

Condensed Consolidated Interim Financial Statements
31st March 2015



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Statements of Financial Position

	Note	Group		Company	
		Unaudited as at 31st Mar 2015	Audited as at 31st Dec. 2014	Unaudited as at 31st Mar 2015	Audited as at 31st Dec. 2014
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
Assets					
Property, Plant and Equipment		127,734	133,942	89,249	133,942
Intangible Assets		50,576	51,622	50,576	51,622
Financial Investments	3	8,401,205	8,277,895	6,736,477	8,171,269
Investment in Subsidiary	4	-	-	1,000,000	100,000
Loans to Life Policyholders		75,595	71,082	75,595	71,082
Reinsurance Receivables		153,967	162,260	31,691	162,260
Premium Receivables		505,826	364,051	7,401	364,051
Other Assets		849,599	683,149	590,765	682,639
Insurance Contract - Deferred Expenses		64,680	52,072	-	52,072
Cash and Cash Equivalents		246,379	173,245	135,026	171,217
Total Assets		10,475,561	9,969,318	8,716,780	9,960,154
Liabilities and Equity					
Equity					
Stated Capital		1,171,875	1,171,875	1,171,875	1,171,875
Retained Earnings		1,024,572	1,196,546	1,030,212	1,189,039
Available for Sale Reserves		(4,576)	3,590	-	3,523
Other Reserves		1,177	1,177	1,177	1,177
Life Policyholder Reserve Fund	5	(43,503)	40,748	(43,503)	40,748
Total Equity		2,149,545	2,413,936	2,159,761	2,406,362
Liabilities					
Insurance Contract Liabilities	6	7,310,743	6,841,786	5,934,561	6,841,786
Employee Benefits		75,505	71,493	41,839	71,493
Current Tax Liabilities		12,308	12,012	10,718	10,422
Deferred Tax Liabilities		8,845	8,845	-	8,845
Reinsurance Creditors		146,190	110,778	32,528	110,778
Other Liabilities		772,425	510,468	537,373	510,468
Total Liabilities		8,326,016	7,555,382	6,557,019	7,553,792
Total Equity and Liabilities		10,475,561	9,969,318	8,716,780	9,960,154

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

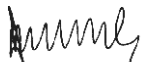


Vipula Dharmapala
Chief Financial Officer

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



Jonathan Alles
Director



J.A.P.M. Jayasekara
Director

Colombo, Sri Lanka
08th May 2015

Statements of Comprehensive Income

Group Year Ended 31 st Dec 2014 (Audited) Rs. '000		Note	Group			Change* %
			2015 Rs. '000 Unaudited	Company 2015 2014 Rs. '000 Rs. '000 Unaudited Unaudited		
4,665,618	Gross Written Premium	7	1,369,438	626,418	1,145,247	20
(601,022)	Premium Ceded to Reinsurers		(160,219)	(34,758)	(134,759)	19
4,064,596	Net Written Premium		1,209,219	591,660	1,010,488	20
(232,621)	Net Change in Reserves for Unearned Premium		(138,004)	-	(104,865)	32
3,831,975	Net Earned Premium		1,071,215	591,660	905,623	18
	Other Revenue					
824,015	Interest and Dividend Income	8	202,304	162,339	198,627	2
108,823	Net Realised Gains		14,158	11,977	153	9,154
99,281	Net Fair Value Gains / (Losses)		(11,620)	(9,362)	13,286	(187)
136,960	Fee and Commission Income		40,505	23,645	56,296	(28)
12,366	Other Income / (Losses)		700	(60)	2,109	(67)
1,181,445			246,047	188,539	270,471	(9)
5,013,420	Net Income		1,317,262	780,199	1,176,094	12
	Net Benefits, Claims and Expenses					
(1,528,233)	Net Insurance Benefits and Claims Paid		(484,892)	(89,370)	(359,267)	35
(44,871)	Net Change in Insurance Claims Outstanding		68,266	23,593	(1,086)	(6,386)
(1,192,273)	Change in Contract Liabilities - Life Fund		(388,933)	(388,933)	(316,738)	23
(1,303,710)	Other Operating and Administration Expenses		(324,178)	(159,992)	(300,562)	8
(474,826)	Underwriting and Net Acquisition Costs		(166,864)	(134,005)	(128,684)	30
(30,924)	Other Insurance Related Costs		(4,838)	(2,522)	(7,029)	(31)
(4,574,837)	Total Benefits, Claims and Other Expenses		(1,301,439)	(751,229)	(1,113,366)	17
438,583	Profit Before Taxation		15,823	28,970	62,728	(75)
(20,857)	Income Tax Expenses	9	(297)	(297)	(8,857)	(97)
417,726	Profit for the Period	10	15,526	28,673	53,871	(71)
	Other Comprehensive Income, Net of Tax					
116,815	- Net Change in fair value of available-for-sale financial assets		(92,417)	(84,251)	7,510	(1,331)
(69,722)	- Realised (Gains)/Loss transferred to Income Statement		-	(3,523)	-	-
(44,930)	- Net Change in fair value of available-for-sale financial assets (transferred to)/from Life Policyholders' Reserve Fund		84,251	84,251	(8,123)	(1,137)
(995)	Actuarial Gains/(Losses) on Defined Benefit Plans		-	-	-	-
1,168	Total Other Comprehensive Income for the Period		(8,166)	(3,523)	(613)	1,232
418,894	Total Comprehensive Income for the Period		7,360	25,150	53,258	(86)
	Profit Attributable to:					
417,726	Equity Holders of the Company		15,526	28,673	53,871	(71)
	Total Comprehensive Income Attributable to:					
418,894	Equity Holders of the Company		7,360	25,150	53,258	(86)
8.35	Basic Earnings Per Share (Rs.)	11	0.31	0.57	1.08	(71)

