	Total Equity Rs. '000
Balance as at 01st January 2015	50,000	1,171,875	1,189,039	3,523	1,177	40,748	2,406,382
Super Gain Tax	-	-	(31,378)	-	-	-	(31,378)
Total Comprehensive Income for the Year							
Profit for the Year - Audited	-	-	427,645	-	-	-	427,645
Other Comprehensive Income for the Year, net of tax							
Net Change in fair value of Available-For-Sale financial assets	-	-	-	(100,568)	-	-	(100,568)
Net Change in fair value of Available-For-Sale financial assets	-	-	-	97,098	-	-	97,098
- transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	-	(3,216)	(3,216)	-	(3,216)
Actuarial Losses on Defined Benefit Plans	-	-	-	-	(3,216)	-	(3,216)
Total Other Comprehensive Income for the year							
Total Comprehensive Income for the Year			427,645	(3,470)	(3,216)		(6,686)
Net Change in fair value of Available-For-Sale financial assets	-	-	-	(3,470)	(3,216)	-	(420,959)
- transferred from Available For Sale Reserve	-	-	-	-	-	(97,098)	(97,098)
Transactions with owners recorded directly in equity							
Distributions to owners of the Company							
Dividend paid to equity holders for 2014	-	-	(187,500)	-	-	-	(187,500)
Audited balance as at 31st December 2015	50,000	1,171,875	1,397,806	53	(2,039)	(56,350)	2,511,345
Balance as at 01st January 2016	50,000	1,171,875	1,397,806	53	(2,039)	(56,350)	2,511,345
Total Comprehensive Income for the Year							
Profit for the year - Unaudited	-	-	600,130	-	-	-	600,130
Other Comprehensive Income for the Year, net of tax							
Net Change in fair value of Available-For-Sale financial assets	-	-	-	(136,299)	-	-	(136,299)
Net Change in fair value of Available-For-Sale financial assets	-	-	-	134,781	-	-	134,781
- transferred to Life Policyholders' Available For Sale Reserve Fund	-	-	-	-	153	-	153
Actuarial Gains on Defined Benefit Plans	-	-	-	(1,516)	153	-	(1,385)
Total Other Comprehensive Income for the year			600,130	(1,516)	153		(1,385)
Total Comprehensive Income for the year			600,130	(1,516)	153		(1,385)
Net Change in fair value of Available-For-Sale financial assets	-	-	-	-	-	(134,781)	(134,781)
- transferred from Available For Sale Reserve	-	-	(100,000)	-	-	-	(100,000)
Transactions with owners recorded directly in equity							
Distributions to owners of the Company							
Dividend paid to equity holders for 2015	-	-	1,897,996	(1,465)	(1,886)	-	2,875,329
Unaudited balance as at 31st December 2016	50,000	1,171,875	1,897,996	(1,465)	(1,886)	(191,131)	2,875,329

Stated Capital represents 50 Million Ordinary Shares as at 31st December 2016 (2015 - 50 Million Ordinary Shares).

