

Statement of Financial Position

	Note	Company		
		Audited as at 30 th Jun 2012 Rs. '000	Unaudited as at 31 st Dec 2011 Rs. '000 <i>Restated</i>	Unaudited as at 31 st Dec 2010 Rs. '000 <i>Restated</i>
Assets				
Investments	5	5,089,375	4,709,198	3,535,595
Intangible Assets		43,592	48,875	66,869
Property, Plant and Equipment		106,278	121,568	130,971
Loans to Life Policyholders		24,876	20,097	15,000
Reinsurance Receivables		107,487	131,210	122,431
Premium Receivables		250,883	231,385	231,929
Other Assets		666,402	568,628	431,020
Cash and Cash Equivalents		137,106	189,453	81,354
Total Assets		6,425,999	6,020,414	4,615,169
Liabilities and Equity				
Liabilities				
Insurance Provision - Life	6	3,317,652	2,972,634	2,416,649
Insurance Provision - General	6	926,342	924,262	730,658
Other Liabilities		411,401	367,568	309,685
Reinsurance Creditors		141,946	110,263	81,983
Employee Benefits		39,159	34,129	25,076
Total Liabilities		4,836,500	4,408,856	3,564,051
Equity				
Stated Capital - 50 Million Ordinary Shares		1,171,875	1,171,875	375,000
Revenue Reserves		417,624	439,683	676,118
Total Equity		1,589,499	1,611,558	1,051,118
Total Liabilities and Equity		6,425,999	6,020,414	4,615,169

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



Vipula Dharmapala
Head of Finance / Chief Financial Officer

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



Manjula de Silva
Managing Director / Chief Executive Officer



R Theagarajah
Director

Colombo, Sri Lanka
31st July 2012

Statement of Comprehensive Income

Year Ended 31 st Dec 2011 (Unaudited) Rs. '000 <i>Restated</i>	<i>For the Six Months Ended 30th June,</i>	Note	2012 (Audited) Rs. '000	2011 (Unaudited) Rs. '000 <i>Restated</i>	Change %
2,753,202	Revenue	7	1,561,616	1,263,309	24
3,002,511	Gross Written Premium	8	1,581,563	1,398,535	13
(510,621)	Premium Ceded to Reinsurers		(278,003)	(238,681)	16
2,491,890	Net Written Premium		1,303,560	1,159,854	12
(142,270)	Net Change in Reserves for Unearned Premium		(7,902)	(90,627)	(91)
2,349,620	Net Earned Premium		1,295,658	1,069,227	21
	Benefits, Losses and Expenses				
(865,133)	Insurance Claims and Benefits (Net)		(506,511)	(407,077)	24
(562,487)	Increase in Life Insurance Fund		(352,908)	(328,722)	7
(232,128)	Underwriting and Net Acquisition Costs		(129,628)	(103,055)	26
(17,510)	Other Insurance Related Costs		(7,624)	(7,469)	2
(1,677,258)	Total Benefits, Losses and Expenses		(996,671)	(846,323)	18
672,362	Net Earned Premium Less Benefits, Losses and Expenses		298,987	222,904	34
	Other Revenue				
400,889	Income from Investments	9	265,921	194,403	37
2,693	Other Net Income / (Loss)		37	(321)	112
	Expenses				
	Other Operating, Investment Related and				
(808,478)	Administration Expenses		(455,432)	(387,765)	17
267,466	Profit Before Taxation		109,513	29,221	275
(25,772)	Income Tax Expense	10	(24,485)	(11,174)	119
241,694	Profit for the Period		85,028	18,047	371
5.05	Earnings Per Share (Rs.)	13	1.70	0.39	333
2.10	Dividend Per Share (Rs.)		-	-	-

Statement of other Comprehensive Income

Year Ended 31 st Dec 2011 (Unaudited) Rs. '000 <i>Restated</i>	<i>For the Six Months Ended 30th June,</i>	2012 (Audited) Rs. '000	2011 (Unaudited) Rs. '000 <i>Restated</i>	Change %
241,694	Profit for the Period	85,028	18,047	371
6,149	Changes in fair value of Available for Sale Financial Assets	(9,984)	4,082	(345)
(6,149)	Transfer to Long term Insurance Fund	7,897	(4,082)	293
-	Other Comprehensive Income for the period	(2,087)	-	-
241,694	Total Comprehensive Income for the period	82,941	18,047	360

