

PROSPECTUS

Non Voting Ordinary Shares

of

CEYLINCO INSURANCE PLC

Managers to the Offering



SMB-Kenanga Investment Corporation Limited
Landmark Building
385, Galle Road
Colombo - 03

This Prospectus has been prepared by SMB-Kenanga Investment Corporation Limited on behalf of Ceylinco Insurance PLC from information supplied by the Directors of Ceylinco Insurance PLC and/or which is publicly available. The Directors of Ceylinco Insurance PLC having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respects and that there are no other material facts, the omission of which, would make any statement herein misleading. While SMB-Kenanga Investment Corporation Limited has taken reasonable care to ensure full and fair disclosure, it does not assume responsibility for any investment decision made by investors based on information contained herein. In making investment decisions prospective investors must rely on their own examination and assessments of Ceylinco Insurance PLC and the terms of the Offer, including the risks involved.

No person is authorised to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as has been authorised by SMB-Kenanga Investment Corporation Limited.

This Prospectus has not been registered with any Authority outside Sri Lanka.

This Issue as contemplated in this Prospectus is made in Sri Lanka and is subject to the exclusive jurisdiction of the Sri Lankan courts.

The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in the Prospectus. However, the CSE assumes no responsibility for the accuracy of the statements made, opinions expressed or reports included in the Prospectus. Moreover, the CSE does not regulate the pricing of shares, which is decided solely by the Issuer.

If you need any advice regarding the contents of this document, please consult your Stock Broker, Bank Manager, Lawyer or other Professional Advisor.

CEYLINCO INSURANCE PLC

A quoted public Company with limited liability, incorporated in Sri Lanka in 1987. Licensed as a Company authorized to carry out insurance business, under the Control of Insurance Act no.25 of 1962 as amended by Act no.42 of 1986 (presently replaced by Regulation of Insurance Industry Act No. 43 of 2000)

Offer for Subscription 8,500,000 Non Voting Ordinary Shares @ LKR 175/- per Share

Listed on the Main Board of the Colombo Stock Exchange

Managers to the Offering



SMB-Kenanga Investment Corporation Limited
Landmark Building
385, Galle Road
Colombo - 03

REGISTRATION OF THE PROSPECTUS

A copy of this Prospectus dated June 4, 2008 has been delivered to the Registrar of Companies for registration in compliance with the provisions of section 40 (1) of the Companies Act No. 7 of 2007 and lodged with the Colombo Stock Exchange prior to its distribution.

Following are the documents attached to the copy of the Prospectus delivered to the Registrar of Companies:

- The written consent of the Bankers to the Issue
 - The written consent of the Lawyers to the Issue
 - The written consent of the Auditors/Reporting Accountants to the Company
- a. In terms of Section 39 (1) of the Companies Act, the Bankers to the Issue Seylan Bank PLC has given, and has not before the delivery of a copy of the Prospectus for registration with the Registrar of Companies, withdrawn their written consent to the inclusion in the Prospectus their name as Bankers to the Issue.
 - b. In terms of Section 39 (2) of the Companies Act the Lawyers to the Company Ms. M. Sabaratnam, Attorney – at- Law and Notary Public has given, and has not before the delivery of a copy of the Prospectus for registration with the Registrar of Companies, withdrawn their written consent to the inclusion in the Prospectus her name as Lawyer to the Issue.
 - c. In terms of Section 39 (3) of the Companies Act the Auditors to the Company and Reporting Accountants to the issue M/s KPMG Ford, Rhodes, Thornton & Co. (Chartered Accountants) has given, and has not before the delivery of a copy of the Prospectus for registration with the Registrar of Companies, withdrawn their written consent to the inclusion in the Prospectus their name as Auditors to the Company and to the inclusion of their Report in this Prospectus in the form and context in which it is included.
 - d. The written consent of the Registrars to the Issue, M/s. International Consultancy and Corporate Services (Private) Limited for the inclusion of their name in this Prospectus as Registrar to the Issue, which consent has not been withdrawn prior to the issue date of this Prospectus.
 - e. The written consent of the Managers to the Issue, SMB-Kenanga Investment Corporation Limited, for the inclusion of their name in this Prospectus, which consent has not been withdrawn prior to the issue date of this Prospectus.

UNFORESEEN CHANGES

Neither the delivery of this Prospectus or any sale made of Non Voting Ordinary Shares shall, under any circumstances create an implication that there has not been any changes in the facts set forth in this Prospectus or in the affairs of Ceylinco Insurance PLC since the date of this Prospectus.

Further, the delivery of this Prospectus shall not under any circumstances, constitute a representation or create any implication or suggestion that there has been no material change in the affairs of Ceylinco Insurance PLC which require disclosure to the CSE, since the date of this Prospectus.

Managers to the Issue

SMB-Kenanga Investment Corporation Limited
Landmark Building
No. 385, Galle Road
Colombo - 3
Telephone : 5514328 / 5557358

Registrars to the Issue

International Consultancy and Corporate Services (Private) Limited
160, Baudhaloka Mawatha
Colombo - 4
Telephone : 4542396/2505319
During the Issue period: 4851585

Lawyers to the Issue

Ms. M. Sabaratnam
Attorney-at-Law and Notary Public
No. 55, R.A. De Mel Mawatha
Colombo - 4
Telephone : 2597613

Bankers to the Issue

Seylan Bank PLC
Ceylinco House Branch
No. 69, Janadhipathi Mawatha
Colombo - 1
Telephone : 2445840

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1. ABBREVIATIONS USED IN THE PROSPECTUS

| | | |
|------------------|---|-------------------------------------------------|
| ASPI | : | All Share Price Index |
| Bn | : | Billion |
| CBSL | : | Central Bank of Sri Lanka |
| SMB-K | : | SMB-Kenanga Investment Corporation Limited |
| CDS | : | Central Depository Systems (Pvt) Limited |
| CI PLC | : | Ceylinco Insurance PLC |
| CSE | : | Colombo Stock Exchange |
| FY | : | Financial Year |
| IBSL | : | Insurance Board of Sri Lanka |
| IPO | : | Initial Public Offering |
| LKR or Rs | : | Sri Lankan Rupees |
| USD | : | United States/American Dollars |
| Mn | : | Million |
| MPI | : | Milanka Price Index |
| NIC | : | National Identity Card |
| NVOS | : | Non Voting Ordinary Share |
| POA | : | Power Of Attorney |
| SEC | : | Securities and Exchange Commission of Sri Lanka |
| SIERA | : | Share Investment External Rupee Account |
| GDP | : | Gross Domestic Product |

2. DEFINITIONS OF THE TERMS USED IN THIS PROSPECTUS

In this prospectus the following DEFINITIONS and TERMS apply throughout where the context is abbreviated.