*Change information represents the change with 2015 Group results against 2014 Company results.

Statement of Changes in Equity - Group

For the Period Ended 31st March 2015

	Number of Shares '000	Stated Capital Rs. '000	Revenue Reserves Rs. '000	Available for Sale Reserves Rs. '000	Other Reserves Rs. '000	Policyholders' Fund Reserves Rs. '000	Total Equity Rs. '000
Audited balance as at 31st December 2013	50,000	1,171,875	941,820	1,427	2,172	(4,182)	2,113,112
Total Comprehensive Income for the Period							
Profit for the Period - Unaudited	-	-	53,871	-	-	-	53,871
Other Comprehensive Income for the year							
Net Change in fair value of available-for-sale financial assets				7,510			7,510
Net Change in fair value of available-for-sale financial assets - Transferred to/from Profit or Loss - Life Fund				(8,123)			(8,123)
Total Other Comprehensive Income for the Period				(613)			(613)
Total Comprehensive Income for the Period			53,871	(613)			8,123
Transactions with owners recorded directly in equity							
Distributions to owners of the Company							
Dividend paid to equity holders for 2013			(162,500)				(162,500)
Unaudited Balance as at 31st March 2014	50,000	1,171,875	833,191	814	2,172	3,941	2,011,993
Total Comprehensive Income for the Period							
Profit for the Period - Unaudited			363,855				363,855
Share Issue Transaction cost			(500)				(500)
Other Comprehensive Income for the period-							
Net Change in fair value of available-for-sale financial assets				39,583			39,583
Net Change in fair value of available-for-sale financial assets - Transferred to/from Profit or Loss - Life Fund				(36,807)			(36,807)
Actuarial Gains/(Losses) on Defined Benefit Plans					(995)		(995)
Total Other Comprehensive Income for the period				2,776	(995)		36,807
Total Comprehensive Income for the period			1,196,546	3,590	1,177		40,748
Audited balance as at 31st December 2014	50,000	1,171,875	1,196,546	3,590	1,177	40,748	2,415,996
Total Comprehensive Income for the Period							
Profit for the Period - Unaudited			15,526				15,526
Other Comprehensive Income for the Period							
Net Change in fair value of available-for-sale financial assets				(92,417)			(92,417)
Net Change in fair value of available-for-sale financial assets - Transferred to/from Profit or Loss - Life Fund							
Total Other Comprehensive Income for the Period				84,251			(84,251)
Total Comprehensive Income for the Period			15,526	(8,166)			(84,251)
Transactions with owners recorded directly in equity							
Distributions to owners of the Company							
Dividend paid to equity holders for 2014			(187,500)				(187,500)
Unaudited balance as at 31st March 2015	50,000	1,171,875	1,024,572	(4,576)	1,177	(84,251)	2,149,545

Note A
Stated Capital represents 50 Million Ordinary Shares (as at 31st December 2013 - 50 Million Ordinary Shares)

Dividend declared and paid during the period was not taken for calculation of Dividend Per Share in 2015 as it represents the dividend for 2014.

