

INCOME STATEMENTS

Quarter Ended 31st December
Rs.'000s

	CONSOLIDATED			COMPANY		
	2006	2005	Variance %	2006	2005	Variance %
Gross Turnover	11,799,521	10,384,250	13.6	6,901,075	5,653,883	22.1
Net Turnover	7,090,409	6,323,756	12.1	2,191,963	1,809,273	21.2
Cost of Sales, Benefits & Losses	(5,368,608)	(4,700,554)	14.2	(1,310,333)	(1,139,268)	15.0
Gross Profit/Underwriting Revenue	1,721,801	1,623,202	6.1	881,630	670,005	31.6
Income from Investments	1,012,457	767,451	31.9	12,419	24,705	(49.7)
Gain on Disposal of Investments in Shares	29,132	26,027	11.9	0	-	
Other Operating Income	241,587	214,324	12.7	25,969	23,576	10.1
Surplus on Acquisition of Subsidiaries & Holdind Changes	332	0	100.0	0	0	-
Distribution Cost	(274,594)	(218,799)	25.5	(39,151)	(27,840)	40.6
Administrative Expenses	(508,164)	(554,688)	(8.4)	(90,045)	(50,298)	79.0
Increase in Life Fund	(595,282)	(621,164)	(4.2)	0	-	
Other Operating Expenses	(16,700)	(95,745)	(82.6)	0	(3,327)	(100.0)
Profit from Operations	1,610,569	1,140,608	41.2	790,822	636,821	24.2
Financing Income/(Cost)	(116,933)	(27,320)	328.0	(34,854)	(31,026)	12.3
Income from Associate Company	46,991	113,796	(58.7)	0	0	
Profit Before Taxation	1,540,627	1,227,084	25.6	755,968	605,795	24.8
Income Tax Expenses	(678,385)	(250,852)	170.4	(266,746)	(203,595)	31.0
Profit After Taxation	862,242	976,232	(11.7)	489,222	402,200	21.6
Minority Interest	(102,109)	(29,432)	246.9	0	-	
Net Profit for the Period	760,133	946,800	(19.7)	489,222	402,200	21.6
Earnings Per Share of Re.1/- (Annualised)	10.14	12.62		6.52	5.36	

BALANCE SHEETS AS AT	CONSOLIDATED			COMPANY		
	31-12-2006	31-12-2005	31-03-2006	31-12-2006	31-12-2005	31-03-2006
Rs.'000s						
ASSETS						
Non Current Assets						
Property Plant and Equipment	9,203,828	7,537,123	8,399,469	567,657	562,169	599,022
Investment in Subsidiaries	-	-	-	8,342,388	7,795,060	8,342,388
Investment in Joint Venture	-	-	-	20,000	20,000	20,000
Investment in Associates	2,434,901	2,225,059	2,261,233	548,904	548,904	548,904
Other Long Term Investments	22,352,978	20,732,173	15,995,542	900,449	783,854	888,228
Goodwill on Acquisition	924,289	1,105,192	924,289	-	-	-
Policyholder Loans & Other Loans	2,484,908	2,322,377	2,432,639	-	-	-
Development Expenditure	149,008	165,422	161,319	-	-	-
	37,549,912	34,087,346	30,174,491	10,379,398	9,709,987	10,398,542
Current Assets						
Short Term Investments	18,974,758	16,180,785	22,556,814	-	-	-
Inventories	2,957,400	3,020,367	2,685,333	1,100,692	1,184,785	1,187,419
Trade and Other Receivables	5,972,907	4,337,642	5,002,474	1,884,600	1,018,563	1,120,133
Amounts Due from Subsidiaries and Joint Venture	-	-	18,528	-	-	164,590
Amounts Due from Related Cos	1,056	1,959	1,097	-	-	-
Short Term Deposits	1,052,577	1,095,639	368,374	890,300	580,268	215,894
Cash and Cash Equivalents	2,854,745	1,409,097	1,079,712	187,261	261,394	51,577
	31,813,443	26,045,489	31,712,332	4,062,853	3,045,010	2,739,613
Total Assets	69,363,355	60,132,835	61,886,823	14,442,251	12,754,997	13,138,155
EQUITY AND LIABILITIES						
Capital and Reserve						
ww	300,000	300,000	300,000	300,000	300,000	300,000
Capital Reserve	1,490,435	872,866	1,492,004	107,882	107,882	107,882
Revenue Reserve	11,619,152	8,430,831	9,092,084	8,235,095	6,408,432	7,019,215
	13,409,587	9,603,697	10,884,088	8,642,977	6,816,314	7,427,097
Minority Interest	2,503,002	2,450,277	2,254,608	-	-	-
Non Current Liabilities						
Insurance Provision - Life	31,314,700	27,730,934	28,454,187	-	-	-
Insurance Provision - Non Life	6,069,378	6,343,562	6,255,057	-	-	-
Interest Bearing Loans & Borrowings	730,662	473,576	786,323	-	-	-
Deferred Taxation	108,318	185,030	65,833	26,072	26,504	26,072
Retirement Benefit Obligations	792,092	761,547	771,297	67,718	58,000	73,200
Deferred Income	285,459	475,073	277,966	-	-	-
	39,300,609	35,969,722	36,610,663	93,790	84,504	99,272
Current Liabilities						
Trade and Other Payables	6,892,436	7,158,117	6,244,417	2,350,084	2,746,378	2,588,583
Amount Due to Related Companies	220,567	79,279	125,014	323,775	-	-
Income Tax Payable	2,181,312	1,582,409	1,929,828	974,962	689,775	801,990
Interest Bearing Loans & Borrowings	4,855,842	3,289,334	3,838,205	2,056,663	2,418,026	2,221,213
	14,150,157	12,109,139	12,137,464	5,705,484	5,854,179	5,611,786
Total Equity and Liabilities	69,363,355	60,132,835	61,886,823	14,442,251	12,754,997	13,138,155