| | | |
|----------------------------------------|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Prospectus | : | Prospectus dated June 4, 2008 issued by Ceylinco Insurance PLC |
| Application/ Application Form | : | The Official Application Form and / or exact photocopies of the Official Application Form which forms a part and parcel of this Prospectus and on which the investors must apply for the Non Voting Ordinary Shares |
| Company / Ceylinco Insurance | : | Ceylinco Insurance PLC |
| Ceylinco General | : | Ceylinco Insurance – General Division |
| Ceylinco Life | : | Ceylinco Insurance – Life Division |
| Act | : | Insurance Act No.25 of 1962 as amended by Act No.42 of 1986 (presently replaced by Regulation of Insurance Industry Act No. 43 of 2000) |
| The Board / Board of Directors | : | The Directors for the time being of Ceylinco Insurance PLC, unless otherwise stated |
| Foreign Nationals | : | Foreign nationals resident within or outside of Sri Lanka, and entities incorporated outside Sri Lanka are eligible for participation in the offering |
| Government / GOSL | : | Government of the Democratic Socialist Republic of Sri Lanka |
| Issue/ Offering | : | Invitation for the purchase of 8,500,000 Non Voting Ordinary Shares in Ceylinco Insurance PLC each to be issued at LKR 175/- as envisaged in this Prospectus |
| Issuer | : | Ceylinco Insurance PLC |
| Issue/Offer price | : | LKR 175/- per Non Voting Ordinary Share |
| Issued Shares | : | Non Voting Ordinary Shares of Ceylinco Insurance PLC which will rank <i>pari passu</i> with the existing Ordinary shares with the exception of the Voting Rights |
| Market Day | : | Any day on which the Colombo Stock Exchange is open for trading |
| Non Voting Ordinary Share(s)/Shares | : | Non Voting Ordinary Share(s) of CI PLC |

3. PROCEDURE AND GUIDELINES FOR APPLICATION

Procedure and Guidelines for Ordinary Voting Shareholders as at end of trading on the Date of Entitlement

1. Ordinary Voting Shareholders as at end of trading on the Date of Entitlement (Existing Ordinary Voting Shareholders) can accept the Non Voting Ordinary Shares provisionally allotted to them or even a lesser number of shares by completing Form A : Letter of Acceptance & Registration (attached to the Letter of Provisional Allotment) only and return this Provisional Letter of Allotment in its entirety together with the Cheque/Bank Draft or Bank Guarantee to reach **International Consultancy and Corporate Services (private) Ltd, Registrars to the Issue,C/o Ceylinco Insurance PLC-General Division ,7th Floor,"Ceylinco House",No 69,Janadhipathi Mw, Colombo 01** at least by 4.30 p.m. on the succeeding market day immediately after the closure of the Subscription List. Any Provisional Letter of Allotment received after the said duration will be rejected even though they carry a postmark dated prior to the closing date. **Care must be taken to follow the instructions on the Provisional Letter of Allotment.**

The number of Non Voting Ordinary Shares provisionally allotted to the Existing Ordinary Voting Shareholders will be Four Hundred and Twenty Five Non Voting Ordinary Shares for every Thousand Ordinary Voting Shares held (425 for 1000) as at end of trading on the Date of Entitlement. Any fractions arising from such calculations will be rounded down to the nearest integer.

2. Existing Ordinary Voting Shareholders should indicate whether the Share Certificate should be mailed to them or whether the Non Voting Ordinary Shares should be directly deposited to their CDS accounts. If the shares are to be directly deposited to the CDS account, enter the CDS account number in the space provided in Form A: Letter of Acceptance & Registration. Shares will then be directly deposited in the CDS accounts before the expiry of twenty (20) market days, from the date of closure of the Subscription List.

A written confirmation of the allocation will be sent within two (2) market days of crediting the CDS accounts by ordinary post to the address provided by each Existing Ordinary Voting Shareholder in Form A: Letter of Acceptance & Registration and trading of shares will commence on or before the third (3) market day upon receipt of the 'Declaration' by the Exchange.

Share Certificates will be dispatched to the other Existing Ordinary Voting Shareholders, who wish to receive their Share Certificates by registered post to the address provided in Form A: Letter of Acceptance & Registration, before the expiry of twenty five (25) market days, from the date of closure of the Subscription List.

The Non Voting Ordinary Shares may be listed upon the completion of the CDS uploads and prior to dispatch of Share Certificates. Therefore investors who wish to trade their shares in the secondary market on the first day trading commences, are advised to request for a direct upload of shares to their CDS accounts by stating the CDS account number when applying for shares. In the event that the CDS account number is not stated in the application form, the Share Certificate dispatched by post may not be received by the investor before CI PLC's Non Voting Ordinary Shares commence trading on the CSE.

A. Remittance

1. The remittance should be made in full only by way of Cheque/ Bank Draft or Bank Guarantee.

2. Cheques or Bank Drafts should be drawn upon any Commercial Bank in Sri Lanka and crossed **“Account Payee Only”** and made payable to **“CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE”**.
3. The Bank Guarantees should be in a manner acceptable to the Company and should be issued in favour of **“Ceylinco Insurance PLC – Non Voting Ordinary Share Issue”** and payable on demand.
4. The Existing Ordinary Voting Shareholders residing in outstation areas from which Cheque clearance may take over two (2) days are advised to pay via Bank Drafts to avoid delays.
5. The Existing Non Resident Ordinary Voting Shareholders should make their payments in one of the following ways.
 - I. Existing Non Resident Ordinary Voting Shareholders shall invest through a Share Investment External Rupee Account (SIERA) maintained with any Commercial Bank in Sri Lanka. He may use a custodian bank as an intermediary when investing in Sri Lankan securities market. The intermediary may open the SIERA on the investor's behalf. In conjunction with the SIERA an account must be opened with the CDS. Payment for shares should be made through Bank Drafts purchased out of funds in the SIERA and made payable to **“CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE”**.
 - II. Inward remittances of foreign currency may be held in a Foreign Currency Banking Unit (FCBU) Account of the Existing Non Resident Ordinary Voting Shareholder, in which case he should forward his Provisional Letter of Allotment supported by a Bank Guarantee in lieu of a Draft or Cheque pending allotment of Non Voting Ordinary Shares. Upon allotment of shares, foreign currency to the extent of the rupee equivalent value of the shares allotted should be credited to a SIERA opened in favour of the Existing Non Resident Ordinary Voting Shareholder. This procedure would protect an Existing Non Resident Ordinary Voting Shareholder from any losses accruing due to fluctuating exchange rates.

Remittance should be made in conformity with requisite declarations accompanied by the documentation stipulated by the Controller of Exchange.
 - III. Existing Non Resident Ordinary Voting Shareholders can issue Bank Guarantees provided that the Bank Guarantee is drawn against either FCBU or SIERA maintained with any Commercial Bank operating in Sri Lanka. An endorsement to such effect by the Commercial Bank would be required on the face of the Bank Guarantee.
6. All Cheques/Bank Drafts/ Bank Guarantees received in respect of the Provisional Letter of Allotment will be banked daily. The Company undertakes to pay the Existing Ordinary Voting Shareholders interest at 1 percentage point above the one year weighted average Treasury Bill yield of the immediately preceding week on payments received from the date of realisation of the cheque up to the date of allotment of the securities.
7. In the case of Companies/Incorporated Bodies the Common Seal shall be placed and duly attested as per the Articles of Association/Statute.

B. Rejection of Applications

1. Provisional Letter of Allotment, along with the remittance which are incomplete in any way and/or are not in accordance with the terms and conditions and instructions set out in the same (Provisional Letter of Allotment) will be rejected at the absolute discretion of CI PLC.

2. Provisional Letters of Allotment delivered by hand after the Subscription List is closed will be rejected. Provisional Letters of Allotment received to the Registrar, by post after 4.30 p.m. on the succeeding market day immediately following the date of closure of the Subscription List, will also be rejected even if they carry a post mark dated prior to the closing date of Subscription List.
3. All correspondence in this regard should be addressed to **“International Consultancy and Corporate Services (Private) Limited, Registrars to the Issue, C/o Ceylinco Insurance PLC – General Division, 7th Floor, “Ceylinco House”, No 69, Janadhipathi Mawatha, Colombo 01(Telephone: 0114851585)”** and the top left hand corner of the envelope marked **“CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE”**.