Statement of Cash Flows

<i>For the Year Ended 31st December,</i>	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	2016	2015	2016	2015
Note	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Cash Flow From Operating Activities				
Profit Before Taxation	705,521	169,773	656,642	457,028
<i>Adjustments for:</i>				
Interest Income	(1,166,369)	(843,579)	(976,943)	(687,104)
Dividend Income	(13,716)	(27,470)	(11,016)	(18,467)
Amortisation of Intangible Assets	20,106	17,226	20,106	17,226
Depreciation	44,878	51,116	31,708	38,082
Provision for Employee Benefits	24,142	22,201	13,984	12,849
Net Realised Losses/(Gain)	29,119	(30,025)	22,435	(22,512)
Net Fair Value Losses/(Gain)	6,461	(16,583)	7,793	(4,028)
Unrealised Gains on Assets Transferred	-	(3,523)	-	(3,523)
Losses/(Gain) on Sale of Property, Plant and Equipment	3,763	(46)	2,592	(15)
	<u>(346,095)</u>	<u>(660,910)</u>	<u>(232,699)</u>	<u>(210,464)</u>
Net Change in Operating Assets	A (787,055)	65,699	(130,454)	(24,825)
Net Change in Operating Liabilities	B 2,447,424	1,812,602	1,806,015	1,533,751
Cash Flows from Operating Activities	<u>1,314,274</u>	<u>1,217,391</u>	<u>1,442,862</u>	<u>1,298,462</u>
Gratuity Paid	(11,827)	(14,963)	(8,156)	(11,292)
Income Tax Paid	-	(1,280)	-	-
Economic Service Charges (ESC) Paid	(10,250)	-	-	-
Super Gain Tax Paid	-	(31,378)	-	(31,378)
Net Cash Generated from Operating Activities	<u>1,292,197</u>	<u>1,169,770</u>	<u>1,434,706</u>	<u>1,255,792</u>
Cash Flows from Investing Activities				
Net Acquisition of Investment Securities	(1,937,074)	(1,442,522)	(1,920,004)	(1,294,693)
Interest Received	1,079,377	711,684	880,938	568,571
Dividend Received	13,625	27,198	10,858	18,467
Investment in Subsidiary	-	-	-	(150,000)
Acquisition of Intangible Assets	(35,804)	(10,789)	(35,804)	(10,789)
Acquisition of Property, Plant and Equipment	(75,393)	(53,596)	(53,895)	(39,679)
Proceeds from the Sale of Property, Plant and Equipment	1,670	189	1,551	146
Net Cash Used in Investing Activities	<u>(953,599)</u>	<u>(767,836)</u>	<u>(1,116,356)</u>	<u>(907,977)</u>
Cash Flows from Financing Activities				
Dividend Paid	(100,000)	(187,500)	(100,000)	(187,500)
Share Issue Related Costs Paid- Subsidiary	-	(750)	-	-
Net Cash Used in Financing Activities	<u>(100,000)</u>	<u>(188,250)</u>	<u>(100,000)</u>	<u>(187,500)</u>
Net Increase in Cash and Cash Equivalents	C 238,598	213,684	218,350	160,315
Cash and Cash Equivalents at the beginning of the Year	<u>386,929</u>	<u>173,245</u>	<u>258,222</u>	<u>97,907</u>
Cash and Cash Equivalents at the end of the Year	<u>625,527</u>	<u>386,929</u>	<u>476,572</u>	<u>258,222</u>
Notes to the Cash Flow Statement				
A. Net Change in Operating Assets				
Increase in Deferred Expenses	(9,016)	(13,863)	-	-
Increase in Loans to Life Policyholders	(27,949)	(20,910)	(27,949)	(20,910)
(Increase)/Decrease in Reinsurance Receivables	(353,372)	20,906	(20,545)	(10,823)
(Increase)/Decrease in Premium Receivables	(277,378)	18,135	(1,213)	1,351
(Increase)/Decrease in Other Assets	(119,340)	61,431	(80,747)	5,557
	<u>(787,055)</u>	<u>65,699</u>	<u>(130,454)</u>	<u>(24,825)</u>
B. Net Change in Operating Liabilities				
Increase in Other Liabilities	175,356	79,916	63,391	82,693
Increase in Insurance Contract Liabilities - General Insurance	375,302	267,127	-	-
Increase in Insurance Contract Liabilities - Life Insurance	1,740,776	1,444,432	1,740,776	1,444,432
Increase in Reinsurance Creditors	155,990	21,127	1,848	6,626
	<u>2,447,424</u>	<u>1,812,602</u>	<u>1,806,015</u>	<u>1,533,751</u>
C. Increase in Cash and Cash Equivalents				
Net Cash and Cash Equivalents at the end of the year	625,527	386,929	476,572	258,222
Net Cash and Cash Equivalents at the beginning of the year	<u>386,929</u>	<u>173,245</u>	<u>258,222</u>	<u>97,907</u>
Net Increase in Cash and Cash Equivalents	<u>238,598</u>	<u>213,684</u>	<u>218,350</u>	<u>160,315</u>

Statement of Profit or Loss and Other Comprehensive Income

For the Three Months Ended 31st December,	Note	Group		Company		Change	
		Unaudited	Unaudited	Unaudited	Unaudited	Group	Company
		2016 Rs. '000	2015 Rs. '000	2016 Rs. '000	2015 Rs. '000	%	%
Gross Written Premium	8	1,798,976	1,394,817	952,613	796,969	29	20
Premium Ceded to Reinsurers		(274,331)	(149,578)	(43,264)	(31,241)	83	38
Net Written Premium		1,524,645	1,245,239	909,349	765,728	22	19
Net Change in Reserves for Unearned Premium		(40,450)	61,433	-	-	(166)	-
Net Earned Premium		1,484,195	1,306,672	909,349	765,728	14	19
Other Revenue							
Interest and Dividend Income	9	336,419	223,824	284,125	183,423	50	55
Net Realised Gains/(Losses)		(8,067)	4,673	(7,903)	5,171	(273)	(253)
Net Fair Value Gains /(Losses)		(9,080)	7,846	(8,743)	3,413	(216)	(356)
Fee and Commission Income		23,674	31,768	14,641	17,382	(25)	(16)
Other Income		16,832	10,909	6,239	-	54	100
Total Other Revenue		359,778	279,020	288,359	209,389	29	38
Net Income		1,843,973	1,585,692	1,197,708	975,117	16	23
Net Benefits, Claims and Expenses							
Net Insurance Benefits and Claims		(501,538)	(582,648)	(132,189)	(83,884)	(14)	58
Change in Contract Liabilities - Life Fund		(92,898)	(196,499)	(92,898)	(196,499)	(53)	(53)
Other Operating and Administration Expenses		(426,794)	(348,962)	(243,738)	(198,588)	22	23
Underwriting and Net Acquisition Costs		(251,826)	(190,994)	(208,046)	(145,174)	32	43
Other Insurance Related Costs		(10,446)	(7,412)	(7,020)	(3,959)	41	77
Total Benefits, Claims and Other Expenses		(1,283,502)	(1,326,515)	(683,891)	(628,104)	(3)	9
Profit Before Taxation		560,471	259,177	513,817	347,014	116	48
Income Tax Expenses	10	(18,950)	(8,552)	(17,354)	(8,552)	122	103
Profit for the Period	11	541,521	250,625	496,463	338,462	116	47
Other Comprehensive Income, Net of Related Tax							
Items that are or may be reclassified to profit or loss							
- Net Change in fair value of available-for-sale financial assets		(148,768)	671	(142,064)	1,351	(22,271)	(10,615)
- Realized Gains/(Losses) transferred to Income Statement		7,491	(6,832)	7,430	(6,832)	210	209
- Net Change in fair value of available-for-sale financial assets transferred to Life Policyholder's Available For Reserve Fund		124,848	5,507	124,848	5,507	2,167	2,167
- Related Tax	10	1,821	1,286	-	-	42	-
- Items that will never be reclassified to profit or loss							
Actuarial Gains/(Losses) on Defined Benefit Plans		2,883	(2,270)	153	-	227	100
Total Other Comprehensive Income for the Period		(11,725)	(1,638)	(9,633)	26	(616)	(37,150)
Total Comprehensive Income for the Period		529,796	248,987	486,830	338,488	113	44
Profit Attributable to:							
Equity Holders of the Parent		541,521	250,625	496,463	338,462	116	47
Total Comprehensive Income Attributable to:							
Equity Holders of the Parent		529,796	248,987	486,830	338,488	113	44
Basic Earnings Per Share (Rs.)	12	10.83	5.01	9.93	6.77	116	47