Statement of Changes in Equity - Company

For the Period Ended 31st March 2015

	Number of Shares	Stated Capital	Revenue Reserves	Available for Sale Reserves	Other Reserves	Policyholders' Reserve Fund	Total Equity
	'000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Audited balance as at 31st December 2013	50,000	1,171,875	941,820	1,427	2,172	(4,182)	2,113,112
Total Comprehensive Income for the Period							
Profit for the Period - Unaudited	-	-	53,871	-	-	-	53,871
Other Comprehensive Income for the year							
Net Change in fair value of available-for-sale financial assets	-	-	-	7,510	-	-	7,510
Net Change in fair value of available-for-sale financial assets	-	-	-	(8,123)	-	-	-
- Transferred to/from Profit or Loss - Life Fund	-	-	-	(613)	-	-	-
Total Other Comprehensive Income for the Period	-	-	-	(8,123)	-	-	-
Total Comprehensive Income for the Period	-	-	53,871	(613)	-	-	8,123
Transactions with owners recorded directly in equity							
Distributions to owners of the Company							
Dividend paid to equity holders for 2013	-	-	(162,500)	-	-	-	(162,500)
Unaudited Balance as at 31st March 2014	50,000	1,171,875	833,191	814	2,172	3,941	2,011,993
Total Comprehensive Income for the Period							
Profit for the Period - Unaudited	-	-	355,848	-	-	-	355,848
Other Comprehensive Income for the period							
Net Change in fair value of available-for-sale financial assets	-	-	-	39,516	-	-	39,516
Net Change in fair value of available-for-sale financial assets	-	-	-	(36,807)	-	-	-
- Transferred to/from Profit or Loss - Life Fund	-	-	-	-	-	-	-
Actual Gains/(Losses) on Defined Benefit Plans	-	-	-	-	(995)	-	(995)
Total Other Comprehensive Income for the period	-	-	-	2,709	(995)	-	1,714
Total Comprehensive Income for the Period	-	-	355,848	2,709	(995)	-	357,562
Audited balance as at 31st December 2014	50,000	1,171,875	1,188,039	3,523	1,177	40,748	2,406,362
Total Comprehensive Income for the Period							
Profit for the Period - Unaudited	-	-	28,673	-	-	-	28,673
Other Comprehensive Income for the Period							
Net Change in fair value of available-for-sale financial assets	-	-	-	(3,523)	-	-	(3,523)
Net Change in fair value of available-for-sale financial assets	-	-	-	-	-	-	-
- Transferred to/from Profit or Loss - Life Fund	-	-	-	(3,523)	-	-	(84,251)
Total Other Comprehensive Income for the Period	-	-	-	(3,523)	-	-	(84,251)
Total Comprehensive Income for the Period	-	-	28,673	-	1,177	-	(55,578)
Transactions with owners recorded directly in equity							
Distributions to owners of the Company							
Dividend paid to equity holders for 2014 (Note A)	-	-	(187,500)	-	-	-	(187,500)
Unaudited balance as at 31st March 2015	50,000	1,171,875	1,030,212	-	1,177	(43,503)	2,159,761

Stated Capital represents 50 Million Ordinary Shares (as at 31st December 2013 - 50 Million Ordinary Shares)

Note A

Dividend declared and paid during the period was not taken for calculation of Dividend Per Share in 2015 as it represents the dividend for 2014.