C. Additional Non Voting Ordinary Shares

1. If the Existing Ordinary Voting Shareholders wish to request for additional Non Voting Ordinary Shares, they should complete Form B: Application for Additional Non Voting Ordinary Shares (attached to the Provisional Letter of Allotment) only and return same together with **a separate Cheque/Bank Draft/Bank Guarantee** for the Additional Shares to reach **International Consultancy and Corporate Services (private) Ltd, Registrars to the Issue,C/o Ceylinco Insurance PLC-General Division ,7th Floor,“Ceylinco House”,No 69,Janadhipathi Mw, Colombo 01** at least by 4.30 p.m. on the succeeding market day immediately after the closure of the Subscription List. Any applications received after the said duration will be rejected even though they carry a postmark dated prior to the closing date. It should be indicated whether the Share Certificate should be mailed or whether the shares should be deposited to the CDS account. If the shares are to be directly deposited in the CDS, CDS account number must be entered in the space provided in Form B: Application for Additional Non Voting Ordinary Shares. The additional Non Voting Ordinary Shares allotted will then be deposited in the CDS accounts before the expiry of twenty (20) market days, from the date of closure of the Subscription List.

A written confirmation of the allocation will be sent within two (2) market days of crediting the CDS accounts by ordinary post to the address provided by each Existing Ordinary Voting Shareholder in Form B: Form of Application for Additional Non Voting Ordinary Shares.

Share Certificates will be dispatched to the other Existing Ordinary Voting Shareholders, who wish to receive their Share Certificates by registered post to the address provided in Form B: Form of Application for Additional Non Voting Ordinary Shares, before the expiry of twenty five (25) market days, from the date of closure of the Subscription List.

2. The Remittance should be made in full only by way of Cheque, Bank Draft or Bank Guarantee. Cheques or Bank Drafts should be drawn upon any Commercial Bank in Sri Lanka and crossed **“Account Payee Only”** and made payable to **“CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE”**. The Bank Guarantees should be in a manner acceptable to the Company and should be issued in favour of **“CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE”** and payable on demand.

The Existing Ordinary Voting Shareholders residing in outstation areas from which Cheque clearance may take over two (2) days are advised to pay via Bank Drafts to avoid delays.

The Existing Non Resident Ordinary Voting Shareholders should make their payments in one of the following ways.

- I. Existing Non Resident Ordinary Voting Shareholders shall invest through a Share Investment External Rupee Account (SIERA) maintained with any Commercial Bank in Sri Lanka. He may use a custodian bank as an intermediary when investing in Sri Lankan securities market. The intermediary may open the SIERA on the investor's behalf. In conjunction with the SIERA an account must be opened with the CDS. Payment for shares should be made through Bank Drafts purchased out of funds in the SIERA and made payable to **"CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE"**.
- II. Inward remittances of foreign currency may be held in a Foreign Currency Banking Unit (FCBU) Account of the Existing Non Resident Ordinary Voting Shareholder, in which case they should forward their Provisional Letter of Allotment supported by a Bank Guarantee in lieu of a Draft or Cheque pending allotment of Non Voting Ordinary Shares. Upon allotment of shares, foreign currency to the extent of the rupee equivalent value of the shares allotted should be credited to a SIERA opened in favour of the Existing Non Resident Ordinary Voting Shareholder. This procedure would protect an Existing Non Resident Ordinary Voting Shareholder from any losses accruing due to fluctuating exchange rates.

Remittance should be made in conformity with requisite declarations accompanied by the documentation stipulated by the Controller of Exchange.

- III. Existing Non Resident Ordinary Voting Shareholders can issue Bank Guarantees provided that the Bank Guarantee is drawn against either FCBU or SIERA maintained with any Commercial Bank operating in Sri Lanka. An endorsement to such effect by the Commercial Bank would be required on the face of the Bank Guarantee.
3. Refund cheques (if any) on Form B: Applications for Additional Non Voting Ordinary Shares will be dispatched to the respective Existing Ordinary Voting Shareholders before the expiry of twelve (12) market days excluding the date of closure of the issue. Applicants would be entitled to receive 1 percentage point above the one year weighted average Treasury Bill yield of the immediately preceding week on any refunds not made within this period. If the primary auction is not held on the immediately preceding week, the last auction rate will apply.

Requests for crossing cancellation on the refund cheque, in instances where the applicant does not maintain a Current A/c, should be addressed to the Registrars to the Issue in writing, stating the cheque number and the fact that the applicant does not maintain a Current A/c. A clear copy of the applicant's NIC and the refund cheque should accompany the letter.
 4. Where a Form B: Application for Additional Non Voting Ordinary Shares is signed under a Power of Attorney, a copy certified by a Notary Public must be lodged with the Managers/Registrars to the issue along with the application.
 5. In the case of Companies/Incorporated Bodies the Common Seal shall be placed and duly attested as per the Articles of Association/Statute.
 6. Form B: Application for Additional Non Voting Ordinary Shares accompanying remittances, which are not in accordance with these instructions, will be rejected.
 7. The application for additional shares should be directly made to the Company through the Registrars to the Issue **International Consultancy and Corporate Services (private) Ltd, C/o Ceylinco Insurance PLC-General Division, 7th Floor, "Ceylinco House",**

No 69, Janadhipathi Mw, Colombo 01. The Central Depository System (Pvt) Ltd will not accept/handle any applications for additional shares.

8. All Cheques/Bank Drafts/ Bank Guarantees received in respect of Form B: Application for Additional Non Voting Ordinary Shares will be banked daily. The Company undertakes to pay the Existing Ordinary Voting Shareholders interest at 1 percentage point above the one year weighted average Treasury Bill yield of the immediately preceding week on payments received from the date of realisation of the Cheque up to the date of allotment of the securities.
9. All correspondence in this regard should be addressed to **“International Consultancy and Corporate Services (Private) Limited, Registrars to the Issue, C/o Ceylinco Insurance PLC – General Division, 7th Floor, “Ceylinco House”, No 69, Janadhipathi Mawatha, Colombo 01 (Telephone: 0114851585)”** and the top left hand corner of the envelope marked **“CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE”**.

D. Basis of Allotment

The Directors shall make a priority allotment to the Existing Ordinary Voting Shareholders who have applied for shares to the extent of, initially their relative percentage holding in the Ordinary Voting Share Capital of the Company and thereafter, for any shares which they may have applied for in excess of their relative percentage referred above.

After the completion of the above process of allotment to the Existing Voting Ordinary Shareholders, if there is any un-allotted Non Voting Ordinary Shares, those will be allotted among the public.

Subject to the above mentioned basis, the basis of allotment to the public of any unallotted Non Voting Ordinary Shares will be decided by the Board of Directors in consultation with the CSE.

