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HNB Assurance PLC

Condensed Consolidated Interim Financial Statements  
31<sup>st</sup> December 2016

# Statement of Financial Position

| As at,   | Note | Group                     |                           | Company                   |                           |
|--|------|---------------------------|---------------------------|---------------------------|---------------------------|
|  |      | Unaudited                 | Audited                   | Unaudited                 | Audited                   |
|  |      | 31st Dec 2016<br>Rs. '000 | 31st Dec 2015<br>Rs. '000 | 31st Dec 2016<br>Rs. '000 | 31st Dec 2015<br>Rs. '000 |
| <b>Assets</b>  |      |                           |                           |                           |                           |
| 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                   |
| <b>Total Assets</b>  |      | <b>14,528,854</b>         | <b>11,640,580</b>         | <b>12,199,437</b>         | <b>10,022,563</b>         |
| <b>Equity and Liabilities</b>                              |      |                           |                           |                           |                           |
| <b>Equity Attributable to the Equity Holders of Parent</b> |      |                           |                           |                           |                           |
| 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)                  |
| <b>Total Equity</b>  |      | <b>2,697,057</b>          | <b>2,283,946</b>          | <b>2,875,329</b>          | <b>2,511,345</b>          |
| <b>Liabilities</b>   |      |                           |                           |                           |                           |
| 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                   |
| <b>Total Liabilities</b>                                   |      | <b>11,831,797</b>         | <b>9,356,634</b>          | <b>9,324,108</b>          | <b>7,511,218</b>          |
| <b>Total Equity and Liabilities</b>                        |      | <b>14,528,854</b>         | <b>11,640,580</b>         | <b>12,199,437</b>         | <b>10,022,563</b>         |