Cash Flow Statements

<i>For the period ended 31st March,</i>	Note	Group	Company	
		2015 Rs. '000 (Unaudited)	2015 Rs. '000 (Unaudited)	2014 Rs. '000 (Unaudited)
Cash Flow From Operating Activities				
Profit Before Taxation		15,823	28,970	62,728
Adjustments for:				
Interest Income		(200,071)	(160,412)	(197,122)
Dividend Income		(2,450)	(1,927)	(1,504)
Amortisation of Intangible Assets		1,295	1,295	3,892
Depreciation		11,859	8,736	9,912
Provision for Employee Benefits		6,051	3,088	5,222
Net Fair Value Gains		(2,321)	(2,615)	(4,984)
Net (Gain)/Loss on Investments at Fair Value Through Profit or Loss		-	-	(8,456)
Net (Gain)/Loss on Sale of Property, Plant and Equipment		53	60	(13)
		<u>(169,761)</u>	<u>(122,805)</u>	<u>(130,325)</u>
Change in Operating Assets	A	(254,507)	(53,366)	(169,864)
Change in Operating Liabilities	B	<u>703,782</u>	<u>529,939</u>	<u>614,783</u>
Cash Flows from Operating Activities		279,514	353,768	314,594
Gratuity Paid		(2,040)	(483)	(2,202)
Net Cash Generated from Operating Activities		<u>277,474</u>	<u>353,285</u>	<u>312,392</u>
Cash Flows from Investing Activities				
Net Acquisition of Investment Securities		(213,407)	(285,350)	(239,825)
Investment in Subsidiary		-	-	(100,000)
Interest Received		200,071	160,412	204,386
Dividend Received		2,450	1,927	1,504
Acquisition of Intangible Assets		(250)	(250)	(5,013)
Acquisition of Property, Plant and Equipment		(5,719)	(5,404)	(3,415)
Proceeds from the Sale of Property, Plant and Equipment		14	-	13
Net Cash Used in Investing Activities		<u>(16,841)</u>	<u>(128,665)</u>	<u>(142,350)</u>
Cash Flows from Financing Activities				
Dividend Paid		(187,500)	(187,500)	(162,500)
Net Cash Used in Financing Activities		<u>(187,500)</u>	<u>(187,500)</u>	<u>(162,500)</u>
Net Increase in Cash and Cash Equivalents	C	73,134	37,118	7,544
Cash and Cash Equivalents at the beginning of the Period		<u>173,245</u>	<u>97,908</u>	<u>107,306</u>
Cash and Cash Equivalents at the end of the Period		<u>246,379</u>	<u>135,026</u>	<u>114,850</u>
Notes to the Cash Flow Statement				
A. Change in Operating Assets				
Decrease in Deferred Expenses		(12,607)	-	(11,233)
Decrease/(Increase) in Loans to Life Policyholders		(4,513)	(4,513)	3,003
Decrease/(Increase) in Reinsurance Receivables		(699)	(8,245)	13,852
Increase in Premium Receivables		(141,775)	(457)	(124,546)
Increase in Other Assets		(94,913)	(40,151)	(50,940)
		<u>(254,507)</u>	<u>(53,366)</u>	<u>(169,864)</u>
B. Change in Operating Liabilities				
Increase Other Liabilities		192,596	139,399	187,380
Increase in Insurance Contract Liabilities - General Insurance		86,841	-	110,526
Increase in life Insurance Fund		388,933	388,933	316,738
Increase in Reinsurance Creditors		35,412	1,607	139
		<u>703,782</u>	<u>529,939</u>	<u>614,783</u>
C. Decrease in Cash and Cash Equivalents				
Net Cash and Cash Equivalents at the end of the Period		246,379	135,026	114,850
Net Cash and Cash Equivalents at 1st January		<u>173,245</u>	<u>97,908</u>	<u>107,306</u>
Net Increase in Cash and Cash Equivalents		<u>73,134</u>	<u>37,118</u>	<u>7,544</u>

Notes to the Condensed Consolidated Interim Financial Statements

1 Figures in these Condensed Consolidated Interim Financial Statements for the period ended 31st March 2015 are provisional and unaudited.

2 These Condensed Consolidated Interim Financial Statements of the Company have been prepared in accordance with new Sri Lanka Accounting Standards (SLAS) prefixed both SLFRS (corresponding to IFRS) and LKAS (corresponding to IAS), promulgated by the Institute of Chartered Accountants of Sri Lanka (ICASL) 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 - 2014 have been followed in preparation of these Condensed Consolidated Interim Financial Statements except for the change in accounting policy as explained in Note No 4.

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

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

3 INVESTMENTS

	GROUP		COMPANY	
	As at 31st Mar 2015 (Unaudited) Rs. '000	As at 31st Dec 2014 (Audited) Rs. '000	As at 31st Mar 2015 (Unaudited) Rs. '000	As at 31st Dec 2014 (Audited) Rs. '000
Held-to-maturity financial assets, at amortised cost	607,357	782,667	409,436	782,667
Loans & Receivables	5,565,056	5,408,961	4,413,238	5,322,047
Available-for-sale financial assets	1,758,108	1,600,593	1,598,799	1,580,881
Financial assets at fair value through profit or loss	470,684	485,674	315,004	485,674
	8,401,205	8,277,895	6,736,477	8,171,269