Operating Segment Information - Assets and Liabilities

As at,	Unaudited		Audited	
	31st December 2016		31st December 2015	
	Life Insurance Rs. '000	General Insurance Rs. '000	Life Insurance Rs. '000	General Insurance Rs. '000
Assets				
Property, Plant and Equipment	112,151	49,211	94,107	42,172
Intangible Assets	60,882	-	45,185	-
Deferred Tax Assets	-	52,922	-	49,394
Financial Investments	9,642,596	1,901,979	7,849,625	1,901,986
Investment in subsidiary	1,150,000	-	1,150,000	-
Loans to Life Policyholders	119,941	-	91,992	-
Reinsurance Receivables	54,814	439,912	34,269	107,085
Premium Receivables	6,805	616,489	5,592	340,324
Other Assets	575,676	208,118	493,571	141,431
Insurance Contract - Deferred Expenses	-	74,951	-	65,935
Cash and Cash Equivalents	476,572	148,955	258,222	128,707
Total Assets	12,199,437	3,492,537	10,022,563	2,777,034
Liabilities				
Insurance Contract Liabilities - Life Insurance	8,747,856	-	7,007,080	-
Insurance Contract Liabilities - General Insurance	-	1,921,567	-	1,546,265
Employee Defined Benefit Liabilities	50,883	39,550	44,008	36,993
Current Tax Liabilities	-	3,300	-	-
Reinsurance Creditors	39,395	248,500	37,547	94,358
Other Liabilities	485,974	307,892	422,583	176,817
Total Liabilities	9,324,108	2,520,809	7,511,218	1,854,433

Operating Segment Information - Profitability

For the Year Ended ,	Unaudited		Audited	
	31st December 2016		31st December 2015	
	Life Insurance Rs. '000	General Insurance Rs. '000	Life Insurance Rs. '000	General Insurance Rs. '000
Gross Written Premium	3,554,078	3,141,559	2,788,716	2,698,176
Premium Ceded to Reinsurers	(159,050)	(718,663)	(107,963)	(491,121)
Net Written Premium	3,395,028	2,422,896	2,680,753	2,207,055
Net Change in Reserves for Unearned Premium	-	(181,102)	-	(122,677)
Net Earned Premium	3,395,028	2,241,794	2,680,753	2,084,378
Other Revenue				
Interest and Dividend Income	987,959	192,126	705,571	165,478
Net Realised (Losses)/Gains	(22,435)	(6,684)	22,512	10,468
Net Fair Value (Losses)/Gains	(7,793)	1,332	4,028	12,555
Fees and Commission Income	62,858	73,029	44,742	81,612
Other Income	11,017	14,007	6,273	8,928
Total Other Revenue	1,031,606	273,810	783,126	279,041
Net Income	4,426,634	2,515,604	3,463,879	2,363,419
Net Benefits, Claims and Expenses				
Net Insurance Benefits and Claims	(401,677)	(1,546,601)	(280,495)	(1,837,294)
Change in Contract Liabilities - Life Fund	(1,708,285)	-	(1,462,100)	-
Other Operating and Administration Expenses	(886,845)	(728,501)	(701,809)	(638,191)
Underwriting and Net Acquisition Cost	(748,051)	(177,852)	(544,673)	(160,979)
Other Insurance Related Cost	(25,134)	(13,771)	(17,774)	(11,255)
Total Benefits, Claims and other Expenses	(3,769,992)	(2,466,725)	(3,006,851)	(2,647,719)
Profit/(Loss) Before Taxation	656,642	48,879	457,028	(284,300)
Income Tax (Expense) / Reversal	(56,512)	(1,596)	(29,383)	56,954
Profit/(Loss) for the Year	600,130	47,283	427,645	(227,346)

Notes to the Condensed Consolidated Interim Financial Statements

1 CORPORATE INFORMATION

a). Reporting Entity

HNB Assurance PLC ("the Company") is a Listed Company incorporated on 23rd August 2001 with limited liability and domiciled in Sri Lanka. The registered office of the Company is situated at No. 479, T B Jayaw Mawatha, Colombo 10 and the principal place of business is situated at Iceland Business Center, No. 30, Sri Uttarananda Mawatha, Colombo 3. The Ordinary Shares of the Company are listed on the Colombo Stock Exchange (CSE).

