



Outstanding Years

Interim Financial Statements

30th September 2012

Statement of Financial Position

	Note	Company		
		Unaudited as at 30 th Sep 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	5,365,812	4,709,198	3,535,595
Intangible Assets		40,531	48,875	66,869
Property, Plant and Equipment		105,911	121,568	130,971
Loans to Life Policyholders		26,892	20,097	15,000
Reinsurance Receivables		107,362	131,210	122,431
Premium Receivables		214,048	231,385	231,929
Other Assets		732,391	568,628	431,020
Cash and Cash Equivalents		83,125	189,453	81,354
Total Assets		6,676,072	6,020,414	4,615,169
Liabilities and Equity				
Liabilities				
Insurance Provision - Life	6	3,530,560	2,972,634	2,416,649
Insurance Provision - General	6	906,524	924,262	730,658
Other Liabilities		446,127	367,568	309,685
Reinsurance Creditors		102,667	110,263	81,983
Employee Benefits		42,742	34,129	25,076
Total Liabilities		5,028,620	4,408,856	3,564,051
Equity				
Stated Capital - 50 Million Ordinary Shares		1,171,875	1,171,875	375,000
Revenue Reserves		475,577	439,683	676,118
Total Equity		1,647,452	1,611,558	1,051,118
Total Liabilities and Equity		6,676,072	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;



Raneey Jayamaha
Chairperson



Manjula de Silva
Managing Director / Chief Executive Officer

Colombo, Sri Lanka
5th November 2012

Statement of Comprehensive Income

Year Ended 31 st Dec 2011 (Unaudited) Rs. '000 <i>Restated</i>	For the Nine Months Ended 30 th September,	2012 (Unaudited) Rs. '000	2011 (Unaudited) Rs. '000 <i>Restated</i>	Change %
	Note			
2,753,202	Revenue	2,455,794	1,983,339	24
3,002,511	Gross Written Premium	2,375,062	2,172,281	9
(510,621)	Premium Ceded to Reinsurers	(410,675)	(369,170)	11
2,491,890	Net Written Premium	1,964,387	1,803,111	9
(142,270)	Net Change in Reserves for Unearned Premium	(1,813)	(128,943)	(99)
2,349,620	Net Earned Premium	1,962,574	1,674,168	17
Benefits, Losses and Expenses				
(865,133)	Insurance Claims and Benefits (Net)	(826,634)	(661,662)	25
(562,487)	Increase in Life Insurance Fund	(556,639)	(528,269)	5
(232,128)	Underwriting and Net Acquisition Costs	(200,304)	(161,050)	24
(17,510)	Other Insurance Related Costs	(12,193)	(11,772)	4
(1,677,258)	Total Benefits, Losses and Expenses	(1,595,770)	(1,362,753)	17
672,362	Net Earned Premium Less Benefits, Losses and Expenses	366,804	311,415	18
Other Revenue				
400,889	Income from Investments	491,569	307,795	60
2,693	Other Net Income	1,651	1,376	20
Expenses				
Other Operating, Investment Related and				
(808,478)	Administration Expenses	(686,178)	(572,940)	20
267,466	Profit Before Taxation	173,846	47,646	265
(25,772)	Income Tax Expense	(33,962)	(15,574)	118
241,694	Profit for the Period	139,884	32,072	336
5.05	Earnings Per Share (Rs.)	2.80	0.68	311
2.10	Dividend Per Share (Rs.)	-	-	-

Statement of Other Comprehensive Income

Year Ended 31 st Dec 2011 (Unaudited) Rs. '000 <i>Restated</i>	For the Nine Months Ended 30 th September,	2012 (Unaudited) Rs. '000	2011 (Unaudited) Rs. '000 <i>Restated</i>	Change %
241,694	Profit for the Period	139,884	32,072	336
6,149	Changes in fair value of Available for Sale Financial Assets	(320)	4,135	(108)
(6,149)	Transfer to Long term Insurance Fund	1,330	(4,135)	132
-	Other Comprehensive Income for the period	1,010	-	-
241,694	Total Comprehensive Income for the period	140,894	32,072	339