Procedure and Guidelines for Public

1. Applications must be made on the Application Form, which accompanies and constitutes a part of this Prospectus.
2. Applications are permitted on exact size photocopies of the Application Form issued with the Prospectus. Applicants using photocopies are requested to inspect the Prospectus, which is available for inspection and also issued free of charge from the member firms including trading members of the CSE and Ceylinco Insurance PLC branches listed under Annexure 1 and Annexure 2 respectively. **Care must be taken to follow the instructions on the reverse of the Application Form. Applications, which do not strictly conform, to such instructions and other conditions set out below or which are illegible, may be rejected.**
3. Applications should be made for a minimum of one hundred (100) Non Voting Ordinary Shares or multiples thereof. Applications for less than one hundred (100) Non Voting Ordinary Shares or for a number, which is not in multiples of one hundred (100) will be rejected.
4. An Application by a corporate body registered/incorporated, established in Sri Lanka should bear the Corporate Seal, which should be affixed and attested as required by the Articles of Association of such applicant or statutes governing such incorporation. In the case of approved provident funds, approved contributory pension schemes the application should be

- in the name of the trustee/board of management in order to facilitate the opening of the CDS account.
5. An applicant of a joint application will not be eligible to send a separate application either individually or jointly. Only one application should be made for the benefit of any person or any eligible applicant as mentioned under **"Eligible Applicants", appearing under information concerning the offer.**
 6. Joint applicants should note that all parties should either be residents of Sri Lanka or Non residents.
 7. CI PLC reserves the right to reject all identified multiple applications or suspected multiple applications.
 8. Applications received from individuals under the age of 18 years, or in the names of sole proprietorships, partnerships, unincorporated trusts or non-corporate bodies will also not be accepted.
 9. The Application Form may be signed by someone on behalf of the applicant(s) provided that such person holds the POA of the applicant(s). A copy of the said POA **certified by a Notary Public** should accompany such application and should be registered with the Registrars to the Offering along with the Application Form. **Please do not attach the original POA.**
 10. If the applicant wishes to lodge the Non Voting Ordinary Shares allotted directly to his/her account maintained with the Central Depository Systems (Pvt) Limited (CDS), he/she should state his/her CDS account number in the space provided in the Application Form. In such a situation the Shares allotted to him/her will be directly deposited in his/her CDS account and CI PLC will not issue a Share Certificate. Direct lodgement with CDS will be notified by posting Letters of Direct Lodgement. Application forms stating third party CDS Account numbers instead of their own CDS account numbers, except in the case of margin trading, will be rejected.
 11. It is further suggested that the applicant should lodge the Non Voting Ordinary Shares allotted to him/her directly to his/her CDS account if he/she wants to be certain of trading his/her Non Voting Ordinary Shares from the date trading commences.
 12. Applicants who wish to apply through their Margin Trading Account, should submit the application in the name of the "Margin provider/Applicants name", signed by the margin provider. If requesting a direct upload of Shares to the CDS Margin Trading A/c the margin provider should indicate the relevant CDS A/c number relating to the Margin Trading A/c in the space provided in the Share Application Form.
 13. A copy of the Margin Trading agreement must be submitted along with the application.
 14. A Margin provider can apply under its own name and such application will not be construed as a multiple application.
 15. In the case of corporate applicants, the Application Form should be executed either under the Common Seal of the Company or in any other manner as provided by the constitutional documents of such applicant.
 16. A Sri Lankan citizen must state his/her National Identity Card (NIC) number in the Application Form. In the case of corporate entities the Company Registration Number must be given. A foreign citizen must state his/her Passport Number in the space provided. A Sri Lankan can state the Passport Number only when the NIC number is not available provided that such applicant lodges his/her Shares directly with the CDS account. **Any application form**

which does not state the NIC, passport or Company registration number as the case may be, will be rejected.

17. The Application Form properly filled in accordance with the instructions thereof, together with the remittance (Cheque/ Bank Draft or Bank Guarantee only) for the full amount payable on application should be enclosed in a sealed envelope marked "**CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE**" and be addressed and dispatched by post or delivered by hand to the "**Registrars to the Offering**" at the following address.

International Consultancy and Corporate Services (Private) Limited
C/o Ceylinco Insurance PLC – General Division
7th Floor, "Ceylinco House", No 69,
Janadhipathi Mawatha, Colombo 01

Telephone: 0114851585

18. Applications could also be handed over to any member firm of the Colombo Stock Exchange as stated under **Annexure 1** and branches of CI PLC set out in **Annexure 2**.
19. Applications sent by post should reach the office of the Registrars to the Offering at least by 4.30 p.m. on the succeeding market day immediately after the closure of the Subscription List. Any applications received after the said duration will be rejected even though they carry a postmark dated prior to the closing date.

A. Mode of Payment

1. Payment should be made separately in respect of each application only by way of Cheque, Bank Draft or Bank Guarantee.
2. Each Application Form should be accompanied by no more than one Cheque or Bank Draft or Bank Guarantee. Applications with two or more Cheques/Bank Drafts or Bank Guarantees will be rejected. Application Forms accompanied by cash will not be accepted.
3. Cheques or Bank Drafts should be drawn upon any Commercial Bank in Sri Lanka and crossed "**Account Payee Only**" and made payable to "**CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE**". The Bank Guarantees should be in a manner acceptable to the Company and should be issued in favour of "**CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE**" and payable on demand.
4. The amount payable should be calculated by multiplying the number of Non Voting Ordinary Shares applied for times the price per share of LKR 175/- each. If there is discrepancy in the amount payable and the amount specified in the Cheque/Bank Draft, the application will be rejected.
5. Investors residing in outstation areas from which cheque clearance may take over two (2) days are advised to pay via Bank Drafts to avoid delays.
6. In the event that Cheques are not realised prior to the date of deciding the basis of allotment, the monies will be refunded and no allotment of Non Voting Ordinary Shares will be made. A Cheque must be honoured on the first presentation, for the application to be valid. Applications which are supported by cheques which are not honoured will be rejected.
7. All Cheques/Bank Drafts/ Bank Guarantees received in respect of applications will be banked daily. The Company undertakes to pay the investor interest at 1 percentage point above the one year weighted average Treasury Bill yield of the immediately preceding week on payments received from the date of realisation of the cheque up to the date of allotment of the securities.

B. Foreign Currency Remittances

This section is applicable to the citizens of Sri Lanka above 18 years of age resident overseas, corporate bodies registered, incorporated or established outside Sri Lanka, foreign citizens, approved global/regional/country funds incorporated, registered and established outside Sri Lanka.

Such applicants should make their payments in one of the following ways:

- I. Foreign Investors shall invest through a Share Investment External Rupee Account (SIERA) maintained with any Commercial Bank in Sri Lanka. A foreign investor may use a custodian bank as an intermediary when investing in Sri Lankan securities market. The intermediary may open the SIERA on the investor's behalf. In conjunction with the SIERA an account must be opened with the CDS. Payment for shares should be made through Bank Drafts purchased out of funds in the SIERA and made payable to **"CEYLINCO INSURANCE PLC – NON VOTING ORDINARY SHARE ISSUE"**.
- II. Inward remittances of foreign currency may be held in a Foreign Currency Banking Unit (FCBU) Account of the applicant, in which case they should forward their applications supported by a Bank Guarantee in lieu of a Draft or Cheque pending allotment of Non Voting Ordinary Shares. Upon allotment of shares, foreign currency to the extent of the rupee equivalent value of the shares allotted should be credited to a SIERA opened in favour of the applicant. This procedure would protect a prospective investor from any losses accruing due to fluctuating exchange rates.

Applications should be made in conformity with requisite declarations accompanied by the documentation stipulated by the Controller of Exchange.

- III. Foreign Investors and non resident Sri Lankans can issue Bank Guarantees provided that the Bank Guarantee is drawn against either FCBU or SIERA maintained with any Commercial Bank operating in Sri Lanka. An endorsement to such effect by the Commercial Bank would be required on the face of the Bank Guarantee.