4 INVESTMENT IN SUBSIDIARY

HNB Assurance PLC transferred its General Insurance Business to its Subsidiary (HNB General Insurance Ltd) w.e.f 1st January 2015 in line with the segregation guidelines issued by the Insurance Board of Sri Lanka (IBSL). Further, Stated Capital of HNB General Insurance Ltd was increased upto Rs. 1 Billion w.e.f 1st January 2015. (2014 - Rs.100 Million)

4.1 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 POLICYHOLDER RESERVE FUND

Life Policyholder Reserve Fund includes the initial impact of the implementation of new accounting standards w.e.f. 1st January 2012 and the Other Comprehensive Income in respect of Life Insurance related assets.

Notes to the Condensed Consolidated Interim Financial Statements

6 INSURANCE CONTRACT LIABILITIES

	GROUP		COMPANY	
	As at 31st Mar 2015 (Unaudited) Rs. '000	As at 31st Dec 2014 (Audited) Rs. '000	As at 31st Mar 2015 (Unaudited) Rs. '000	As at 31st Dec 2014 (Audited) Rs. '000
Life Insurance				
Life Insurance Fund (Note 6.a.)	5,852,942	5,464,009	5,852,942	5,464,009
Claims Outstanding	81,619	98,639	81,619	98,639
<i>Total Insurance Contract Liabilities - Life Insurance</i>	5,934,561	5,562,648	5,934,561	5,562,648
General Insurance				
Reserves for Net Unearned Premium	1,113,451	977,827	-	977,827
Reserves for Title Insurance	17,660	16,866	-	16,866
Reserves for Gross Outstanding Claims	245,071	284,445	-	284,445
<i>Total Insurance Contract Liabilities - General Insurance</i>	1,376,182	1,279,138	-	1,279,138
Total Insurance Contract Liabilities	7,310,743	6,841,786	5,934,561	6,841,786

6 a.) Life Insurance Fund

The movement in the Life Insurance Fund is as follows:

Balance as at the beginning of the Period	5,464,009	4,271,736	5,464,009	4,271,736
<i>Change in Contract Liabilities Life Fund</i>				
Increase in Life Insurance Fund Before				
Surplus Distribution to Shareholders	388,933	1,420,294	388,933	1,420,294
Surplus Distributed to Shareholders	-	(228,021)	-	(228,021)
Increase in Life Insurance Fund	388,933	1,192,273	388,933	1,192,273
Balance as at the end of the period	5,852,942	5,464,009	5,852,942	5,464,009

6 b) Pending valuation of the Insurance Contract Liabilities by the Consultant Actuaries for the period ended 31st March 2015.

However, the valuation of the Insurance Contract Liabilities have been carried out by the Consultant Actuaries for the year ended 31st December 2014 and adequate provisions have been made in these Condensed Consolidated Interim Financial Statements.

6 c) Liability Adequacy Test

The Company has not carried out a Liability Adequacy Tests (LAT) in respect of Insurance Contract Liabilities as required by SLFRS 4 - Insurance Contracts as at 31st March 2015. As stated in the Annual Report 2014, LAT will be performed semi-annually.

6 d) As disclosed in note No 5, unrealised gains and losses of Available for Sale financial assets of Life Insurance is included under Life Policyholders Reserve Fund in Equity.

Notes to the Condensed Consolidated Interim Financial Statements

7 GROSS WRITTEN PREMIUM

31st Dec 2014 (Audited) Rs. '000	For the Three Months Ended,	Group		Company	
		31st Mar 2015 (Unaudited) Rs. '000	31st Mar 2015 (Unaudited) Rs. '000	31st Mar 2015 (Unaudited) Rs. '000	31st Mar 2014 (Unaudited) Rs. '000
General Insurance					
344,070	Fire	92,349	-	-	80,556
1,668,421	Motor	532,290	-	-	354,429
33,807	Marine	12,488	-	-	6,136
276,453	Miscellaneous	105,893	-	-	136,093
<u>2,322,751</u>	General Insurance Gross Written Premium	<u>743,020</u>	-	-	<u>577,214</u>
Life Insurance					
2,307,315	Individual Policies	621,142	621,142	-	563,094
35,552	Corporate Policies	5,276	5,276	-	4,939
<u>2,342,867</u>	Life Insurance Gross Written Premium	<u>626,418</u>	<u>626,418</u>	-	<u>568,033</u>
<u>4,665,618</u>	Total Gross Written Premium	<u>1,369,438</u>	<u>626,418</u>	<u>1,145,247</u>	