Statement of Comprehensive Income

		Unaudited		
		2012 Rs. '000	2011 Rs. '000 <i>Restated</i>	Change %
<i>For the Three Months Ended 30th June,</i>				
	Note			
Revenue	7	791,762	639,426	24
Gross Written Premium	8	752,760	714,519	5
Premium Ceded to Reinsurers		(156,332)	(138,885)	13
Net Written Premium		596,428	575,634	4
Net Change in Reserves for Unearned Premium		59,783	(26,346)	(327)
Net Earned Premium		656,211	549,288	19
Benefits, Losses and Expenses				
Insurance Claims and Benefits (Net)		(241,243)	(208,297)	16
Increase in Life Insurance Fund		(202,070)	(184,898)	9
Underwriting and Net Acquisition Costs		(46,062)	(36,178)	27
Other Insurance Related Costs		(3,418)	(3,958)	(14)
Total Benefits, Losses and Expenses		(492,793)	(433,331)	14
Net Earned Premium Less Benefits, Losses and Expenses		163,418	115,957	41
Other Revenue				
Income from Investments	9	135,536	90,136	50
Other Net Income / (Loss)		15	2	650
Expenses				
Other Operating, Investment Related and Administration Expenses		(227,860)	(185,703)	23
Profit Before Taxation		71,109	20,392	249
Income Tax Expense	10	(16,217)	(6,588)	146
Profit for the Period		54,892	13,804	298
Earnings Per Share (Rs.)	13	1.10	0.30	265

Statement of Changes in Equity

For the Six Months Ended 30th June 2012

	Note	Number of Shares '000	Stated Capital Rs. '000	Revenue Reserves Rs. '000	Total Equity Rs. '000
Audited balance as at 31st December 2010	A	37,500	375,000	641,340	1,016,340
Prior period adjustment		-	-	34,778	34,778
Unaudited balance as at 1st January 2010 - Restated		37,500	375,000	676,118	1,051,118
Profit for the Period - Restated		-	-	18,047	18,047
Dividend paid for 2010		-	-	(67,500)	(67,500)
Capitalisation of Reserves		6,250	406,250	(406,250)	-
Rights Issue		6,250	390,625	-	390,625
Share issue related costs		-	-	(4,379)	(4,379)
Unaudited balance as at 30th June 2011 - Restated		50,000	1,171,875	216,036	1,387,911
Profit for the Period - Restated		-	-	223,647	223,647
Unaudited balance as at 31st December 2011 - Restated		50,000	1,171,875	439,683	1,611,558
Profit for the Period - Audited		-	-	85,028	85,028
Other Comprehensive Income for the period - Audited		-	-	(2,087)	(2,087)
Dividend for 2011 *	B	-	-	(105,000)	(105,000)
Audited balance as at 30th June 2012		50,000	1,171,875	417,624	1,589,499

Stated Capital represents 50 Million Ordinary Shares (as at 31st December 2011 - 50 Million Ordinary Shares)

Note A

Audited balances shown as of 31st December 2010 is based on the previously applied Sri Lanka Accounting Standards (SLAS).

Note B*

* Dividend declared and paid during period was not taken for calculation of Dividend Per Share in 2012 as it represents the Dividend for 2011.

Statement of Financial Position of the Life Insurance Fund - Supplemental

Note	Audited as at 30 th Jun 2012 Rs. '000	Unaudited as at 31 st Dec 2011 Rs. '000 Restated	Unaudited as at 31 st Dec 2010 Rs. '000 Restated
Assets			
Investments	5a	3,189,950	2,322,485
Intangible Assets	14	-	20,773
Property, Plant and Equipment	14	-	4,573
Loans to Life Policyholders		24,876	15,000
Reinsurance Receivables		25,109	18,617
Other Assets		276,030	195,931
Cash and Cash Equivalents		62,381	13,005
Total Assets		3,578,346	2,590,384
Liabilities			
Insurance Provision - Life		3,317,652	2,416,649
Other Liabilities		216,923	144,988
Reinsurance Creditors		39,042	25,341
Employee Benefit		4,729	3,406
Total Liabilities		3,578,346	2,590,384