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<br>Rs. '000   | 2015<br>Rs. '000   | 2016<br>Rs. '000   | 2015<br>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         | -         |
| <b>Net Earned Premium</b>  |      | <b>5,597,879</b>   | <b>4,725,403</b>   | <b>3,395,028</b>   | <b>2,680,753</b>   | <b>18</b>  | <b>27</b> |
| <b>Other Revenue</b>   |      |                    |                    |                    |                    |            |           |
| 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        |
| <b>Net Income</b>  |      | <b>6,896,206</b>   | <b>5,774,555</b>   | <b>4,426,634</b>   | <b>3,463,879</b>   | <b>19</b>  | <b>28</b> |
| <b>Net Benefits, Claims and Expenses</b>   |      |                    |                    |                    |                    |            |           |
| 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        |
| <b>Total Benefits, Claims and Other Expenses</b>   |      | <b>(6,190,685)</b> | <b>(5,604,782)</b> | <b>(3,769,992)</b> | <b>(3,006,851)</b> | <b>10</b>  | <b>25</b> |
| <b>Profit Before Taxation</b>  |      | <b>705,521</b>     | <b>169,773</b>     | <b>656,642</b>     | <b>457,028</b>     | <b>316</b> | <b>44</b> |
| Income Tax (Expenses)/Reversals  | 10   | (58,108)           | 27,571             | (56,512)           | (29,383)           | (311)      | 92        |
| <b>Profit for the Year</b>   | 11   | <b>647,413</b>     | <b>197,344</b>     | <b>600,130</b>     | <b>427,645</b>     | <b>228</b> | <b>40</b> |
| <b>Other Comprehensive Income, Net of Related Tax</b>  |      |                    |                    |                    |                    |            |           |
| <b>Items that are or may be reclassified to profit or loss</b>   |      |                    |                    |                    |                    |            |           |
| - 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         | -         |
| <b>Items that will never be reclassified to profit or loss</b>   |      |                    |                    |                    |                    |            |           |
| Actuarial Gains/(Losses) on Defined Benefit Plans  |      | 2,883              | (2,270)            | 153                | (3,216)            | 227        | 105       |
| <b>Total Other Comprehensive Income for the year net of related tax</b>  |      | <b>479</b>         | <b>(10,608)</b>    | <b>(1,365)</b>     | <b>(6,686)</b>     | <b>105</b> | <b>80</b> |
| <b>Total Comprehensive Income for the Year</b>   |      | <b>647,892</b>     | <b>186,736</b>     | <b>598,765</b>     | <b>420,959</b>     | <b>247</b> | <b>42</b> |
| <b>Profit Attributable to:</b>   |      |                    |                    |                    |                    |            |           |
| Equity Holders of the Parent   |      | 647,413            | 197,344            | -                  | -                  | 228        | -         |
| <b>Total Comprehensive Income Attributable to:</b>   |      |                    |                    |                    |                    |            |           |
| 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<br>Shares<br>'000 | Stated<br>Capital<br>Rs. '000 | Retained<br>Earnings<br>Rs. '000 | Available<br>for Sale<br>Reserve<br>Rs. '000 | Other<br>Reserves<br>Rs. '000 | Life<br>Policyholders'<br>AFS Reserve<br>Fund<br>Rs. '000 | Total<br>Equity<br>Rs. '000 |
|--|-----------------------------|-------------------------------|----------------------------------|--|-------------------------------|---|-----------------------------|
| Balance as at 01st January 2015                                      | 50,000                      | 1,171,975                     | 1,196,546                        | 3,350  | 1,177                         | 40,748  | 2,413,936                   |
| Super Gain Tax   |                             |                               | (31,378)                         |  |                               |   | (31,378)                    |
| Total Comprehensive Income for the Year                              |                             |                               |                                  |  |                               |   |                             |
| Profit for the Year - Audited  |                             |                               | 197,344                          |  |                               |   | 197,344                     |
| <b>Other Comprehensive Income for the Year, net of tax</b>           |                             |                               |                                  |  |                               |   |                             |
| 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      |                             |                               |                                  |  |                               |   |                             |
| - transferred to Life Policyholders' Available For Sale Reserve Fund |                             |                               |                                  | 97,098                                       |                               |   | 97,098                      |
| Actuarial Losses on Defined Benefit Plans                            |                             |                               |                                  |  | (2,270)                       |   | (2,270)                     |
| 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)                    |
| <b>Transactions with owners recorded directly in equity</b>          |                             |                               |                                  |  |                               |   |                             |
| <b>Distributions to owners of the Parent</b>                         |                             |                               |                                  |  |                               |   |                             |
| Share Issue Transaction Cost - Subsidiary                            |                             |                               | (750)                            |  |                               |   | (750)                       |
| Dividend paid to equity holders for 2014                             |                             |                               | (187,500)                        |  |                               |   | (187,500)                   |
| <b>Audited balance as at 31st December 2015</b>                      | 50,000                      | 1,171,975                     | 1,174,262                        | (4,748)                                      | (1,083)                       | (56,350)  | 2,283,946                   |
| Balance as at 01st January 2016                                      | 50,000                      | 1,171,975                     | 1,174,262                        | (4,748)                                      | (1,083)                       | (56,350)  | 2,283,946                   |
| <b>Total Comprehensive Income for the Year</b>                       |                             |                               |                                  |  |                               |   |                             |
| Profit for the year- Unaudited                                       |                             |                               | 647,413                          |  |                               |   | 647,413                     |
| <b>Other Comprehensive Income for the Year, net of tax</b>           |                             |                               |                                  |  |                               |   |                             |
| 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      |                             |                               |                                  |  |                               |   |                             |
| - 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      |                             |                               |                                  |  |                               |   |                             |
| - transferred from Available For Sale Reserve                        |                             |                               |                                  |  |                               | (134,781)   | (134,781)                   |
| <b>Transactions with owners recorded directly in equity</b>          |                             |                               |                                  |  |                               |   |                             |
| <b>Distributions to owners of the Parent</b>                         |                             |                               |                                  |  |                               |   |                             |
| Dividend paid to equity holders for 2015                             |                             |                               | (100,000)                        |  |                               |   | (100,000)                   |
| <b>Unaudited balance as at 31st December 2016</b>                    | 50,000                      | 1,171,975                     | 1,721,675                        | (7,152)                                      | 1,790                         | (191,131)   | 2,697,057                   |