Statement of Comprehensive Income

For the Three Months Ended 30 th September,		Unaudited		
		2012 Rs. '000	2011 Rs. '000 <i>Restated</i>	Change %
Revenue	7	894,178	720,030	24
Gross Written Premium	8	793,499	773,746	3
Premium Ceded to Reinsurers		(132,672)	(130,489)	2
Net Written Premium		660,827	643,257	3
Net Change in Reserves for Unearned Premium		6,089	(38,316)	(116)
Net Earned Premium		666,916	604,941	10
Benefits, Losses and Expenses				
Insurance Claims and Benefits (Net)		(320,123)	(254,585)	26
Increase in Life Insurance Fund		(203,731)	(199,547)	2
Underwriting and Net Acquisition Costs		(70,676)	(57,995)	22
Other Insurance Related Costs		(4,569)	(4,303)	6
Total Benefits, Losses and Expenses		(599,099)	(516,430)	16
Net Earned Premium Less Benefits, Losses and Expenses		67,817	88,511	(23)
Other Revenue				
Income from Investments	9	225,648	113,392	99
Other Net Income		1,614	1,697	(5)
Expenses				
Other Operating, Investment Related and Administration Expenses		(230,746)	(187,573)	23
Profit Before Taxation		64,333	16,027	301
Income Tax Expense	10	(9,477)	(4,400)	115
Profit for the Period		54,856	11,627	372
Earnings Per Share (Rs.)	13	1.10	0.25	345

Statement of Changes in Equity

For the Nine Months Ended 30th September 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 31st December 2010 - Restated		37,500	375,000	676,118	1,051,118
Profit for the Period - Restated		-	-	32,072	32,072
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 September 2011 - Restated		50,000	1,171,875	230,061	1,401,936
Profit for the Period - Restated		-	-	209,622	209,622
Unaudited balance as at 31st December 2011 - Restated		50,000	1,171,875	439,683	1,611,558
Profit for the Period - Unaudited		-	-	139,884	139,884
Other Comprehensive Income for the period - Unaudited		-	-	1,010	1,010
Dividend for 2011	B	-	-	(105,000)	(105,000)
Unaudited balance as at 30th September 2012		50,000	1,171,875	475,577	1,647,452

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 the 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	Unaudited as at 30 th Sep 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	3,401,516	2,322,485
Intangible Assets	14	-	20,773
Property, Plant and Equipment	14	-	4,573
Loans to Life Policyholders		26,892	15,000
Reinsurance Receivables		29,098	18,617
Other Assets		307,622	195,931
Cash and Cash Equivalents		62,782	13,005
Total Assets		3,827,910	2,590,384
Liabilities			
Insurance Provision - Life		3,530,560	2,416,649
Other Liabilities		237,988	144,988
Reinsurance Creditors		53,952	25,341
Employee Benefits		5,410	3,406
Total Liabilities		3,827,910	2,590,384