Cash Flow Statement

For the Six Months Ended 30th June,

		Company	
		2012 (Audited) Rs. '000	2011 (Unaudited) Rs. '000 <i>Restated</i>
Note			
Cash Flows From Operating Activities			
	Premium Received from Customers	1,571,147	1,417,334
	Reinsurance Premium Paid	(196,287)	(139,213)
	Claims Paid	(522,727)	(399,305)
	Reinsurance Receipts in Respect of Claims	50,602	54,910
	Cash Paid to and on behalf of Employees	(208,645)	(183,921)
	Interest Received	233,631	162,663
	Dividend Received	7,157	2,647
	Other Operating Cash Payments	(484,722)	(453,833)
	Cash Inflow Generated from Operating Activities	450,156	461,282
A	Gratuity Paid	(2,403)	(875)
	Economic Service Charges (ESC) Paid	(9,363)	(7,855)
	Net Cash Generated from Operating Activities	438,390	452,552
Cash Flows From Investing Activities			
	Purchase of Liquid Investments (Other than Cash Equivalents)	(33,458,699)	(33,175,709)
	Purchase of Other Investments (Other than Cash Equivalents)	(344,101)	(327,925)
	Sale of Liquid Investments (Other than Cash Equivalents)	33,187,405	32,595,811
	Sale of Other Investments (Other than Cash Equivalents)	235,465	147,440
	Purchase of Intangible Assets	714	(3,236)
	Purchase of Property, Plant and Equipment	(6,748)	(8,719)
	Proceeds on Sale of Property, Plant and Equipment	227	64
	Net Cash used in Investing Activities	(385,737)	(772,274)
	Net Cash Inflow / (Outflow) before Financing Activities	52,653	(319,722)
Cash Flows From Financing Activities			
	Dividend Paid	(105,000)	(67,500)
	Proceeds from Rights Issue of Shares	-	390,625
	Share Issue related Costs Paid	-	(4,379)
	Net Decrease in Cash and Cash Equivalents	(105,000)	318,746
B		(52,347)	(976)
Notes to the Cash Flow Statement			
A. Reconciliation of Profit Before Taxation with Cash Flow from Operating Activities			
	Profit Before Taxation	109,513	29,221
	Amortisation Charge	5,340	6,117
	Depreciation Charge	21,701	16,240
	Provision for Retiring Gratuity	7,433	4,672
	Provision for Diminution in Value of Investments	(12,177)	(37,795)
	Loss on Sale of Property, Plant and Equipment	110	322
	Increase in Trade and Other Receivables	(89,773)	(132,311)
	Increase in Life Insurance Fund	345,011	355,181
	Increase in Unearned Premium	3,304	83,331
	Increase in Claims Provisions	8,137	56,838
	Increase in Creditors	51,557	79,466
	Cash Inflow Generated from Operating Activities	450,156	461,282
B. Net Decrease in Cash and Cash Equivalents			
	Net Cash and Cash Equivalents at the end of the Period	137,106	80,378
	Net Cash and Cash Equivalents at the beginning of the Year	189,453	81,354
	Net Decrease in Cash and Cash Equivalents	(52,347)	(976)

Notes to the Interim Financial Statements

1 a) APPLICATION OF SRI LANKA ACCOUNTING STANDARDS (SLFRS / LKAS)

The Institute of Chartered Accountants of Sri Lanka has issued a new volume of Sri Lanka Accounting Standards (SLFRS/LKAS) which have become applicable for financial periods commenced on or after 1st January 2012. Therefore interim results shall be required to be reported by entities in accordance with LKAS 34, Interim Financial Reporting.