The Group's controlling entity and ultimate parent undertaking is Hatton National Bank PLC which is incorporated in Sri Lanka.

b). Approval of financial statements

The financial statements were authorized for issue by the Board of Directors on 09th February 2017.

Figures in these Condensed Consolidated Interim Financial Statements for the year ended 31st December 2016 are provisional and unaudited.

2 BASIS OF PREPARATION

These Condensed Consolidated Interim Financial Statements of the Group and Company have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34-Interim Financial Reporting and comply with the requirements of the Companies Act, No. 7 of 2007 and the Regulation of Insurance Industry Act, No. 43 of 2000.

The same accounting policies and methods of computation as stated in the Audited Financial Statements 2015 have been followed in preparation of these Condensed Consolidated Interim Financial Statements.

New SLRFSs and interpretations issued but not yet effective have not been early adopted during the year.

Comparative information has been re-valued/re-classified where necessary, to conform to the current year recognition, measurement and presentations.

3 FINANCIAL INVESTMENTS

As at,	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31st Dec 2016 Rs. '000	31st Dec 2015 Rs. '000	31st Dec 2016 Rs. '000	31st Dec 2015 Rs. '000
Held-to-maturity financial assets, at amortised cost	174,025	472,565	174,025	320,426
Loans and Receivables	5,344,482	6,444,029	4,253,239	5,151,718
Available-for-sale financial assets	5,869,558	1,659,296	5,095,600	1,559,525
Financial assets at fair value through profit or loss	156,510	1,175,721	119,732	817,956
Total Financial Investments	11,544,575	9,751,611	9,642,596	7,849,625

4 THE ACCOUNTING POLICY FOR CONSOLIDATION OF SUBSIDIARY

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. Inter-company transactions, balances and unrealised gains on transactions between group companies and unrealised losses are eliminated. Amounts reported by subsidiary company are adjusted to conform with the group's accounting policies when necessary.

5 LIFE POLICYHOLDERS' AVAILABLE FOR SALE RESERVE FUND

Life Policyholders' Available For Sale Reserve Fund includes the fair value changes recorded in Other Comprehensive Income in respect of Life Insurance related assets.

a) Unrealised gains and losses of Available for Sale financial assets of Life Insurance is included under Life Policyholders' Available For Sale Reserve Fund in Equity.

Notes to the Condensed Consolidated Interim Financial Statements

6 INSURANCE CONTRACT LIABILITIES - LIFE INSURANCE

As at,	Group		Company	
	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
Life Insurance Fund (Note 6.a)	8,634,394	6,926,109	8,634,394	6,926,109
Claims Outstanding	113,462	80,971	113,462	80,971
Total Insurance Contract Liabilities	8,747,856	7,007,080	8,747,856	7,007,080

6 a) Life Insurance Fund

The movement in the Life Insurance Fund is as follows:

Balance as at the beginning of the Year (Note 6.a.1)	6,926,109	5,464,009	6,926,109	5,464,009
Change in Contract Liabilities Life Fund				
Increase in Life Insurance Fund Before				
- Surplus Distribution to Shareholders	2,169,427	1,772,169	2,169,427	1,772,169
Surplus Distributed to Shareholders	(461,142)	(310,069)	(461,142)	(310,069)
Increase in Life Insurance Fund	1,708,285	1,462,100	1,708,285	1,462,100
Balance as at the end of the Year	8,634,394	6,926,109	8,634,394	6,926,109

(Note 6.a.1)

Reconciliation of Life Fund Opening Liability Due to Change In Policy Liability Valuation Method	Company Unaudited Rs. '000
Balance as at 01st January 2016- Net Premium Valuation Basis	6,926,109
Balance as at 01st January 2016- Gross Premium Valuation Basis	A 4,745,802
Surplus created due to change in valuation method from NPV to GPV as at 01st January 2016	
Release in Liabilities of Universal Life Products	B 1,849,689
Release in Liabilities of Other Life Products	C 330,618
Total (A+B+C)	6,926,109

As per the Solvency Margin Rules (Risk Based Capital) which came in to effect from 01st January 2016, Insurers are required to value the Life Insurance Policy Liabilities as per the Gross Premium Valuation (GPV) method. The change in the valuation method from Net Premium Valuation (NPV), which was applicable under the previous Solvency Margin Rules and GPV as per the new rules resulted in one off release in Liabilities for Universal Life products amounting to Rs. 1,849.7 Million and for other Life products amounting to Rs. 330.6 Million. The Fund Value was determined to be the policyholder liability with respect to the Universal Life Products.

The Insurance Board of Sri Lanka (IBSL) has required all insurance companies by letter dated 22nd July 2016 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.

6 b) The valuation of Insurance Contract liabilities - Life Fund was carried out by the Appointed Actuary Mr. Hassan Scott Odierno, FSA, for and on behalf of M/S Actuarial Partners Consulting Sdn Bhd for the year ended 31st December 2016 and have ensured adequate provisions have been made in these Condensed Consolidated Interim Financial statements in line with Actuarial Valuation. Group has recognised a profit of Rs. 461 Million (2015 - Rs. 310 Million) from the Life Insurance Business based on the recommendations made by the Life Insurance Appointed Actuary.