C. Rejection of Applications

1. Application Forms, along with the remittance which are incomplete in any way and/or are not in accordance with the terms and conditions and instructions, set out in this Prospectus will be rejected at the absolute discretion of CI PLC.
2. Applications delivered by hand after the Subscription List is closed will be rejected. Applications received to the Registrar, by post after 4.30 p.m. on the succeeding market day immediately following the date of closure of the Subscription List, will also be rejected even if they carry a post mark dated prior to the closing date of Subscription List.
3. **CI PLC reserves the right to reject all identified multiple applications or suspected multiple applications.**
4. **The Directors of CI PLC reserves the right to refuse any application in total or to accept any application in part only.**

D. Refunds

1. Where an application is not accepted subsequent to the Cheque being realised, the applicant's money in full or where an application is accepted only in part, the balance of the application money will be refunded. All refunds will be made by Crossed Cheques and sent by post at the risk of the applicant. In the case of joint applications, the Cheques will be drawn

in favour of the applicant's name appearing first in the application form. Refunds on shares, which have not been allotted or rejected either in full or part, would be posted before the expiry of twelve (12) market days excluding the date of closure of the issue. Applicants would be entitled to receive 1 percentage point above the one year weighted average Treasury Bill yield of the immediately preceding week on any refunds not made within this period. If the primary auction is not held on the immediately proceeding week, the last auction rate will apply.

2. Requests for crossing cancellation on the refund cheque, in instances where the applicant does not maintain a Current A/c, should be addressed to the Registrars to the Issue in writing, stating the cheque number and the fact that the applicant does not maintain a Current A/c. A clear copy of the applicant's NIC and the refund cheque should accompany the letter.

E. Dispatch of Share Certificates

1. Share Certificates will be dispatched before the expiry of twenty five (25) market days, from the date of closure of the Subscription List by registered post to the address provided by each shareholder in their respective applications. Where requested by a shareholder, the shares allotted will be directly uploaded to the respective CDS account given in the application before the expiry of twenty (20) market days, from the date of closure of the Subscription List.

A written confirmation of the allocation will be sent to the investor within two (02) market days of crediting the CDS accounts by ordinary post to the address provided by each shareholder in their respective applications.

2. CI PLC will submit to the CSE a 'Declaration' within 2 market days of crediting the investor's CDS account and trading of shares will commence on or before the third (03) market day upon receipt of the 'Declaration' by the Exchange.

The Non Voting Ordinary Shares may be listed upon the completion of the CDS uploads and prior to dispatch of Share Certificates. Therefore investors who wish to trade their shares in the secondary market on the first day trading commences, are advised to request for a direct upload of shares to their CDS accounts by stating the CDS account number when applying for shares. In the event that the CDS account number is not stated in the application form, the Share Certificate dispatched by post may not be received by the investor before CI PLC's Non Voting Ordinary Shares commence trading on the CSE.

4. INFORMATION CONCERNING THE OFFER

4.1. Invitation to subscribe

The Board of Directors has resolved (through Resolutions by Circulation on 07th May 2008) to raise Rupees One Billion Four Hundred and Eighty Seven Million Five Hundred Thousand Only (LKR 1,487,500,000/=) by an issuance of 8,500,000 Non Voting Ordinary Shares at an Issue Price of LKR 175/-

Further resolves that in its opinion, the Issue Price of LKR 175/- is fair and reasonable to the Company and to all existing shareholders.

Further resolved that the offer will be to both Existing Voting Ordinary Shareholders (as at the Date of Entitlement, which is defined below) and to the Public, with a priority allotment to the Existing Voting Ordinary Shareholders, with the view of avoiding any dilution of their total percentage holding of the Ordinary Shares, should they apply in the Non Voting Share Issue.

By this Prospectus, Ceylinco Insurance PLC (hereinafter some times referred to as the "The Company", CI PLC) invites applications from the Existing Voting Ordinary Shareholders (as defined in section 4.9 of this Prospectus) and the public to purchase Eight Million Five Hundred Thousand (8,500,000) of its Non Voting Ordinary Shares at an issue price of Sri Lankan Rupees One Hundred and Seventy Five(LKR 175/-) each payable in full as outlined in this Prospectus.

The Directors shall make a priority allotment to the Existing Ordinary Voting Shareholders who have applied for shares to the extent of, initially their relative percentage holding in the Voting Ordinary Share Capital of the Company and thereafter, for any shares which they may have applied for in excess of their relative percentage referred above (please refer Section 4.9 for details).

After the completion of the above process of allotting to the Existing Voting Ordinary Shareholders, if there is any un-allotted Non Voting Ordinary Shares, those will be allotted among the public.

Subject to the above mentioned basis, the basis of allotment to the public of any un-allotted shares will be decided by the Board of Directors in consultation with the Colombo Stock Exchange.

The Non Voting Shares offered by way of this issue, once allotted, will rank *pari passu* with the existing issued Voting Ordinary Shares, with the exception of voting rights and will carry the right to participate in any dividend that may be declared after the allotment of Non Voting Shares (similar dividend per share for both Voting and Non Voting Ordinary Shares) provided however, that in the event of any rights or capitalization of reserves, the holders of Non Voting Ordinary Shares would be entitled only to Non Voting Ordinary shares.

4.2. Objectives of the Offering

- a. To enhance the capital base of the Company to keep in line with the expansion of the business, to achieve higher market share and to enhance the service efficiency. The following specific areas are being envisaged;
 - I. to venture into mass market health care insurance by setting up an island-wide network.
 - II. to increase the distribution network to penetrate further into rural areas with growth potentials.
- b. To broad base the share ownership of the Company.

4.3. Utilization of the proceeds

The proceeds of the issue will be utilised to execute the strategic plans drawn to achieve the objectives of the Offering.

4.4. Underwriting

The Offering is not underwritten. The Company will utilise the IPO proceeds towards meeting the objectives referred above and in the event the offering is not fully subscribed, the Company will resort to other alternatives such as employing internally generated funds, raise debt capital etc.

4.5. Listing

An application has been made to the Colombo Stock Exchange for permission to deal in and for an official listing of Eight Million Five Hundred Thousand (8,500,000) Non Voting Ordinary Shares at an issue price of One Hundred and Seventy Five (LKR175/-) per share. Upon all requirements of the CSE pertaining to the issue of Eight Million Five Hundred Thousand Non Voting Ordinary Shares being satisfied, the CSE will list these shares on the main board of the CSE.

4.6. Subscription List

The Subscription List for the shares will open at 9.00 a.m. on June 20, 2008 and shall remain open for 14 market days until closure at 4.30 p.m. on July 09, 2008.

Applications may be made forthwith and accordingly. Duly completed Applications will be accepted in the manner set out in "**Procedure and Guidelines for Application**".