However the Institute of Chartered Accountants of Sri Lanka has granted three alternatives for the entities when preparing the Interim Financial Statements during the first financial year commencing on or after 1st January 2012. Such options are,

1. To prepare Interim Financial Statements in accordance with Sri Lanka Accounting Standards (SLFRS / LKAS) or
2. Prepare interim financial statements in accordance with Sri Lanka Accounting Standards existed immediately prior to 1st January 2012 (SLASs), with disclosures on impact to the Statement of Comprehensive Income for the period based on SLFRS / LKAS or
3. Prepare Interim Financial Statements presenting the current period figures based on Sri Lanka Accounting Standards (SLFRS / LKAS) effecting from 1st January 2012, while presenting the comparative figures under the Sri Lanka Accounting Standards existed immediately prior to 1st January 2012 (SLASs).

Accordingly, these Interim Financial Statements have been prepared in line with the first option given by the Institute of Chartered Accountants of Sri Lanka.

b) AUDIT OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements of the Company for the six months ended 30th June 2012 were audited by M/S KPMG. However, the audit and the opinion were limited only to the six months ended 30th June 2012 and not extended to the opening balances or the prior year comparatives.

2 DISCLOSURE REQUIREMENTS

These Interim Financial Statements do not include all disclosures as required by Sri Lanka Accounting Standards (SLFRS / LKAS) effective from 1st January 2012. However the Company has restated the comparative financial information presented in these Interim Financial Statements as required by SLFRS / LKAS.

The Company will publish a complete set of Financial Statements for the year ending 31st December 2012 including all the disclosure requirements under SLFRS / LKAS, which will be the first annual Financial Statements after the issue of the new accounting standards.

3 SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

The significant accounting policy changes with those of the Audited Financial Statements presented for the year ended 31st December 2011 are as follows,

(i) Presentation of financial statements (LKAS 1)

It requires an entity to present all items of income and expenses recognised in a period either in a single statement of comprehensive income or in two statements, separate Statement of Comprehensive Income and a Statement of other Comprehensive Income. The Company has selected to present comprehensive income in two separate statements, Statement of Comprehensive Income and a Statement of other Comprehensive Income.

(ii) Financial Instruments - Presentation, recognition, measurement and disclosure (LKAS 32, 39 and SLFRS 7)

The above standards require, an entity to recognize the financial assets and liabilities and apply the measurement, presentation and disclosure requirements set out by the standards.

Notes to the Interim Financial Statements (Contd.)

Therefore, the Company has classified its financial assets as follows,

Financial Asset	Category
- Treasury Bonds	Fair Value Through Profit or Loss, Available for Sale and Held to Maturity
- Treasury Bills	Fair Value Through Profit or Loss, Available for Sale and Held to Maturity
- Equity Shares	Fair Value Through Profit or Loss
- Unit Trusts	Fair Value Through Profit or Loss
- Corporate Debt	Loans and Receivables
- Term Deposits	Loans and Receivables
- Loans and receivables	Loans and Receivables

(iii) Operating Leases

Company utilises the premises, its branches and Head office through Operating Lease agreements. According to the LKAS 17 (Lease), Lease payments under an operating lease shall be recognized as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit. Therefore, the Company changed the method of recognising rent expenses to the straight-line basis over the lease term as required by accounting standards after incorporating the impact of the escalation clauses, where applicable.

(iv) Liability Adequacy Test

The Company is yet to perform a Liability Adequacy Test in respect of Insurance Liabilities (Insurance Provisions) as required by SLFRS 4 - Insurance Contracts. This will be carried out on an annual basis from the 31st December 2012 onwards together with the liability valuations for regulatory purposes.

4 COMPARATIVE INFORMATION

Comparative information has been restated / reclassified where necessary in line with the changes to the new Sri Lanka Accounting Standards (SLFRS /LKAS) which are effective from 1st January 2012.

Investments	Company		
	Audited as at 30 th Jun 2012 Rs. '000	Unaudited as at 31 st Dec 2011 Rs. '000 <i>Restated</i>	Unaudited as at 31 st Dec 2010 Rs. '000 <i>Restated</i>
5			
Held to Maturity financial assets, at amortised cost	1,601,379	1,579,934	1,480,019
Available for Sale financial assets	603,807	96,686	132,063
Financial assets at Fair Value Through Profit or Loss	477,691	769,177	655,834
Loans and Receivable	2,406,498	2,263,401	1,267,679
	<u>5,089,375</u>	<u>4,709,198</u>	<u>3,535,595</u>
		Life Insurance Fund	
Investments	Audited as at 30 th Jun 2012 Rs. '000	Unaudited as at 31 st Dec 2011 Rs. '000 <i>Restated</i>	Unaudited as at 31 st Dec 2010 Rs. '000 <i>Restated</i>
5 a)			
Held to Maturity financial assets, at amortised cost	1,258,621	1,180,921	1,180,894
Available for Sale financial assets	329,098	96,686	132,063
Financial assets at Fair Value Through Profit or Loss	296,743	459,085	319,338
Loans and Receivable	1,305,488	1,052,598	690,190
	<u>3,189,950</u>	<u>2,789,290</u>	<u>2,322,485</u>