The above figures are provisional and subject to audit.

sgd/-

D.Harold Jayawardene
Chairman / Managing Director

sgd/-

L.U.Damien Fernando
Director

05th March 2007

CASH FLOW STATEMENTS	Consolidated	Consolidated	Company	Company
For the Period Ended 31st December	2006	2005	2006	2005
Rs.'000s				
Cash Generated from Operations				
Profit from operations	4,467,222	3,490,031	2,043,070	1,683,589
Adjustments for				
Depreciation.	530,044	351,324	18,973	55,334
Provision for Fall in value of Investments		(14,975)		-
Provision for Retiring Gratuity	79,356	65,839		-
(Gain)/ Loss on Disposal of P.P.E	(4,887)	5,515	(1,663)	(1,760)
Gain on Disposal of Investments		(146,299)		-
Provision for Bad Debts	158,345	204,203		-
Interest Expenses		165,820	54,998	90,061
Movement In Technical Reserve	(185,679)			
Movement In LTAF	2,339,149	2,074,319		-
Amortization of Goodwill on Acquisition		271,318		-
Amortization of Capital Grants	(5,540)	(22,159)		-
Written off the Development Expenditure	12,311			
Provision for Fall in value of Investments	24,561			
Dividend Income	(73,898)	(374,384)	(73,898)	(84,017)
Interest Income	(46,584)	(2,062,021)	(21,195)	(11,878)
Share of Associate Co. Profit		(274,308)		-
Foreign Currency (Gain)/Loss		101,882		-
Operating Profit before Working Capital (7,294,400	3,836,105	2,020,285	1,731,329
(Increase)/Decrease in Inventories	(289,229)	(1,404,952)	86,728	(309,193)
(Increase)/Decrease in Receivables	(883,651)	724,665	(639,787)	(161,824)
Increase/(Decrease) in Payables	169,796	233,020	35,237	762,787
Cash flows from Operating Activities	6,291,316	3,388,838	1,502,463	2,023,099
Interest paid	(95,241)	(130,629)	(54,998)	(90,061)
Income Tax paid	(1,199,632)	(198,578)	(474,217)	(195,590)
Retiring Gratuity paid	(58,561)	(65,231)	(5,482)	(6,200)
Net Cash flows from Operating Activities	4,937,882	2,994,400	967,766	1,731,248
Cash flows from Investing Activities				
Acquisition of Property Plant and Equipment	(1,337,972)	(603,373)	12,393	(57,144)
Purchase of Shares	(11,512,775)	(16,997,729)		(2,083,193)
Dividends Received	73,898	374,385	73,898	84,017
Proceeds on sale of P.P.E	8,456	(3,920)	1,663	1,760
Proceeds on sale of Investments	8,712,834	13,390,481	(9,364)	-
Grant Received	13,033	21,974		-
Interest Received	46,584	1,865,586	21,195	11,878
Cash flows from Financing Activities	(3,995,942)	(1,952,596)	99,785	(2,042,682)
Receipts/(Repayment) of Loans		219,998		-
Term Loan Received	371,071			
Dividend paid	(228,348)	(185,330)	(168,190)	(149,195)
Repayment of Loans	(86,066)			
Lease Rentals paid	(12,971)	(11,219)		-
	43,686	23,449	(168,190)	(149,195)
Cash and Cash Equivalents				
At the Beginning of the year	(1,772,374)	(1,524,608)	(1,878,463)	(1,115,735)
Net Movement during the year	985,626	1,065,253	899,361	(460,629)
	(786,748)	(459,355)	(979,102)	(1,576,364)
At the End of the year				
Short Term Deposits	1,052,577	1,095,639	890,300	580,268
Cash in Transit	29,622	76,632	29,022	76,632
Cash in Hand and Bank	2,825,123	1,332,465	158,239	184,762
Bank & Other Borrowings	(4,694,070)	(2,964,091)	(2,056,663)	(2,418,026)
	(786,748)	(459,355)	(979,102)	(1,576,364)