4.7. Eligible Applicants

Applications are invited for the purchase of Eight Million Five Hundred Thousand (8,500,000) Non Voting Ordinary Shares only from the following categories of applicants:

- ◆ Existing Ordinary Voting Shareholders;
- ◆ Citizens of Sri Lanka who are resident in Sri Lanka and are above 18 years of age;
- ◆ Companies, Corporations or Institutions incorporated or established in Sri Lanka;
- ◆ Citizens of Sri Lanka who are resident outside Sri Lanka and are above 18 years of age;
- ◆ Approved provident funds and approved contributory pension schemes registered/incorporated /established in Sri Lanka;
In the case of approved provident funds and approved contributory pension schemes the applications should be in the name of the Trustee/Board of management in order to facilitate the opening of the CDS account.
- ◆ Approved global/regional/country funds incorporated / registered/established outside Sri Lanka;
- ◆ Corporate bodies incorporated or established outside Sri Lanka;
- ◆ Foreign citizens above 18 years of age;

4.8. Prospectus and Application Forms

Copies of this Prospectus and Application Forms, may be obtained free of charge from the trading member firms of the CSE and CI PLC branches listed under **Annexure 1 and Annexure 2** respectively of this prospectus.

The Ordinary Voting Share holders as at end of trading on the Date of Entitlement will be sent following documents within three (3) market days from the Date of Entitlement.

- A copy of the Prospectus
- Provisional Letter of Allotment of Non Voting Shares setting out the shareholders entitlement
- Application for additional shares
- A Circular to shareholders, clearly setting out the procedure to be followed by the Ordinary Voting Shareholders as at end of trading on the Date of Entitlement, when applying for Non Voting Shares

4.9. Basis of Allotment

The basis of allotment of Non Voting Ordinary Shares would be as follows.

Basis of priority allotment

The applications from **Existing Ordinary Voting Shareholders** will be given priority over other applicants at the time of allotment with a view to avoiding any dilution in the percentage of their shareholding of the Ordinary Voting Shareholders.

Existing Ordinary Voting Shareholders/ Date of Entitlement

The Company will obtain a list of Ordinary Voting Shareholders as at end of trading on the Date of Entitlement and Ordinary Voting Shareholders registered in the CDS and share ledger as at the end of trading on Date of Entitlement are being defined as Existing Ordinary Voting Shareholders.

The Date of Entitlement is June 4, 2008, which was announced to the market on May 23, 2008.

The Directors shall make a priority allotment to the Existing Ordinary Voting Shareholders who have applied for shares to the extent of, initially their relative percentage holding in the Voting Ordinary Share Capital of the Company and thereafter, for any shares which they may have applied for in excess of their relative percentage referred above.

After the completion of the above process of allotment to the Existing Voting Ordinary Shareholders, if there is any un-allotted Non Voting Ordinary Shares, those will be allotted among the public.

Subject to the above mentioned basis, the basis of allotment to the public of any un-allotted shares will be decided by the Board of Directors in consultation with the CSE.

4.10. Banking of the Cheques received

All Cheques/Bank Drafts/ Bank Guarantees received in respect of applications will be banked daily. The Company undertakes to pay the investor interest at 1 percentage point above the one year weighted average Treasury Bill yield of the immediately preceding week on payments received from the date of realisation of the Cheque up to the date of allotment of the securities.

4.11. Transfer of Non Voting Ordinary Shares

The shares shall not be transferable during the period between the date of allotment / allocation of shares and the date of commencement of trading on the CSE.

5. CORPORATE INFORMATION

Registered Office

"Ceylinco House"
No. 69, Janadhipathi Mawatha,
Colombo – 01,
Sri Lanka.
Company Registration Number – PQ 24

Legal Form

A Listed Public Company with limited liability, incorporated in Sri Lanka in 1987. Licensed as a Company authorized to carry on insurance business, under the Control of Insurance Act No. 25 of 1962 as amended by Act No. 42 of 1986 (presently replaced by Regulation of Insurance Industry Act No. 43 of 2000).

Main Place of Business

Life Insurance

"Life Centre"
No. 134, Galle Road,
Colombo – 03, Sri Lanka.
Tel: 2461000
Fax: 2437613
Call Centre : 2461461 (Hot Line)
E-mail: service@ceylife.lk
Website: www.ceylincolife.com

General Insurance

"Ceylinco House"
No. 69, Janadhipathi Mawatha,
Colombo – 01, Sri Lanka.
Tel: 2485757/ 2485757-9/ 4702702
Fax: 4702743
Call Centre : 2393939 (Hot Line)
E mail: ceylincoinsurance@ceylins.lk
Website: www.ceylinco-insurance.com

Auditors

KPMG Ford, Rhodes, Thornton and Co.,
Chartered Accountants,
No. 32A, Sir Mohamed Macan Markar
Mawatha,
Colombo – 03.

Company Secretary

Mrs. T.N. Jasenthuliyana F.C.I.S.(U.K.)

Legal Advisor

Ms. M. Sabaratnam
Attorney-at-Law & N.P.

Stock Exchange Listing

The Ordinary Voting Shares of the Company are listed with the Colombo Stock Exchange.

Consulting Actuaries

Life Insurance

Watson Wyatt Insurance Consulting Pte. Limited
No. 9, Raffles Place,
#17-20/21, Republic Plaza II,
Singapore 048619.

General Insurance

K.A. Pandit
Consultants and Actuaries,
2nd Floor – "Churchgate House",
Veer Nariman Road, Fort, Mumbai
India.

Board of Directors

Deshamanya Dr. J.L.B Kotelawala – Chairman
Lady Dr. S.P.C. Kotelawala
Mr. A.R. Gunawardena
Mr. R. Renganathan
Mr. H.D.K.P. Alwis
Mr. W.C.J. Alwis
Mr. P.D.M. Cooray
Mr. P.A. Jayawardena
Mr. A.D. Jegasothe
Mr. N.D. Nugawela
Mr. T.N.M. Peiris
Mr. E.T.L. Ranasinghe
Mr. S. Ratnadas
Mrs. A.K. Seneviratne
Mr. D.W.P. Upali

Bankers

Seylan Bank PLC
HSBC Limited
Bank of Ceylon
People's Bank
Commercial Bank of Ceylon Limited
Hatton National Bank Limited
Sampath Bank Limited
Nations Trust Bank Limited
Deutsche Bank AG (Custodian Bank)

6. AN OVERVIEW OF INSURANCE INDUSTRY

6.1 Global Insurance Industry – Overview

World insurance industry amounted to USD 3,723 billion in 2006 grew by 5.2% in real terms from 2005. Life insurance has grown faster than general insurance, constituting 59.3% of the industry in 2006.

During the year 2006, Asian insurance giants, Hong Kong, Taiwan and South Korea were upgraded to the “Developed Market” status increasing the global market share of developed countries to 92% from 87% in 2005.

| Year 2006 | Life | Non Life | Total |
|----------------------------------|-------|----------|--------|
| Global Insurance Industry | | | |
| Value, USD Billion | 2,209 | 1,514 | 3,723 |
| Real Growth | 7.7% | 1.5% | 5.2% |
| Contribution | 59.3% | 40.7% | 100.0% |
| Developed Markets | | | |
| Value, USD Billion | 2,033 | 1,357 | 3,390 |
| Real Growth | 6.6% | 0.6% | 4.2% |
| Contribution | 60.0% | 40.0% | 100.0% |
| Emerging Markets | | | |
| Value, USD Billion | 176 | 157 | 333 |
| Real Growth | 21.1% | 10.8% | 16.2% |
| Contribution | 52.9% | 47.1% | 100.0% |

Source: Swiss Reinsurance Company

Life Insurance

Life insurance has posted the highest growth since 2000 mainly driven by the booming stock markets favouring unit-linked products, aging population, shift from public to private pension schemes, favourable regulatory changes and tax incentives.