Notes to the Condensed Consolidated Interim Financial Statements

6 c) Liability Adequacy Test

A Liability Adequacy Test ("LAT") for the Life Insurance Contract Liability was carried out by Mr. Hassan Scott Odierno, of M/S Actuarial Partners Consulting Sdn Bhd, as at 31st December 2016 as required by SLFRS 4 - Insurance Contracts. According to the Appointed Actuary's report, assets are sufficiently adequate as compared to the reserves as at 31st December 2016. No additional provisions were required against the LAT as at 31st December 2016.

7 INSURANCE CONTRACT LIABILITIES - GENERAL INSURANCE

As at,	Group		Company	
	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
Reserves for Net Unearned Premium	1,278,861	1,098,217	-	-
Reserves for Title Insurance	19,611	19,153	-	-
Reserves for Gross Outstanding Claims	623,095	428,895	-	-
Total Insurance Contract Liabilities	1,921,567	1,546,265	-	-

7 a) The Valuation of the IBNR/IBNER have been carried out by the Mr. Matthew Maguire, FIAA, for and behalf of NMG Consulting for the year ended 31st December 2016 and have ensured that adequate provisions have been made in these Condensed Consolidated Interim Financial Statements.

7 b) Liability Adequacy Test

A Liability Adequacy Test ("LAT") for General Insurance contract liability was carried out by Mr. Matthew Maguire, FIAA, for and behalf of NMG Consulting as at 31st December 2016 as required by the SLFRS 4 - Insurance Contracts. The valuation is based on internationally accepted actuarial methods and is performed quarterly. According to the Consultant Actuary's report, the Company adequately satisfies the LAT as at 31st December 2016. No additional provisions were required against the LAT as at 31st December 2016.

8 GROSS WRITTEN PREMIUM

For the Year Ended,	Group		Company	
	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
Life Insurance				
Individual Policies	3,426,072	2,704,394	3,426,072	2,704,394
Corporate Policies	128,006	84,322	128,006	84,322
Adjustment for Inter Company Premiums	(18,715)	(19,808)	-	-
Life Insurance Gross Written Premium	3,535,363	2,768,908	3,554,078	2,788,716
General Insurance				
Fire	461,583	372,146	-	-
Motor	2,229,050	2,048,698	-	-
Marine	42,051	36,062	-	-
Miscellaneous	408,875	241,270	-	-
Adjustment for Inter Company Premiums	(20,228)	(19,920)	-	-
General Insurance Gross Written Premium	3,121,331	2,678,256	-	-
Total Gross Written Premium	6,656,694	5,447,164	3,554,078	2,788,716

Notes to the Condensed Consolidated Interim Financial Statements

<i>For the Three Months Ended,</i>	Group		Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	31st Dec 2016 Rs. '000	31st Dec 2015 Rs. '000	31st Dec 2016 Rs. '000	31st Dec 2015 Rs. '000
Life Insurance				
Individual Policies	932,996	763,619	932,996	763,619
Corporate Policies	19,617	33,350	19,617	33,350
Adjustment for Inter Company Premiums	(4,564)	(4,683)	-	-
Life Insurance Gross Written Premium	948,049	792,286	952,613	796,969
General Insurance				
Fire	107,163	84,547	-	-
Motor	581,855	470,864	-	-
Marine	12,339	6,750	-	-
Miscellaneous	167,548	44,621	-	-
Adjustment for Inter Company Premiums	(17,978)	(4,251)	-	-
General Insurance Gross Written Premium	850,927	602,531	-	-
Total Gross Written Premium	1,798,976	1,394,817	952,613	796,969

9 INTEREST AND DIVIDEND INCOME

<i>For the Year Ended,</i>	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31st Dec 2016 Rs. '000	31st Dec 2015 Rs. '000	31st Dec 2016 Rs. '000	31st Dec 2015 Rs. '000
Interest Income	1,166,369	843,579	976,943	687,104
Dividend Income	13,716	27,470	11,016	18,467
Total	1,180,085	871,049	987,959	705,571

<i>For the Three Months Ended,</i>	Group		Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	31st Dec 2016 Rs. '000	31st Dec 2015 Rs. '000	31st Dec 2016 Rs. '000	31st Dec 2015 Rs. '000
Interest Income	335,194	221,082	283,150	181,530
Dividend Income	1,225	2,742	975	1,893
Total	336,419	223,824	284,125	183,423

10 INCOME TAX (EXPENSES) / REVERSALS

<i>For the Year Ended,</i>	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	31st Dec 2016 Rs. '000	31st Dec 2015 Rs. '000	31st Dec 2016 Rs. '000	31st Dec 2015 Rs. '000
Current Tax Charge	(3,300)	-	-	-
Provision for Notional Tax Credit (NTC) - Life Insurance	(56,512)	(29,383)	(56,512)	(29,383)
Deferred Income Tax - Profit or Loss	1,704	56,954	-	-
Total	(58,108)	27,571	(56,512)	(29,383)
Deferred Income Tax - Other Comprehensive Income	1,825	1,286	-	-
Total	1,825	1,286	-	-