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

# Statement of Changes in Equity - Company

## For the Year Ended 31st December 2016

|  | Number of<br>Shares<br>'000 | Stated<br>Capital<br>Rs. '000 | Retained<br>Earnings<br>Rs. '000 | Available<br>for Sale<br>Reserve<br>Rs. '000 | Other<br>Reserves<br>Rs. '000 | Life<br>Policyholders'<br>AFS Reserve<br>Fund<br>Rs. '000 | Total<br>Equity<br>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)                    |
| <b>Total Comprehensive Income for the Year</b>                       | -                           | -                             | 427,645                          | -  | -                             | -   | 427,645                     |
| Profit for the Year - Audited  | -                           | -                             | 427,645                          | -  | -                             | -   | 427,645                     |
| <b>Other Comprehensive Income for the Year, net of tax</b>           | -                           | -                             | -                                | (100,568)                                    | -                             | -   | (100,568)                   |
| 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)                     |
| Actuarial Losses on Defined Benefit Plans                            | -                           | -                             | -                                | -  | (3,216)                       | -   | (3,216)                     |
| <b>Total Other Comprehensive Income for the year</b>                 | -                           | -                             | -                                | (3,470)                                      | (3,216)                       | -   | (6,686)                     |
| <b>Total Comprehensive Income for the Year</b>                       | -                           | -                             | 427,645                          | (3,470)                                      | (3,216)                       | -   | 420,959                     |
| Net Change in fair value of Available-For-Sale financial assets      | -                           | -                             | -                                | -  | -                             | -   | -                           |
| - transferred from Available For Sale Reserve                        | -                           | -                             | -                                | -  | -                             | -   | (97,098)                    |
| <b>Transactions with owners recorded directly in equity</b>          | -                           | -                             | -                                | -  | -                             | -   | -                           |
| <b>Distributions to owners of the Company</b>                        | -                           | -                             | -                                | -  | -                             | -   | -                           |
| Dividend paid to equity holders for 2014                             | -                           | -                             | (187,500)                        | -  | -                             | -   | (187,500)                   |
| <b>Audited balance as at 31st December 2015</b>                      | 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                   |
| <b>Total Comprehensive Income for the Year</b>                       | -                           | -                             | 600,130                          | -  | -                             | -   | 600,130                     |
| Profit for the year - Unaudited                                      | -                           | -                             | 600,130                          | -  | -                             | -   | 600,130                     |
| <b>Other Comprehensive Income for the Year, net of tax</b>           | -                           | -                             | -                                | (136,299)                                    | -                             | -   | (136,299)                   |
| 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 | -                           | -                             | -                                | -  | -                             | -   | -                           |
| Actuarial Gains on Defined Benefit Plans                             | -                           | -                             | -                                | -  | 153                           | -   | 153                         |
| <b>Total Other Comprehensive Income for the year</b>                 | -                           | -                             | -                                | (1,516)                                      | 153                           | -   | (1,363)                     |
| <b>Total Comprehensive Income for the year</b>                       | -                           | -                             | 600,130                          | (1,516)                                      | 153                           | -   | 598,765                     |
| Net Change in fair value of Available-For-Sale financial assets      | -                           | -                             | -                                | -  | -                             | -   | -                           |
| - transferred from Available For Sale Reserve                        | -                           | -                             | -                                | -  | -                             | -   | (134,781)                   |
| <b>Transactions with owners recorded directly in equity</b>          | -                           | -                             | -                                | -  | -                             | -   | -                           |
| <b>Distributions to owners of the Company</b>                        | -                           | -                             | -                                | -  | -                             | -   | -                           |
| Dividend paid to equity holders for 2015                             | -                           | -                             | (100,000)                        | -  | -                             | -   | (100,000)                   |
| <b>Unaudited balance as at 31st December 2016</b>                    | 50,000                      | 1,171,875                     | 1,897,936                        | (1,465)                                      | (1,888)                       | -   | 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    |
| <b>Cash Flow From Operating Activities</b>                     |             |             |             |             |
| 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)        |
|  | (346,095)   | (660,910)   | (232,699)   | (210,464)   |
| 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   |
| <b>Cash Flows from Operating Activities</b>                    | 1,314,274   | 1,217,391   | 1,442,862   | 1,298,462   |
| 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)    |
| <b>Net Cash Generated from Operating Activities</b>            | 1,292,197   | 1,169,770   | 1,434,706   | 1,255,792   |
| <b>Cash Flows from Investing Activities</b>                    |             |             |             |             |
| 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         |
| <b>Net Cash Used in Investing Activities</b>                   | (953,599)   | (767,836)   | (1,116,356) | (907,977)   |
| <b>Cash Flows from Financing Activities</b>                    |             |             |             |             |
| Dividend Paid  | (100,000)   | (187,500)   | (100,000)   | (187,500)   |
| Share Issue Related Costs Paid- Subsidiary                     | -           | (750)       | -           | -           |
| <b>Net Cash Used in Financing Activities</b>                   | (100,000)   | (188,250)   | (100,000)   | (187,500)   |
| 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         | 386,929     | 173,245     | 258,222     | 97,907      |
| Cash and Cash Equivalents at the end of the Year               | 625,527     | 386,929     | 476,572     | 258,222     |
| <b>Notes to the Cash Flow Statement</b>                        |             |             |             |             |
| <b>A. Net Change in Operating Assets</b>                       |             |             |             |             |
| 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       |
|  | (787,055)   | 65,699      | (130,454)   | (24,825)    |
| <b>B. Net Change in Operating Liabilities</b>                  |             |             |             |             |
| 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       |
|  | 2,447,424   | 1,812,602   | 1,806,015   | 1,533,751   |
| <b>C. Increase in Cash and Cash Equivalents</b>                |             |             |             |             |
| 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     | 386,929     | 173,245     | 258,222     | 97,907      |
| Net Increase in Cash and Cash Equivalents                      | 238,598     | 213,684     | 218,350     | 160,315     |