6 INSURANCE PROVISION

Company has carried out the valuation of Life Fund and the IBNR / IBNER by the Consultant Actuaries for the period ended 30th June 2012 and ensured adequate provisions are made in these Interim Financial Statements as recommended by Consultant Actuaries.

Notes to the Interim Financial Statements (Contd.)

7 REVENUE

Year Ended 31 st Dec 2011 (Unaudited and Restated) Rs. '000		For the Six Months Ended		For the Three Months Ended	
		30 th Jun 2012 (Audited) Rs. '000	30 th Jun 2011 (Unaudited and Restated) Rs. '000	30 th Jun 2012 (Unaudited) Rs. '000	30 th Jun 2011 (Unaudited and Restated) Rs. '000
		3,002,511	Gross Written Premium	1,581,563	1,398,535
(510,621)	Premium Ceded to Reinsurers	(278,003)	(238,681)	(156,332)	(138,885)
2,491,890	Net Written Premium	1,303,560	1,159,854	596,428	575,634
(142,270)	Net Change in Reserves for Unearned Premium	(7,902)	(90,627)	59,783	(26,346)
2,349,620	Net Earned Premium	1,295,658	1,069,227	656,211	549,288
400,889	Income from Investments	265,921	194,403	135,536	90,136
2,693	Other Net Income / (Loss)	37	(321)	15	2
2,753,202	Total Revenue	1,561,616	1,263,309	791,762	639,426

8 GROSS WRITTEN PREMIUM

Year Ended 31 st Dec 2011 (Unaudited and Restated) Rs. '000	Insurance Segment	For the Six Months Ended		For the Three Months Ended	
		30 th Jun 2012 (Audited) Rs. '000	30 th Jun 2011 (Unaudited and Restated) Rs. '000	30 th Jun 2012 (Unaudited) Rs. '000	30 th Jun 2011 (Unaudited and Restated) Rs. '000
		General Insurance			
313,820	Fire	168,049	146,940	99,324	86,255
1,188,867	Motor	585,139	548,777	269,644	273,332
26,584	Marine	11,904	14,246	6,000	8,432
182,873	Miscellaneous	123,398	110,700	25,604	54,258
1,712,144	General Insurance Gross Written Premium	888,490	820,663	400,572	422,277
Life Insurance					
1,273,025	Individual Policies	681,788	570,181	345,590	287,983
17,342	Corporate Policies	11,285	7,691	6,598	4,259
1,290,367	Life Insurance Gross Written Premium	693,073	577,872	352,188	292,242
3,002,511	Total Gross Written Premium	1,581,563	1,398,535	752,760	714,519

9 INCOME FROM INVESTMENTS

Year Ended 31 st Dec 2011 (Unaudited and Restated) Rs. '000		For the Six Months Ended		For the Three Months Ended	
		30 th Jun 2012 (Audited) Rs. '000	30 th Jun 2011 (Unaudited and Restated) Rs. '000	30 th Jun 2012 (Unaudited) Rs. '000	30 th Jun 2011 (Unaudited and Restated) Rs. '000
		463,088	Interest Income	277,668	215,204
10,065	Dividend Income	8,267	4,234	2,645	1,823
(72,264)	Fair value adjustment	(20,014)	(25,035)	(9,629)	(21,846)
400,889	Total Income from Investment	265,921	194,403	135,536	90,136

10 INCOME TAX EXPENSE

The Company is liable to pay income tax at the rate of 28% (2011 - 28%) of its taxable profits in accordance with the provisions of the Inland Revenue Act, No. 10 of 2006 and subsequent amendments thereto.