Cash Flow Statement

For the Nine Months Ended 30th September,

		Company	
		2012 (Unaudited) Rs. '000	2011 (Unaudited) Rs. '000 <i>Restated</i>
	Note		
Cash Flows From Operating Activities			
Premium Received from Customers		2,399,366	2,205,953
Reinsurance Premium Paid		(370,501)	(317,243)
Claims Paid		(872,247)	(657,720)
Reinsurance Receipts in Respect of Claims		76,510	70,067
Cash Paid to and on behalf of Employees		(288,655)	(251,699)
Interest Received		456,395	272,126
Dividend Received		9,882	5,701
Other Operating Cash Payments		(791,186)	(606,196)
Cash Inflow Generated from Operating Activities	A	619,564	720,989
Gratuity Paid		(2,859)	(1,331)
Economic Service Charges (ESC) Paid		(9,363)	(12,149)
Net Cash Generated from Operating Activities		607,342	707,509
Cash Flows From Investing Activities			
Purchase of Liquid Investments (Other than Cash Equivalents)		(50,087,919)	(57,842,905)
Purchase of Other Investments (Other than Cash Equivalents)		(471,844)	(694,166)
Sale of Liquid Investments (Other than Cash Equivalents)		49,588,435	57,354,677
Sale of Other Investments (Other than Cash Equivalents)		390,019	154,772
Purchase of Intangible Assets		(12,559)	(5,258)
Purchase of Property, Plant and Equipment		(15,047)	(17,118)
Proceeds on Sale of Property, Plant and Equipment		245	58
Net Cash used in Investing Activities		(608,670)	(1,049,940)
Net Cash Outflow before Financing Activities		(1,328)	(342,431)
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	B	(105,000)	318,746
Notes to the Cash Flow Statement			
A. Reconciliation of Profit Before Taxation with Cash Flow from Operating Activities			
Profit Before Taxation		173,846	47,646
Amortisation Charge		21,674	8,988
Depreciation Charge		30,374	24,902
Provision for Retiring Gratuity		11,473	7,165
Provision for Diminution in Value of Investments		(94,844)	(31,760)
Loss on Sale of Property, Plant and Equipment		85	419
Increase in Trade and Other Receivables		(113,402)	(112,592)
Increase in Life Insurance Fund		556,639	557,354
Increase / (Decrease) in Unearned Premium		(3,285)	119,167
Increase in Claims Provisions		4,789	65,770
Increase in Creditors		32,215	33,930
Cash Inflow Generated from Operating Activities		619,564	720,989
B. Net Decrease in Cash and Cash Equivalents			
Net Cash and Cash Equivalents at the end of the Period		83,125	57,669
Net Cash and Cash Equivalents at the beginning of the Year		189,453	81,354
Net Decrease in Cash and Cash Equivalents		(106,328)	(23,685)

Notes to the Interim Financial Statements

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

The Institute of Chartered Accountants of Sri Lanka (ICASL) 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 (ICASL).

b) AUDIT OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements for the nine months ended 30th September 2012 are unaudited.

However, the Interim Financial Statements for the six months ended 30th June 2012 prepared based on (SLFRS/LKAS) were audited by M/S KPMG. 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 (Leases), 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 in line with the changes to the new Sri Lanka Accounting Standards (SLFRS / LKAS) which are effective from 1st January 2012.

5 INVESTMENTS

	Company		
	Unaudited as at 30 th Sep 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>
Held to Maturity financial assets, at amortised cost	1,559,240	1,579,934	1,480,019
Available for Sale financial assets	968,411	96,686	132,063
Financial assets at Fair Value Through Profit or Loss	436,539	769,177	655,834
Loans and Receivable	<u>2,401,622</u>	<u>2,263,401</u>	<u>1,267,679</u>
	<u>5,365,812</u>	<u>4,709,198</u>	<u>3,535,595</u>

5 a) Investments

	Life Insurance Fund		
	Unaudited as at 30 th Sep 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>
Held to Maturity financial assets, at amortised cost	1,220,374	1,180,921	1,180,894
Available for Sale financial assets	603,768	96,686	132,063
Financial assets at Fair Value Through Profit or Loss	257,390	459,085	319,338
Loans and Receivable	<u>1,319,984</u>	<u>1,052,598</u>	<u>690,190</u>
	<u>3,401,516</u>	<u>2,789,290</u>	<u>2,322,485</u>

6 INSURANCE PROVISIONS

Pending valuation of Life Fund and the IBNR / IBNER by the Consultant Actuaries for the period ended 30th September 2012. However, the Company has obtained interim valuations from the Consultant Actuaries for the 6 months ended 30th June 2012 and ensured adequate provisions are made in Interim Financial Statements as recommended by the Consultant Actuaries.

Notes to the Interim Financial Statements (Contd.)