8 INTEREST AND DIVIDEND INCOME

31st Dec 2014 (Audited) Rs. '000	For the Three Months Ended,	Group		Company	
		31st Mar 2015 (Unaudited) Rs. '000	31st Mar 2015 (Unaudited) Rs. '000	31st Mar 2015 (Unaudited) Rs. '000	31st Mar 2014 (Unaudited) Rs. '000
808,970	Interest Income	199,854	160,412	-	197,123
15,045	Dividend Income	2,450	1,927	-	1,504
<u>824,015</u>	Total	<u>202,304</u>	<u>162,339</u>	-	<u>198,627</u>

9 INCOME TAX EXPENSES

The Company and the Group is liable to pay income tax at the rate of 28% (2014 - 28%) of its taxable profits in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto.

10 PROFIT AFTER TAX

31st Dec 2014 (Audited) Rs. '000	For the Three Months Ended,	Group		Company	
		31st Mar 2015 (Unaudited) Rs. '000	31st Mar 2015 (Unaudited) Rs. '000	31st Mar 2015 (Unaudited) Rs. '000	31st Mar 2014 (Unaudited) Rs. '000
189,704*	HNB General Insurance Ltd	(9,624)	-	-	53,871
<u>228,022</u>	HNB Assurance PLC**	<u>25,150</u>	<u>28,673</u>	-	-
<u>417,726</u>	Total	<u>15,526</u>	<u>28,673</u>	-	<u>53,871</u>

* Profit After Tax as at 31st Dec 2014 of HNB General Insurance Ltd represents profit from HNB General Insurance Ltd and General Insurance Segment.

** Profit of HNB Assurance PLC for the period ended 31st March 2015 is net of profit recorded from the transfer of Available-For-Sale financial assets to HNB General Insurance Ltd

Notes to the Condensed Consolidated Interim Financial Statements

11 BASIC EARNINGS PER SHARE (EPS)

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

31st Dec 2014 (Audited)	For the Three Months Ended,	Group	Company	
		31st Mar 2015 (Unaudited)	31st Mar 2015 (Unaudited)	31st Mar 2014 (Unaudited)
417,726	Profit for the period (Rs. '000)	15,526	28,673	53,871
50,000	Weighted average number of shares ('000)	50,000	50,000	50,000
8.35	Basic Earnings Per Share (Rs.)	0.31	0.57	1.08

12 RELATED PARTY DISCLOSURE

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

Nature of Transaction		31st Mar 2015 (Unaudited) Rs. '000	31st Mar 2014 (Unaudited) Rs. '000
Insurance Premium	General	51	1,179
	Life	2,388	3,536
Investment Income	General	1,435	1,626
	Life	6,523	4,248
Administration Expenses	General	24,831	22,225
	Life	17,971	12,887
Claims Incurred	General	1,456	1,884
Rent and other Expenses		10,750	10,876
Dividend Paid		112,474	97,477

Nature of Transaction		As at 31st Mar 2015 (Unaudited) Rs. '000	As at 31st Mar 2014 (Unaudited) Rs. '000
Investments Balance (Includes Deposits and Debentures)	General	100,633	113,137
	Life	184,773	118,943
Cash at Bank Balances	General	174,252	86,975
	Life	76,991	126,991

b) Transaction with the Subsidiary Company - HNB General Insurance Ltd.

Nature of Transaction	31st Mar 2015 (Unaudited) Rs. '000
Transactions due to the segregation of Life and General Insurance Businesses	
Transfer of Assets*	2,470,677
Transfer of Liabilities*	1,570,677
Investment in Stated Capital*	900,000
Other Transactions	
Administration Expenses Reimbursement	55,757
Profit Realised from Transfer of Available-For-Sale Assets*	3,523

* These transactions took place on 1st January 2015 as a result of transferring the General Insurance business segment to the subsidiary company HNB General Insurance Ltd.

Notes to the Condensed Consolidated Interim Financial Statements

c) Transactions with Key Management Personnel of the Company or its Parent Hatton National Bank PLC

Mr. Manjula Hiranya De Silva resigned from the post of Managing Director of HNB Assurance PLC with effect from 31st March 2015. Also, Dr. Raneer Jayamaha ceased to be the Chairperson/Director of HNB Assurance PLC with effect from 31st March 2015. Therefore, they ceased to be key management personnel of the Company w.e.f 31st March 2015.