Notes to the Interim Financial Statements (Contd.)

	For the Six Months Ended	
	30 th Jun 2012 (Audited) Rs. '000	30 th Jun 2011 (Unaudited and Restated) Rs. '000
11 Reconciliation of Total Comprehensive income in accordance with Sri Lanka Accounting Standards effective from 1st January 2012 and Sri Lanka Accounting Standards effective prior to 1st January 2012		
Profit After Tax in accordance with the accounting standards effective immediately prior to 1st January 2012	81,925	49,360
Effect of adoption of SLFRS / LKAS		
Investment Income	3,434	(31,210)
Operating Lease - Rent and other	(331)	(103)
Net Profit Reported in the Statement of Comprehensive Income	85,028	18,047
Changes in fair value of available for sale financial assets	(2,087)	-
Total Comprehensive Income in compliance with accounting standards effective from 1st January 2012	82,941	18,047

	For the Six Months Ended	
	30 th Jun 2012 (Audited) Rs. '000	30 th Jun 2011 (Unaudited and Restated) Rs. '000
12 a) Reconciliation of Total Equity in accordance with Sri Lanka Accounting Standards effective from 1st January 2012 and Sri Lanka Accounting Standards effective prior to 1st January 2012		
Total Equity in accordance with the accounting standards effective immediately prior to 1st January 2012	1,586,641	1,384,492
Reserve - Available For Sale financial assets	(2,087)	-
Effect of adoption of SLFRS / LKAS	4,944	3,464
Total Equity in accordance with the accounting standards effective from 1st January 2012	1,589,498	1,387,956

	For the Six Months Ended	
	30 th Jun 2012 (Audited) Rs. '000	30 th Jun 2011 (Unaudited and Restated) Rs. '000
12 b) Reconciliation of Life Fund in accordance with Sri Lanka Accounting Standards effective from 1st January 2012 and Sri Lanka Accounting Standards effective prior to 1st January 2012		
Life Fund in accordance with the accounting standards effective immediately prior to 1st January 2012	3,342,673	2,740,427
Fair value movement transferred to Life Insurance Surplus	(14,561)	(27,262)
Reserve - Available For Sale financial assets	7,897	(4,082)
Effect of adoption of SLFRS / LKAS	(18,357)	31,050
Life Fund in accordance with the accounting standards effective from 1st January 2012	3,317,652	2,740,133

13 EARNINGS PER SHARE (EPS)

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

Year Ended 31 st Dec 2011 (Unaudited and Restated)	For the Six Months Ended		For the Three Months Ended	
	30 th Jun 2012 (Audited)	30 th Jun 2011 (Unaudited and Restated)	30 th Jun 2012 (Unaudited)	30 th Jun 2011 (Unaudited and Restated)
241,694 Profit for the period (Rs. '000)	85,028	18,047	54,892	13,804
47,872 Weighted average number of shares ('000)	50,000	45,935	50,000	45,935
5.05 Earnings per share (Rs.)	1.70	0.39	1.10	0.30

14 INTANGIBLE ASSETS / PROPERTY, PLANT AND EQUIPMENT

During the period, all Intangible Assets / Property, Plant and Equipment under Life Insurance Fund were transferred to Life Shareholders Fund (which is classified together with General Insurance Fund) in order to ensure compliance with the Approved Assets requirement under Determination 1 (30/10/2005 and amended on 01/04/2011) of the Insurance Board of Sri Lanka.

Notes to the Interim Financial Statements (Contd.)

15 RELATED PARTY DISCLOSURE

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

Nature of Transaction		For the Six Months Ended	
		30 th Jun 2012 (Audited) Rs. '000	30 th Jun 2011 (Unaudited and Restated) Rs. '000
Insurance Premium	General	15,662	9,286
	Life	8,362	5,741
Administration Expenses	General	48,561	29,259
	Life	16,141	14,293
Claims Incurred	General	2,219	8,156
Rent and other Expenses		19,808	15,666
Dividend Paid		62,985	40,491
Nature of Transaction		As at 30 th Jun 2012 (Audited) Rs. '000	As at 31 st Dec 2011 (Unaudited) Rs. '000
Investments Balance (Includes Deposits and Debentures)	General	126,163	134,510
	Life	148,612	127,749
Cash at Bank Balances	General	28,701	40,830
	Life	58,892	45,155
Investment Income	General	4,097	5,308
	Life	8,064	7,556

b) Transactions with Key Management Personnel of the Company or its Parent

Dr. Raneey Jayamaha has been appointed as the Chairperson of HNB Assurance PLC with effect from 29th June 2012. She was appointed as the Chairperson of our parent Company, Hatton National Bank on 31st March 2011.