7 REVENUE

Year Ended 31 st Dec 2011 (Unaudited and Restated) Rs. '000		For the Nine Months Ended		For the Three Months Ended	
		30 th Sep 2012 (Unaudited)	30 th Sep 2011 (Unaudited and Restated)	30 th Sep 2012 (Unaudited)	30 th Sep 2011 (Unaudited and Restated)
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
3,002,511	Gross Written Premium	2,375,062	2,172,281	793,499	773,746
(510,621)	Premium Ceded to Reinsurers	(410,675)	(369,170)	(132,672)	(130,489)
2,491,890	Net Written Premium	1,964,387	1,803,170	660,827	643,257
(142,270)	Net Change in Reserves for Unearned Premium	(1,813)	(128,943)	6,089	(38,316)
2,349,620	Net Earned Premium	1,962,574	1,674,168	666,916	604,941
400,889	Income from Investments	491,569	307,795	225,648	113,392
2,693	Other Net Income	1,651	1,376	1,614	1,697
<u>2,753,202</u>	Total Revenue	2,455,794	1,983,339	894,178	720,030

8 GROSS WRITTEN PREMIUM

Year Ended 31 st Dec 2011 (Unaudited and Restated) Rs. '000	Insurance Segment	For the Nine Months Ended		For the Three Months Ended	
		30 th Sep 2012 (Unaudited)	30 th Sep 2011 (Unaudited and Restated)	30 th Sep 2012 (Unaudited)	30 th Sep 2011 (Unaudited and Restated)
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
	General Insurance				
313,820	Fire	234,001	226,829	65,952	79,889
1,188,867	Motor	899,098	876,945	313,959	328,168
26,584	Marine	18,176	20,081	6,272	5,835
182,873	Miscellaneous	153,620	144,983	30,222	34,283
<u>1,712,144</u>	General Insurance Gross Written Premium	1,304,895	1,268,838	416,405	448,175
	Life Insurance				
1,273,025	Individual Policies	1,053,082	893,283	371,294	323,102
17,342	Corporate Policies	17,085	10,160	5,800	2,469
<u>1,290,367</u>	Life Insurance Gross Written Premium	1,070,167	903,443	377,094	325,571
<u>3,002,511</u>	Total Gross Written Premium	2,375,062	2,172,281	793,499	773,746

9 INCOME FROM INVESTMENTS

Year Ended 31 st Dec 2011 (Unaudited and Restated) Rs. '000		For the Nine Months Ended		For the Three Months Ended	
		30 th Sep 2012 (Unaudited)	30 th Sep 2011 (Unaudited and Restated)	30 th Sep 2012 (Unaudited)	30 th Sep 2011 (Unaudited and Restated)
		Rs. '000	Rs. '000	Rs. '000	Rs. '000
463,088	Interest Income	449,002	333,581	169,067	120,385
10,065	Dividend Income	11,612	7,366	3,352	3,131
(72,264)	Fair value adjustment	30,955	(33,152)	53,229	(10,124)
<u>400,889</u>	Total Income from Investment	491,569	307,795	225,648	113,392

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 Nine Months Ended	
	30 th Sep 2012 (Unaudited) Rs. '000	30 th Sep 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	135,219	62,758
Effect of adoption of SLFRS / LKAS		
Investment Income	5,941	(30,553)
Operating Lease - Rent and other	(1,276)	(133)
Net Profit Reported in the Statement of Comprehensive Income	139,884	32,072
Changes in fair value of Available for Sale financial assets	1,010	-
Total Comprehensive Income in compliance with accounting standards effective from 1st January 2012	140,894	32,072

	30 th Sep 2012 (Unaudited) Rs. '000	30 th Sep 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	1,639,935	1,397,844
Reserve - Available For Sale financial assets	1,010	-
Effect of adoption of SLFRS / LKAS	6,507	4,092
Total Equity in accordance with the accounting standards effective from 1st January 2012	1,647,452	1,401,936