The emerging markets growth rate has trebled from 2005's rate to 21.1% (real) in 2006 in contrast to the developed market average of 6.6% (real). The Western Europe has accounted for most of the growth expanding by 12% (real), while the Asian region posting only 3.6% (real) underpinned by the strong growth in Indian, Taiwan, China, South Korea and Hong Kong.

The outlook for life insurance remains positive. The growth in developed countries will be underpinned by savings products in particular investment linked products. The other traditional products will grow at a slower rate.

Growing per capita GDP and risk awareness, bancassurance penetration and the young population requiring more life and disability covers are expected to boost the life GWP in emerging markets.

However, the rising inflation is expected to hinder the real growth potential of some countries in the South and East Asian region.

General Insurance

During 2006, general insurance grew marginally by 1.5% in real terms, which is largely attributable to the sluggish growth of 0.6% (real) in developed markets such as Western Europe, North America, Oceania (Australia & New Zealand) and Japan. In contrast, the emerging market's growth was 10.8% (real) largely driven by booming economies, increased trading activity and favorable regulatory moves.

The global growth achieved in 2006 is only a half the ten year average growth of 3.0% (real) witnessing the saturated signs of the developed general insurance markets.

Price competition is expected to bring premium growth to a halt, despite an increase in the underlying exposure. However, the growth of emerging markets and Asian countries which were newly classified as developed markets in 2006 are expected to increase.

6.2 Local Insurance Industry – Overview

The insurance industry is a LKR 43 billion industry by 2006, which has posted an annual average growth of 20.7% over the last five years (2002 – 2006).

Sri Lankan insurance industry accounts for only 1.5% of GDP and 3.3% of all financial sector assets as at the end of 2006 indicating the uncapitalized growth potential in comparison with that of the following regional players.

| Country | Population | GDP | Per Capita | Insurance Penetration | | |
|-----------|------------|-------------|------------|-----------------------|---------|-------|
| | Million | USD Billion | USD | Life | General | Total |
| Sri Lanka | 21 | 28 | 1,340 | 0.6% | 0.9% | 1.5% |
| Taiwan | 23 | 355 | 15,502 | 11.6% | 2.9% | 14.5% |
| Malaysia | 26 | 153 | 5,930 | 3.2% | 0.7% | 3.9% |
| Vietnam | 85 | 61 | 715 | 0.9% | 0.7% | 1.6% |
| India | 1,120 | 901 | 805 | 4.1% | 0.7% | 4.8% |
| China | 1,324 | 2,613 | 1,974 | 1.7% | 1.0% | 2.7% |

Source: Swiss Reinsurance Company

Driven by the growth in automobile, trading and other industrial activities, general insurance has grown tremendously at an annual average of 22.7% over the last five years (2002 – 2006), claiming 60% of the industry GWP. In contrast life has posted only 18% growth, leaving ample potential to be capitalized in years to come.

The industry experiences a high degree of concentration, where top two players,-i.e. Ceylinco Insurance and Sri Lanka Insurance, control 60% market share and top five players together control 89.4%.

Presently there are 16 licensed insurance companies, the profiles of which are as follows.

| Company Name | Business | | CSE Listing | Foreign Affiliaton |
|---------------------------------------|----------|---------|-------------|--------------------|
| | Life | General | | |
| Ceylinco Insurance | ✓ | ✓ | ✓ | – |
| Sri Lanka Insurance | ✓ | ✓ | – | – |
| Eagle Insurance | ✓ | ✓ | ✓ | ✓ |
| Janashakthi (with National Insurance) | ✓ | ✓ | – | – |
| Union Assurance | ✓ | ✓ | ✓ | – |
| HNB Assurance | ✓ | ✓ | ✓ | – |
| Asian Alliance | ✓ | ✓ | ✓ | – |
| ABC Insurance | ✓ | ✓ | – | – |
| Cooperative Insurance | ✓ | ✓ | – | – |
| Sanasa Rakshana | ✓ | ✓ | – | – |
| Hayleys AIG | – | ✓ | – | ✓ |
| Allianz Insurance | – | ✓ | – | ✓ |
| Amana Takaful | ✓ | ✓ | ✓ | ✓ |
| Life Insurance Corp: | ✓ | – | – | ✓ |
| Ceylinco Takaful | – | ✓ | – | – |

Source: Insurance Board of Sri Lanka

Local Industry Statistics & Segmental Analysis

| | 2002 | 2003 | 2004 | 2005 | 2006 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|
| Industry | | | | | |
| Industry Value, LKR Millions | 20,281 | 24,147 | 29,555 | 37,224 | 43,035 |
| Growth | 20.3% | 19.1% | 22.4% | 25.9% | 15.6% |
| As a % of GDP | 1.3% | 1.4% | 1.5% | 1.6% | 1.5% |
| Gross Written Premium | | | | | |
| Life | | | | | |
| Number of Policies, Millions | 1.2 | 1.4 | 1.5 | 1.6 | 1.7 |
| Premium Per Policy, LKR | 7,230 | 7,806 | 8,400 | 9,094 | 9,826 |
| Total Value, LKR Millions | 8,682 | 10,613 | 12,518 | 14,814 | 17,104 |
| Growth | 15.9% | 22.2% | 17.9% | 18.3% | 15.5% |
| General | | | | | |
| Motor | 4,498 | 6,224 | 8,367 | 11,103 | 14,006 |
| Fire | 2,476 | 2,725 | 2,979 | 4,140 | 4,627 |
| Marine | 943 | 957 | 1,173 | 1,358 | 1,555 |
| Miscellaneous | 3,682 | 3,628 | 4,518 | 5,809 | 5,744 |
| Total Value, LKR Millions | 11,599 | 13,534 | 17,037 | 22,410 | 25,931 |
| Growth | 23.8% | 16.7% | 25.9% | 31.5% | 15.7% |
| Composition | | | | | |
| Life | 42.8% | 44.0% | 42.4% | 39.8% | 39.7% |
| General | 57.2% | 56.0% | 57.6% | 60.2% | 60.3% |
| <i>Motor</i> | 22.2% | 25.8% | 28.3% | 29.8% | 32.5% |
| <i>Fire</i> | 12.2% | 11.3% | 10.1% | 11.1% | 10.8% |
| <i>Marine</i> | 4.6% | 4.0% | 4.0% | 3.6% | 3.6% |
| <i>Miscellaneous</i> | 18.2% | 15.0% | 15.3% | 15.6% | 13.3% |