Mr. J M J Perera, Director of the Company resigned from the Board w.e.f 27th April 2012.

The nature of the related party transactions in the current period was similar to those reported in the Audited Financial Statements – 2011.

16 EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There have been no material events occurring after the Statement of Financial Position date that require adjustments to or disclosure in the Interim Financial Statements.

17 CAPITAL COMMITMENTS AND CONTINGENCIES

a) As at the end of the interim period, no capital expenditure approved by the Board and contracted for which no provision has been made in the Interim Financial Statements. (as at 31st December 2011 - Nil)

b) Future commitments on operating leases

	As at 30 th Jun 2012 (Audited) Rs. '000	As at 31 st Dec 2011 (Unaudited) Rs. '000
Less than one year	22,344	24,766
Between one and five years	32,760	24,937
More than five years	1,030	617
Total Operating Lease Commitments	56,134	50,320

c) In the opinion of the Directors, and in consultation with the Company Lawyers, litigation 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 are made in these Interim Financial Statements where necessary.

Share Information

Top 20 Shareholders

Name of the Shareholder	As at 30 th June 2012	
	Shareholding	% on Issued Shares
01 Hatton National Bank PLC A/c No.1	29,993,000	59.99
02 Mercantile Merchant Bank Ltd	3,065,596	6.13
03 Ceylon Guardian Investment Trust PLC A/c No.2	2,000,000	4.00
04 DFCC Vardhana Bank Ltd / Mercantile Merchant Bank Ltd	1,156,070	2.31
05 Bank of Ceylon A/c Ceybank Century Growth Fund	546,198	1.09
06 Mr. Mohamed Faizer Hashim	525,386	1.05
07 Bank of Ceylon No.1 A/c	382,200	0.76
08 Employees Trust Fund Board	375,494	0.75
09 Union Assurance PLC/No. 1 A/c	336,266	0.67
10 Corporate Holdings (Pvt.) Ltd.	242,700	0.49
11 Deutsche Bank AG-Comtrust Equity Fund	195,200	0.39
12 Malship Ceylon Ltd.	186,345	0.37
13 Mr.Krishan Niraj Jayasekara Balendra	184,732	0.37
14 Mr.Madduma Hetti Vidanelage Upali Gunatilaka	180,437	0.36
15 National Development Bank PLC / Mr.Rajaratnam Senathirajah	156,400	0.31
16 Mr.Sithampalam Abishek	137,666	0.28
17 Mrs.Noorul Imthiyaz Hashim	136,820	0.27
18 Mr.Addara Pathirana Somasiri	134,166	0.27
19 Phoenix Ventures Ltd	133,332	0.27
20 Mr.Bede Selvanayagam & Mrs.Lidwine Selvanayagam	120,000	0.24
	<u>40,188,008</u>	<u>80.37</u>

Public Shareholding

	As at 30 th June 2012	
	No. of Shares	% on Issued Shares
Number of Shares	19,890,757	39.78

Directors' Shareholdings

Name of the Director	No. of Shares as at 30 th June 2012
Dr. Ranee Jayamaha - (Chairperson)	Nil
Mr. Manjula de Silva - (Managing Director / Chief Executive Officer)	38,332
Mr. R Theagarajah	8,332
Mr. M U de Silva	3,000
Mr. Pratapkumar de Silva	1,332
Mr. J D N Kekulawala	49,998
Mr. D M de S Wijeyeratne	583
Mr. Sarath Ratwatte	14,666

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 30 th June 2012	31.79
Highest Price Per Share for the Interim Period	52.00
Lowest Price Per Share for the Interim Period	36.30
Last traded Price Per Share as at 30 th June 2012	42.20