Notes to the Condensed Consolidated Interim Financial Statements

	Group		Company	
	Unaudited 31st Dec 2016 Rs. '000	Unaudited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Unaudited 31st Dec 2015 Rs. '000
<i>For the Three Months Ended,</i>				
Current Tax Charge	(3,300)	-	-	-
Provision for Notional Tax (NTC) - Life Insurance	(17,354)	(8,552)	(17,354)	(8,552)
Deferred Income Tax - Profit or Loss	1,704	-	-	-
Total	(18,950)	(8,552)	(17,354)	(8,552)
Deferred Income Tax - Other Comprehensive Income	1,821	1,286	-	-
Total	1,821	1,286	-	-

The Company and its subsidiary are liable to pay income tax at the rate of 28% (2015 - 28%) of its taxable profits in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto.

11 PROFIT/(LOSS) FOR THE YEAR/PERIOD

	Group		Company	
	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
<i>For the Year Ended,</i>				
HNB Assurance PLC	600,130	424,690	600,130	427,645
HNB General Insurance Ltd	47,283	(227,346)	-	-
Profit for the year	647,413	197,344	600,130	427,645

	Group		Company	
	Unaudited 31st Dec 2016 Rs. '000	Unaudited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Unaudited 31st Dec 2015 Rs. '000
<i>For the Three Months Ended,</i>				
HNB Assurance PLC	496,463	338,465	496,463	338,462
HNB General Insurance Ltd	45,058	(87,840)	-	-
Profit for the period	541,521	250,625	496,463	338,462

12 BASIC EARNINGS PER SHARE (EPS)

Basic Earnings Per Share is calculated by dividing the net profit after tax for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

	Group		Company	
	Unaudited 31st Dec 2016	Audited 31st Dec 2015	Unaudited 31st Dec 2016	Audited 31st Dec 2015
<i>For the Year Ended,</i>				
Profit for the year (Rs. '000)	647,413	197,344	600,130	427,645
Weighted average number of shares ('000)	50,000	50,000	50,000	50,000
Basic Earnings Per Share (Rs.)	12.95	3.95	12.00	8.55

	Group		Company	
	Unaudited 31st Dec 2016	Unaudited 31st Dec 2015	Unaudited 31st Dec 2016	Unaudited 31st Dec 2015
<i>For the Three Months Ended,</i>				
Profit for the period (Rs. '000)	541,521	250,625	496,463	338,462
Weighted average number of shares ('000)	50,000	50,000	50,000	50,000
Basic Earnings Per Share (Rs.)	10.83	5.01	9.93	6.77

Notes to the Condensed Consolidated Interim Financial Statements

13 RELATED PARTY DISCLOSURES

a) Transactions with the Parent and Ultimate Controlling Party - Hatton National Bank PLC

Nature of Transaction	Group		Company	
	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
<i>For the Year Ended,</i>				
Insurance Premium	22,270	10,475	-	-
Claims Incurred	8,752	9,361	-	-
Investment Income	35,642	28,970	30,202	23,702
Administration Expenses	185,991	150,889	115,299	80,399
Rent and other Expenses	52,757	53,574	40,939	38,338
Dividend Paid	59,986	112,474	59,986	112,474

Nature of Transaction	Group		Company	
	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
<i>Balance as at,</i>				
Investments Balance (Includes Deposits and Debentures)	416,312	300,886	329,123	212,825
Cash at Bank Balances	182,265	168,583	111,407	87,949

b) Transactions with / between the Subsidiary Company - HNB General Insurance Ltd

Nature of Transaction	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
<i>For the Year Ended,</i>		
Insurance Premium	18,715	19,808
Insurance Expenses	20,227	19,920
Claims Received	8,113	-
Claims Paid	2,000	-
Administrations Expenses Reimbursement	234,934	149,972
Fund Management Fee	4,072	4,087
Profit Commission Expense	3,017	5,973

c) Transactions with / between Subsidiary Companies of the Ultimate Controlling Party

Name of the Company	Nature of Transaction	Group		Company	
		Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
<i>For the Year Ended,</i>					
Sithma Development (Pvt) Ltd	Insurance Premium	1,785	214	-	-
HNB Grameen Finance Ltd	Insurance Premium	83,112	33,989	82,261	33,256
	Claims Incurred	74,608	3,631	74,306	3,558
	Administration Expenses	8,807	4,000	8,466	3,918

d) Transactions with other Related Entities

Name of the Company	Nature of Transaction	Group		Company	
		Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
<i>For the Year Ended,</i>					
ACUITY Partners (Pvt) Ltd	Insurance Premium	1,482	296	704	-
ACUITY Stock Brokers (Pvt) Ltd	Insurance Premium	112	160	-	-
	Claims incurred	288	-	222	-
ACUITY Securities Ltd	Insurance Premium	92	81	-	-
	Investment Income from REPO	50,901	19,724	40,051	15,219

Notes to the Condensed Consolidated Interim Financial Statements

Name of the Company	Nature of Transaction	Group		Company	
		Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
<i>As at,</i>					
ACUITY Securities Ltd	Investment In REPO	606,967	918,569	525,558	755,544

e) Transactions with Key Management Personnel of the Group or its Parent Hatton National Bank PLC

Nature of Transaction <i>For the Year Ended,</i>	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
Director Fee	11,081	4,156
Short-term and Post employment benefits	48,008	54,002
Insurance Premium	1,651	1,330
Claims Paid	155	528

Mr. NHTI Perera was appointed as a Director (non-executive/non-independent) to the Board of HNB Assurance PLC w.e.f 08th January 2016.