## 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<br>Rs. '000   | 2015<br>Rs. '000   | 2016<br>Rs. '000 | 2015<br>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)        | -               |
| <b>Net Earned Premium</b>   |      | <b>1,484,195</b>   | <b>1,306,672</b>   | <b>909,349</b>   | <b>765,728</b>   | <b>14</b>    | <b>19</b>       |
| <b>Other Revenue</b>  |      |                    |                    |                  |                  |              |                 |
| 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              |
| <b>Net Income</b>   |      | <b>1,843,973</b>   | <b>1,585,692</b>   | <b>1,197,708</b> | <b>975,117</b>   | <b>16</b>    | <b>23</b>       |
| <b>Net Benefits, Claims and Expenses</b>  |      |                    |                    |                  |                  |              |                 |
| 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              |
| <b>Total Benefits, Claims and Other Expenses</b>  |      | <b>(1,283,502)</b> | <b>(1,326,515)</b> | <b>(683,891)</b> | <b>(628,104)</b> | <b>(3)</b>   | <b>9</b>        |
| <b>Profit Before Taxation</b>   |      | <b>560,471</b>     | <b>259,177</b>     | <b>513,817</b>   | <b>347,014</b>   | <b>116</b>   | <b>48</b>       |
| Income Tax Expenses   | 10   | (18,950)           | (8,552)            | (17,354)         | (8,552)          | 122          | 103             |
| <b>Profit for the Period</b>  | 11   | <b>541,521</b>     | <b>250,625</b>     | <b>496,463</b>   | <b>338,462</b>   | <b>116</b>   | <b>47</b>       |
| <b>Other Comprehensive Income, Net of Related Tax</b>   |      |                    |                    |                  |                  |              |                 |
| <b>Items that are or may be reclassified to profit or loss</b>  |      |                    |                    |                  |                  |              |                 |
| - 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           | -               |
| <b>- Items that will never be reclassified to profit or loss</b>  |      |                    |                    |                  |                  |              |                 |
| Actuarial Gains/(Losses) on Defined Benefit Plans   |      | 2,883              | (2,270)            | 153              | -                | 227          | 100             |
| <b>Total Other Comprehensive Income for the Period</b>  |      | <b>(11,725)</b>    | <b>(1,638)</b>     | <b>(9,633)</b>   | <b>26</b>        | <b>(616)</b> | <b>(37,150)</b> |
| <b>Total Comprehensive Income for the Period</b>  |      | <b>529,796</b>     | <b>248,987</b>     | <b>486,830</b>   | <b>338,488</b>   | <b>113</b>   | <b>44</b>       |
| <b>Profit Attributable to:</b>  |      |                    |                    |                  |                  |              |                 |
| Equity Holders of the Parent  |      | 541,521            | 250,625            | 496,463          | 338,462          | 116          | 47              |
| <b>Total Comprehensive Income Attributable to:</b>  |      |                    |                    |                  |                  |              |                 |
| 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<br>Rs. '000 | General Insurance<br>Rs. '000 | Life Insurance<br>Rs. '000 | General Insurance<br>Rs. '000 |
| <b>Assets</b>                                      |                            |                               |                            |                               |
| 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                       |
| <b>Total Assets</b>                                | <b>12,199,437</b>          | <b>3,492,537</b>              | <b>10,022,563</b>          | <b>2,777,034</b>              |
| <b>Liabilities</b>                                 |                            |                               |                            |                               |
| 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                       |
| <b>Total Liabilities</b>                           | <b>9,324,108</b>           | <b>2,520,809</b>              | <b>7,511,218</b>           | <b>1,854,433</b>              |