The nature of the related party transactions in the current period was similar to those reported in the Audited Financial Statements – 2014 except for the above changes.

13 EVENTS OCCURRING AFTER THE REPORTING DATE

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

14 CAPITAL COMMITMENTS AND CONTINGENCIES

a) As at the end of the interim period, no material capital expenditure approved by the Board and contracted for which no provision has been made in the Condensed Consolidated Interim Financial Statements. (2014 - Nil).

b) Future commitments on operating leases

	As at 31st Mar 2015 (Unaudited) Rs. '000	As at 31st Dec 2014 (Audited) Rs. '000
Less than one year	20,046	18,246
Between one and five years	44,114	28,067
More than five years	-	-
Total Operating Lease Commitments	<u>64,160</u>	<u>46,313</u>

c) 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 Interim Financial Statements where necessary.

15 SUPER GAIN TAX

A Super Gain Tax has been proposed by the Government of Sri Lanka as a one off payment on any individual, a company or each company, of a group of companies, of which the aggregate of the profits before income tax of all subsidiaries and the holding company in that group of companies who or which has earned profits over Rs.2000 Million, in the year of assessment 2013/2014, at 25% on the taxable income, through the interim budget presented to the parliament.

Since the Government of Sri Lanka is in the process of enacting legislations corresponding to the budget proposals, the financial results of the Company for the period ended 31st March 2015 excludes any and all impacts from Super Gain Tax.

Share Information

Top 20 Shareholders

Name of the Shareholder	As at 31st March 2015	
	Shareholding	% on Issued Shares
01 Hatton National Bank PLC A/c No.1	29,993,000	59.99%
02 The Ceylon Guardian Investment Trust PLC A/c No.2	2,000,000	4.00%
03 Mercantile Merchant Bank Ltd	913,265	1.83%
04 Janashakthi General Insurance Limited	824,425	1.65%
05 Bank of Ceylon A/c Ceybank Century Growth Fund	561,610	1.12%
06 Mr. Mohamed Faizer Hashim	530,534	1.06%
07 Salamander Investments (Pvt) Ltd.	475,000	0.95%
08 Arunodhaya Industries (Pvt) Ltd.	400,000	0.80%
09 Arunodhaya (Pvt) Ltd.	400,000	0.80%
10 Arunodhaya Investments (Pvt) Ltd.	400,000	0.80%
11 Union Assurance PLC/No. 1 A/c	336,266	0.67%
12 Waldock Mackenzie Ltd/Mr S.N.P.Palihena and Mrs. A.S. Palihena	300,000	0.60%
13 Phoenix Ventures Ltd.	260,000	0.52%
14 Corporate Holdings (Pvt) Ltd.	242,700	0.49%
15 Mr. Kailasapillai Viswanathar	200,000	0.40%
16 Mrs. Kailasapillai Abiramipillai	200,000	0.40%
17 Miss. Subramaniam Sivamalar	200,000	0.40%
18 Life Insurance Corporation (Lanka) Ltd	200,000	0.40%
19 Andysel Private Limited	200,000	0.40%
20 Mr. Aravinthan Kailasapillai	200,000	0.40%
	38,836,800	77.68%

Public Shareholding

	As at 31st March 2015	
	No. of Shares	% on Issued Shares
Number of Shares	19,608,654	39.22

Public Shareholding

	As at 31st March 2015	
	No.	% on Total No. of shareholders
Number of Shares	3471	99.68

Share Information (Contd.)

Directors' Shareholdings

Name of the Director	No. of Shares as at 31st March 2015
Mr. M U de Silva	3,000
Mr. Sarath Ratwatte	14,666
Mr. A J Alles	1,000
Mr. J A P M Jayasekara	5,000
Mr. K Balasundaram	10,000
Mr. D P N Rodrigo	180
Mrs. S N Wickramasinghe	52,500
Dr. S Selliah	100,000
Dr. Ranee Jayamaha (Resigned w.e.f. 31st March 2015)	Not Applicable
Mr. Manjula de Silva (Resigned w.e.f. 31st March 2015)	Not Applicable

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 March 2015	42.99
Highest Price Per Share for the Interim Period	92.00
Lowest Price Per Share for the Interim Period	81.00
Last traded Price Per Share as at 31st March 2015	85.00