Mr. M U De Silva, a Director of HNB Assurance PLC has tendered his resignation from being a Director of the Company w.e.f 08th January 2016.

Ms. Marina Tharmaratnam, was appointed as a Director (non-executive/independent) to the Board of HNB General Insurance Limited w.e.f 01st September 2016.

Mr. Deepthi Lokurachchi was appointed as the Chief Executive Officer of HNB Assurance PLC and HNB General Insurance Limited w.e.f 02nd May 2016.

The nature of the related party transactions in the current year was similar to those reported in the Audited Financial Statements – 2015 except for the above changes.

14 SUPER GAIN TAX

As per the provision of Part III of the Finance Act, No. 10 of 2015 which was certified on 30th October 2015, the Company was liable for Super Gain Tax of Rs. 31.4 Million. According to the Act, the Super Gain Tax shall be deemed to be an expenditure in the financial statement relating to the year of assessment which commenced on 01st April 2013. The Act supersedes the requirements of Sri Lanka Accounting Standards hence the expense of Super Gain Tax was accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by the Institute of Chartered Accountants of Sri Lanka, dated 24th November 2015.

15 EVENTS OCCURRING AFTER THE REPORTING DATE

Proposed Dividend

A Board of Directors has recommended a payment of Rs. 5.00 per share for the year ended 31st December 2016 (2015 – Rs. 2.00 per share) which is to be approved at the Annual General Meeting to be held on 29th March 2017.

There have been no other material events occurring after the Reporting date that require adjustments to or disclosure in the Condensed Consolidated Interim Financial Statements other than above.

16 CAPITAL COMMITMENTS

- a) As at the end of the financial year, no material capital expenditure was approved by the Board and contracted for which no provision has been made in the Condensed Consolidated Interim Financial Statements. (2015 - Nil).
- b) Future commitments on operating leases

As at,	Unaudited 31st Dec 2016 Rs. '000	Audited 31st Dec 2015 Rs. '000
Less than one year	123,052	68,023
Between one and five years	373,522	142,620
More than five years	4,402	7,166
Total Operating Lease Commitments	500,976	217,809

17 CONTINGENCIES

- a) The Inland Revenue Department has taken the view that reinsurance claims and commission for the year of assessment 2010/11 on General insurance business is liable for Value Added Tax (VAT). Accordingly The Company has received a VAT Assessment on Reinsurance Claims and Commissions amounting to Rs. 13.3 Million for the year of Assessment 2010/2011. This has been a common assessment to most of the Insurance Companies who are in the General Insurance business, issued by Inland Revenue Department

Notes to the Condensed Consolidated Interim Financial Statements

(IRD). However the Companies in the insurance industry are of the strong view that they are not liable to pay VAT on Reinsurance claims and commission. The Company has filed due responses in consultation with Tax Consultants and has made an appeal to the Tax Appeals Commission and an appeal hearing was held on the 16th June 2016. The Tax Appeals Commission requested HNBA and the IRD to submit a written appeal in order to grant the final decision. The Company submitted the written appeal on the 21st July 2016 through our tax consultants and are yet to receive a response from the Tax Appeals Commission. The Company has obtained a Bank Guarantee of Rs 3.3 Million against the appeal made. As such the Company is of the strong view that no additional Tax liabilities will arise due to this Assessment. No further response has been received on this matter as of the date of authorizing these Consolidated Financial Statements. VAT on Reinsurance Claims and Commissions has been exempted by the Inland Revenue Department w.e.f. 1st January 2011. This is an indication that realization of this liability is remote.