## Operating Segment Information - Profitability

| For the Year Ended ,                             | Unaudited                  |                               | Audited                    |                               |
|--|----------------------------|-------------------------------|----------------------------|-------------------------------|
|  | 31st December 2016         |                               | 31st December 2015         |                               |
|  | Life Insurance<br>Rs. '000 | General Insurance<br>Rs. '000 | Life Insurance<br>Rs. '000 | General Insurance<br>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)                     |
| <b>Net Earned Premium</b>                        | <b>3,395,028</b>           | <b>2,241,794</b>              | <b>2,680,753</b>           | <b>2,084,378</b>              |
| <b>Other Revenue</b>                             |                            |                               |                            |                               |
| 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                       |
| <b>Net Income</b>                                | <b>4,426,634</b>           | <b>2,515,604</b>              | <b>3,463,879</b>           | <b>2,363,419</b>              |
| <b>Net Benefits, Claims and Expenses</b>         |                            |                               |                            |                               |
| 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)                      |
| <b>Total Benefits, Claims and other Expenses</b> | <b>(3,769,992)</b>         | <b>(2,466,725)</b>            | <b>(3,006,851)</b>         | <b>(2,647,719)</b>            |
| <b>Profit/(Loss) Before Taxation</b>             | <b>656,642</b>             | <b>48,879</b>                 | <b>457,028</b>             | <b>(284,300)</b>              |
| Income Tax (Expense) / Reversal                  | (56,512)                   | (1,596)                       | (29,383)                   | 56,954                        |
| <b>Profit/(Loss) for the Year</b>                | <b>600,130</b>             | <b>47,283</b>                 | <b>427,645</b>             | <b>(227,346)</b>              |



# 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 Uttaranda 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 | 31st Dec 2015 | 31st Dec 2016 | 31st Dec 2015 |
|   | Rs. '000      | Rs. '000      | Rs. '000      | 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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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                               |
| <b>Total Insurance Contract Liabilities</b> | <b>8,747,856</b>                       | <b>7,007,080</b>                     | <b>8,747,856</b>                       | <b>7,007,080</b>                     |

#### 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 |
| <b>Change in Contract Liabilities Life Fund</b>      |           |           |           |           |
| 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<br>Unaudited<br>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                      |
| <b>Surplus created due to change in valuation method from NPV to GPV as at 01st January 2016</b> |                                  |
| 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)  | <b>6,926,109</b>                 |

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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>Rs. '000 |
| <b>Life Insurance</b>                   |  |                                      |  |                                      |
| 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                            |
| <b>General Insurance</b>                |  |                                      |  |                                      |
| 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                            | -                                      | -                                    |
| <b>Total Gross Written Premium</b>      | <b>6,656,694</b>                       | <b>5,447,164</b>                     | <b>3,554,078</b>                       | <b>2,788,716</b>                     |