STATEMENT OF CHANGES IN EQUITY

Consolidated	Share Capital	Capital Reserve	Capital Reserve on Script Issue	General Reserve	Exchange Fluctuation Reserve	Retained Earnings	Total
Rs.'000s							
Balance as at 1st April 2004	300,000	377,519	-	4,111,291	21,143	985,637	5,795,590
Exchange Fluctuation Reserve-Associate		-	-	-	8,722	-	8,722
Adjustments Due to Holding Changes in Associate		(1,634)	-	(141)	-	(6,019)	(7,794)
Share option Scheme - Associate		-	-	41	-	-	41
Surplus on Revaluation - Associate		899	-	-	-	-	899
Dividend Paid		-	-	-	-	(150,000)	(150,000)
Net Profit for the Period		-	-	-	-	1,595,941	1,595,941
Transfer from Life Fund - SLICL		-	-	-	-	164,645	164,645
Transfers		496,082	-	1,100,000	-	(1,100,000)	496,082
Balance as at 31March 2005	300,000	872,866	-	5,211,191	29,865	1,490,204	7,904,126
Balance as at 1st April 2005	300,000	872,866	-	5,211,191	29,865	1,490,204	7,904,126
Exchange Fluctuation Reserve-Associate		-	-	-	(3,882)	-	(3,882)
Adjustments Due to Holding Changes in Associate		19,472	-	5,305	-	22,455	47,232
Adjustments Due to Holding Changes in Subsidiaries		-	-	-	-	(20,392)	(20,392)
Surplus on Revaluation- Associate		209	-	-	-	-	209
Net Profit for the Period		-	-	-	-	2,896,065	2,896,065
Transfer from Life Fund - SLICL		-	-	-	-	196,278	196,278
Transfers		(496,082)	1,095,539	2,124,660	-	(2,709,665)	14,452
Dividend Paid						(150,000)	(150,000)
Balance as at 31st March 2006	300,000	396,465	1,095,539	7,341,156	25,983	1,724,945	10,884,088
Balance as at 1st April 2006	300,000	396,465	1,095,539	7,341,156	25,983	1,724,945	10,884,088
Exchange Fluctuation Reserve - Associate					15,779		15,779
Impact of adoption of revised Accounting - - Standards by Associates					(8,684)		(8,684)
Adjustments Due to Holding Changes in Subsidiaries		(1,569)				(3,310)	(4,879)
Adjustments Due to Holding Changes in Associate					(1,560)		(1,560)
Dividene Paid						(180,000)	(180,000)
Net Profit for the Period						2,704,843	2,704,843
Balance as at 31st December 2006	300,000	394,896	1,095,539	7,341,156	31,518	4,246,478	13,409,587

NOTES TO THE FINANCIAL STATEMENTS

1. The Financial Statements of the company and those consolidated with such for the interim period have been prepared on the same basis as the most recent audited Financial Statements. Interim Financial Statements prepared in compliance with Sri Lanka Accounting Standards.
2. There has been no other events subsequent to the interim report period which require disclosure in the provisional Financial Statements.
3. Non Financial Information

		31/12/2006	31/12/2005
Net Assets Value per Share	- Group(Rs.)	44.70	32.01
	- Company(Rs.)	28.81	22.72
Market Price per Share	- Last traded (Rs.)	90.50	35.00
Market Price per Share	- Highest (Rs.)	97.50	54.25
Market Price per Share	- Lowest (Rs.)	51.50	32.25