- b) The Company has received an official communication from IRD stating that the Company is liable for VAT and NBT on Financial Service (FS). The IRD is of the view that HNBA liability has arisen based on section 25C of VAT Act No 14 of 2002 with the application of attributable method. Accordingly, it stated that the Company has registered to pay VAT and NBT on FS w.e.f. 01st January 2014. However, Companies who are in Insurance Industry and our Tax Consultants are of the view that insurance companies are not liable for VAT and NBT on FS, as the Companies are in the insurance business and do not engage in the business of financial service directly. Therefore, the Company has requested the IRD to cancel the registration on VAT and NBT on FS which is the stance of the entire insurance industry. As such we expect no liability to materialize in respect of the same.
- c) The Company has received a Tax Intimation letter on Life Insurance Taxation for Y/A 2011/2012. However, no Assessment has been issued yet on this intimation. We have filed a response highlighting our view, which was done in consultation with Tax Consultants. However, as per the request of the IRD, we participated in the hearing held at their premises on the 25th July 2016 and we were asked to provide a written submission. We made the written submission through our Tax Consultants on 15th August 2016 to IRD. Based on the hearing held and written submission, IRD sent a letter of determination on 20th December 2016 and determine to confirm the assessment. However the Company opposed with the said determination hence submitted a letter of intention to appeal with the Tax Appeals Commission with the consultation of our Tax consultants. Even if this tax intimation would materialised against the Company, the Tax Loss recorded will come down by Rs. 310 Million.
- d) The Company has received a Notice of Assessment for Life Insurance taxation for the Year of Assessment 2012/2013. The Company has filed a petition of appeal through our Tax Consultants and the Company is of the strong view that no additional tax liability will arise due to this. Even in the event that this Assessment would materialise against the Company, no additional tax liability is required for the Company since the Company has accumulated tax losses. However, the accumulated tax loss of the Life Business will come down by Rs. 278 Million.
- e) The Company has received a Notice of Assessment for Life Insurance taxation for the year of assessment 2013/2014. The Company filed a petition of appeal through Tax Consultants. In the event that this Assessment would materialise against the Company, there will be a tax liability of Rs 132 Million after utilizing all available tax losses. However, the Company together with our Tax Consultants are of the strong view that the liability raised in this assessment would not materialise.
- f) In the opinion of the Directors, and in consultation with the Company Lawyers, litigations currently pending against the Company would not have a material impact on the reported Interim Financial Results of the Company. All pending litigations for claims have been evaluated and adequate provisions have been made in these Condensed Consolidated Interim Financial Statements where necessary.

18 TRANSFER PRICING

Provision on transfer pricing under sections 104 and 104A of the Inland Revenue Act, No.10 of 2006 covers the transactions with associated undertakings. Compliance reporting will be enforced from the year of assessment 2015/16.

During the financial year, certain transactions including provision of insurance solutions and placement of deposits have taken place with parent entity (associated undertaking). Both the companies (HNB Assurance PLC and HNB General Insurance Limited) are of the view that the transactions with parent entity have taken place on arm's length pricing.

As the aggregate value of transactions of each company with the associated undertaking is more than Rs. 50 Million, both companies are required to maintain separate documentation as prescribed by transfer pricing regulation. The companies have prepared the relevant documentation to comply with transfer pricing regulation.

Share Information

Top 20 Shareholders

Name of the Shareholder	As at 31st December 2016	
	Shareholding	% on Issued Shares
1 Hatton National Bank PLC A/c No.1	29,993,000	59.99%
2 The Ceylon Guardian Investment Trust PLC A/c No.2	2,000,000	4.00%
3 Mercantile Merchant Bank Ltd	913,265	1.83%
4 Janashakthi General Insurance Limited	824,425	1.65%
5 Bank of Ceylon A/c Ceybank Century Growth Fund	651,894	1.30%
6 Mr. Mohamed Faizer Hashim	530,534	1.06%
7 Salamander Investments (Pvt) Ltd	475,000	0.95%
8 Mrs. Abiramipillai Kailasapillai	400,000	0.80%
9 Waldock Mackenzie Ltd/Mr S.N.P.Palihena and Mrs. A.S. Palihena	400,000	0.80%
10 Mrs. Arunthathi Selliah	400,000	0.80%
11 Arunodhaya (Pvt) Ltd	400,000	0.80%
12 Arunodhaya Investments (Pvt) Ltd	400,000	0.80%
13 Arunodhaya Industries (Pvt) Ltd	400,000	0.80%
14 Union Assurance PLC/No. 1 A/c	336,266	0.67%
15 Mr. Dueleep Fairlie George Dalpethado Joint Mrs. Hewa Fonsekage Anne Kumudini Devika	314,085	0.63%
16 Phoenix Ventures (Pvt) Ltd	260,000	0.52%
17 Corporate Holdings (Pvt) Ltd. A/c No.1	245,103	0.49%
18 Mr. Madduma Hetti Vidanelage Upali Gunatilake	202,080	0.40%
19 Mr. Kailasapillai Aravinthan	200,000	0.40%
20 Andysel Private Limited	200,000	0.40%
	<u>39,545,652</u>	<u>79.09%</u>

Public Shareholding

	As at 31st December 2016	
	No.	% on Issued Shares
Number of Shares	19,328,462	38.66%

Public Shareholding

	As at 31st December 2016	
	No.	% on Total No. of shareholders
Number of Shareholders	3,463	99.71%

Share Information (Contd.)

Shareholdings of Directors and Chief Executive Officer

Name of the Director	No. of Shares as at 31st December 2016
Mrs. M A R C Cooray	18,035
Mr. S C Ratwatte	14,666
Mr. J A P M Jayasekara	83,057
Mr. K Balasundaram	10,000
Mr. D P N Rodrigo	180
Mrs. S N Wickramasinghe	52,500
Dr. S Selliah	100,000
Mr. N H T I Perera	100
Mr. D P Lokuarachchi - (Chief Executive Officer)	Nil

Number of Shares

No. of shares representing the Stated Capital	50,000,000
Class of Share	Ordinary
Voting Rights	One vote per Ordinary Share

Share Performance

	Rs.
Net Asset Value Per Share as at 31st December 2016 - Group	53.94
Net Asset Value Per Share as at 31st December 2016 - Company	57.51
Highest Price Per Share for the Interim Period	62.00
Lowest Price Per Share for the Interim Period	55.00
Last traded Price Per Share as at 31st December 2016	58.80