	30 th Sep 2012 (Unaudited) Rs. '000	30 th Sep 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	3,542,148	2,942,601
Fair value movement transferred to Life Insurance Surplus	5,439	(29,085)
Reserve - Available For Sale financial assets	1,330	(4,135)
Effect of adoption of SLFRS / LKAS	(18,357)	31,049
Life Fund in accordance with the accounting standards effective from 1st January 2012	3,530,560	2,940,430

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 Nine Months Ended		For the Three Months Ended	
	30 th Sep 2012 (Unaudited)	30 th Sep 2011 (Unaudited and Restated)	30 th Sep 2012 (Unaudited)	30 th Sep 2011 (Unaudited and Restated)
241,694 Profit for the period (Rs. '000)	139,884	32,072	54,856	11,627
47,872 Weighted average number of shares ('000)	50,000	47,163	50,000	47,163
5.05 Earnings per share (Rs.)	2.80	0.68	1.10	0.25

14 INTANGIBLE ASSETS / PROPERTY, PLANT AND EQUIPMENT

During the period, all Intangible Assets and 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 (of 30/10/2005 and amended on 01/04/2011) of the Insurance Board of Sri Lanka (IBSL).

Notes to the Interim Financial Statements (Contd.)

15 RELATED PARTY DISCLOSURES

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

Nature of Transaction		For the Nine Months Ended	
		30 th Sep 2012 (Unaudited) Rs. '000	30 th Sep 2011 (Unaudited and Restated) Rs. '000
Insurance Premium	General	22,231	25,988
	Life	10,850	6,784
Administration Expenses	General	73,319	41,024
	Life	25,434	18,543
Claims Incurred	General	4,416	6,644
Rent and other Expenses		32,715	24,802
Dividend Paid		62,985	40,491

Nature of Transaction		As at	As at
		30 th Sep 2012 (Unaudited) Rs. '000	31 st Dec 2011 (Unaudited) Rs. '000
Investments Balance (Includes Deposits and Debentures)	General	119,184	134,510
	Life	148,034	127,749
Cash at Bank Balances	General	9,831	40,830
	Life	58,393	45,155
Investment Income	General	5,801	5,308
	Life	12,647	7,556

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

Dr. Raneer 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. Further, Mr. J D N Kekulawala, Director of the Company resigned from the Board w.e.f. 8th October 2012.

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

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 Sep 2012 (Unaudited) Rs. '000	As at 31 st Dec 2011 (Unaudited) Rs. '000
Less than one year	22,080	14,866
Between one and five years	40,265	20,421
More than five years	1,859	119
Total Operating Lease Commitments	64,205	35,406

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 September 2012	
	Shareholding	% on Issued Shares
01 Hatton National Bank PLC A/c No.1	29,993,000	59.99
02 Mercantile Merchant Bank Ltd	4,221,666	8.44
03 Ceylon Guardian Investment Trust PLC A/c No.2	2,000,000	4.00
04 Bank of Ceylon A/c Ceybank Century Growth Fund	640,836	1.28
05 Mr. Mohamed Faizer Hashim	525,386	1.05
06 Employees Trust Fund Board	375,494	0.75
07 Union Assurance PLC/No. 1 A/c	336,266	0.67
08 Phoenix Ventures Ltd	325,289	0.65
09 Pershing LLC S/A Averbach Grauson & Co.	300,000	0.60
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.Bede Selvanayagam & Mrs.Lidwine Selvanayagam	120,000	0.24
19 Mr. Laveendrakumar Kunjithapatham	111,632	0.22
20 National Savings Bank	105,332	0.21
	<u>40,475,201</u>	<u>80.94</u>

Public Shareholding

	As at 30 th September 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 September 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 (resigned from the Board w.e.f 8th October 2012)	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 September 2012	32.95
Highest Price Per Share for the Interim Period	56.90
Lowest Price Per Share for the Interim Period	38.50
Last Traded Price Per Share as at 30 th September 2012	52.40