## Notes to the Condensed Consolidated Interim Financial Statements

| <i>For the Three Months Ended,</i>             | Group                     |                           | Company                   |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | Unaudited                 | Unaudited                 | Unaudited                 | Unaudited                 |
|  | 31st Dec 2016<br>Rs. '000 | 31st Dec 2015<br>Rs. '000 | 31st Dec 2016<br>Rs. '000 | 31st Dec 2015<br>Rs. '000 |
| <b>Life Insurance</b>                          |                           |                           |                           |                           |
| 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)                   | -                         | -                         |
| <b>Life Insurance Gross Written Premium</b>    | <b>948,049</b>            | <b>792,286</b>            | <b>952,613</b>            | <b>796,969</b>            |
| <b>General Insurance</b>                       |                           |                           |                           |                           |
| 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)                   | -                         | -                         |
| <b>General Insurance Gross Written Premium</b> | <b>850,927</b>            | <b>602,531</b>            | -                         | -                         |
| <b>Total Gross Written Premium</b>             | <b>1,798,976</b>          | <b>1,394,817</b>          | <b>952,613</b>            | <b>796,969</b>            |

### 9 INTEREST AND DIVIDEND INCOME

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

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

### 10 INCOME TAX (EXPENSES) / REVERSALS

| <i>For the Year Ended,</i>                               | Group                     |                           | Company                   |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | Unaudited                 | Audited                   | Unaudited                 | Audited                   |
|  | 31st Dec 2016<br>Rs. '000 | 31st Dec 2015<br>Rs. '000 | 31st Dec 2016<br>Rs. '000 | 31st Dec 2015<br>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                    | -                         | -                         |
| <b>Total</b>   | <b>(58,108)</b>           | <b>27,571</b>             | <b>(56,512)</b>           | <b>(29,383)</b>           |
| Deferred Income Tax - Other Comprehensive Income         | 1,825                     | 1,286                     | -                         | -                         |
| <b>Total</b>   | <b>1,825</b>              | <b>1,286</b>              | -                         | -                         |

## Notes to the Condensed Consolidated Interim Financial Statements

|   | Group                                  |  | Company                                |  |
|---|--|--|--|--|
|   | Unaudited<br>31st Dec 2016<br>Rs. '000 | Unaudited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Unaudited<br>31st Dec 2015<br>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   | <b>(18,950)</b>                        | <b>(8,552)</b>                         | <b>(17,354)</b>                        | <b>(8,552)</b>                         |
| Deferred Income Tax - Other Comprehensive Income  | 1,821                                  | 1,286                                  | -                                      | -                                      |
| Total   | <b>1,821</b>                           | <b>1,286</b>                           | <b>-</b>                               | <b>-</b>                               |

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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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        | <b>647,413</b>                         | <b>197,344</b>                       | <b>600,130</b>                         | <b>427,645</b>                       |

|                                    | Group                                  |  | Company                                |  |
|------------------------------------|--|--|--|--|
|                                    | Unaudited<br>31st Dec 2016<br>Rs. '000 | Unaudited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Unaudited<br>31st Dec 2015<br>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              | <b>541,521</b>                         | <b>250,625</b>                         | <b>496,463</b>                         | <b>338,462</b>                         |

### 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<br>31st Dec 2016 | Audited<br>31st Dec 2015 | Unaudited<br>31st Dec 2016 | Audited<br>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.)           | <b>12.95</b>               | <b>3.95</b>              | <b>12.00</b>               | <b>8.55</b>              |

|  | Group                      |                            | Company                    |                            |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
|  | Unaudited<br>31st Dec 2016 | Unaudited<br>31st Dec 2015 | Unaudited<br>31st Dec 2016 | Unaudited<br>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.)           | <b>10.83</b>               | <b>5.01</b>                | <b>9.93</b>                | <b>6.77</b>                |

## 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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>Rs. '000 | Unaudited<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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<br><i>For the Year Ended,</i> | Unaudited<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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<br>31st Dec 2016<br>Rs. '000 | Audited<br>31st Dec 2015<br>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<br>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<br>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 |