Source: Insurance Board of Sri Lanka

General Insurance

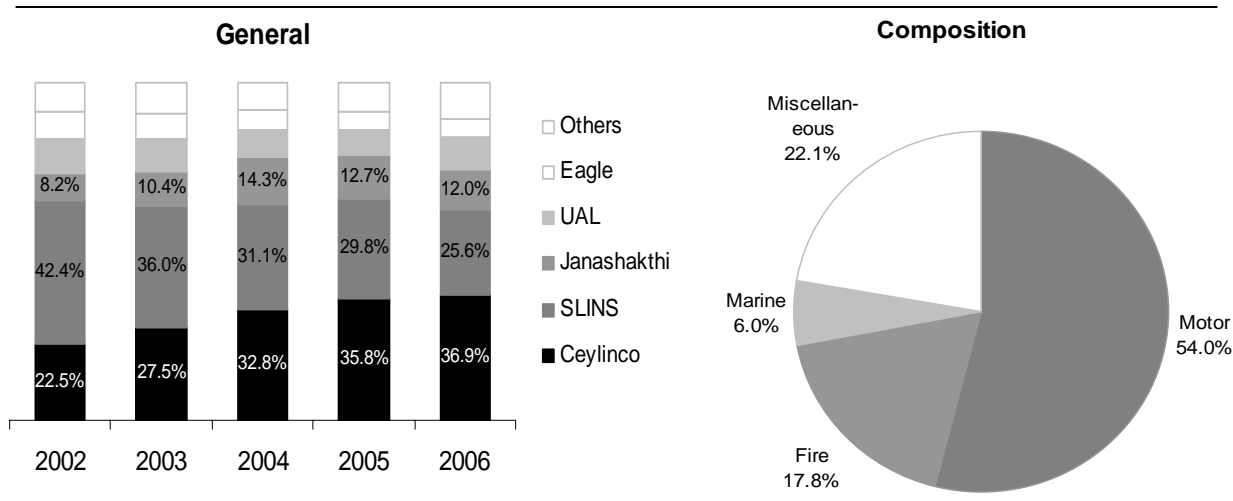
The general insurance sector is worth LKR 25 billion as at the end of 2006 with an annual average growth of 22.7% mainly driven by the rapid growth in the automobile market. Motor insurance presently accounts for 54% of the general insurance GWP and 32.5% of the total insurance GWP in 2006.

Price competition erupted as a result of the innovative moves of the market leadership being cheaply followed by the other industry incumbents, leading to a drop in overall industry profits given its tight oligopolistic nature.

Ceylinco Insurance has been the market leader in this sector since 2004, accounting for a market share of 36.9% in 2006.

General Insurance is a highly concentrated amongst the top three firms, ie; Ceylinco Insurance, Sri Lanka Insurance and Jashakthi, dominating a 74% market share.

Market Share & Composition

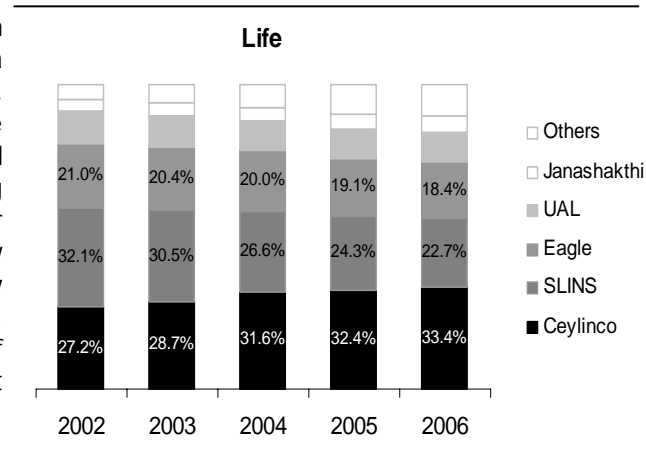


Source: Insurance Board of Sri Lanka

Life Insurance Industry

Life insurance sector has been growing at an annual average growth of 18% to become a LKR 17 billion industry by the end of 2006. The growth of life insurance is hindered by the lack of public awareness on life insurance and deteriorating real income with the on going double digit inflation, resulting in a higher lapse ratio and marginal growth in the new policies acquired. For instance, there are only 111,587 new policies (net) acquired in 2006, which is a 19.6% contraction from that of 2005 and a marked 29.7% drop against that of 2003.

Market Share



Source: Insurance Board of Sri Lanka

However, the favourable movements in socio-economic indicators such as increasing Per Capita GDP, aging population, rapid urbanization and extensive efforts of insurance companies & regulators to educate public can be expected to provide the required boost to life insurance.

In contrast to the global context, the local life insurance sector accounts for only 40% of the industry GWP.

Life insurance is also highly concentrated around the top three insurers, i.e. Ceylinco Insurance, Sri Lanka Insurance and Eagle Insurance, enjoying a 75% market share.

Ceylinco Insurance has been the market leader since 2004 with a market share of 33.4% at the end of 2006.

7. AN OVERVIEW OF CEYLINCO INSURANCE PLC

7.1. Mission

To provide protection and financial security of the highest quality to society, whilst adding to shareholders' wealth and recognizing, rewarding and valuing the dignity of our staff.

7.2. Corporate Goals

To provide an attractive return on investment to the shareholders, whilst retaining adequate funds for growth and to achieve a high degree of stability which would enable us to hold true to our mission in all business conditions.

To be a leading provider of protection and financial security in Sri Lanka and selected international markets.

To develop highly satisfied and motivated employees at all levels, who will contribute effectively and efficiently, towards achieving the overall objectives of the Company.

To contribute to the economic development of Sri Lanka and enhance the quality of life of its people.

7.3. Brief History and Company Profile

The Ceylon Insurance Company was the first Sri Lankan Company registered under the Companies' Ordinance of 1938. The Company commenced business operations on 3rd April 1939. The Company was first located in the C.S. Anthony Building at No.22, Baillie Street, in Fort and was later moved to No.69, Queens' Street (presently Janadhipathi Mawatha) where the "Ceylinco House" was constructed.

The Company commenced insurance underwriting with Motor Insurance with the introduction of the Motor Insurance Ordinance and gradually moved into fire & fidelity insurance as well as life insurance and marine insurance. During this era there were other foreign insurance companies operating in Sri Lanka which were mainly represented by agent offices.

The founder director of the Company was the late Senator Justin Kotelawala, while the first directors of the Company consisted of persons from the business world, medical profession and legal profession. They were:-

Dr. S.C. Paul
Mr. Rosslyn Koch
Mr. C.S. Anthony
Mr. L.B. De Mel
Dr. P. Kulasinghe
Mr. Cyril E.S. Perera

Under the able guidance of the late Senator Justin Kotelawala the Company which was started in 1939 made enormous progress during 25 years since inception. Many branches were established within Sri Lanka and some branches were established in Malaysia, Singapore and India. The Company was elevated to the position of a leading Insurance Company during the early sixties.

However, the insurance industry went through a turbulent period starting from the year 1964. During the year 1961, the government of the day decided to nationalize the insurance industry in stages. In 1962 all life insurance business was taken over by the Insurance Corporation of Sri Lanka which was owned by the Government.

A huge portfolio of life insurance business built by The Ceylon Insurance Company was lost as the Government assumed a monopoly of life insurance business from 1962. Undaunted The Ceylon Insurance Company Ltd, carried on with general insurance business but unfortunately the Government decided to take control of the company's general insurance business as well from the year 1964.

From the year 1964, The Ceylon Insurance Company carried on the business of servicing the existing policies. With time taking its course the company found it tough to keep going any longer and the Board of Directors decided to request the Government to take over the Company in the interest of the many policyholders.

The Government vested the Company in the state and appointed an Administrator to manage the Company and attend to settlement of claims on the maturing life policies. However, the Government did not succeed in this operation and the Company was de-vested from the state control within a short time of 3 to 4 months.

With the economic outlook of the country changing in 1977, The Ceylon Insurance Company was able to find the finances necessary for settling the life claims.

A second Insurance Corporation under the name of National Insurance Corporation came into being in 1980. The new Corporation recruited private sector companies to act as its Principal Agents. The Ceylon Insurance Company Limited was able to obtain a Principal Agency without difficulty with its vast experience in the insurance field prior to nationalisation. Amongst eight Principal Agencies who were appointed, The Ceylon Insurance Company Limited became the leading Principal Agency. However, it had to change its name from The Ceylon Insurance Company Limited to Ceylinco Limited as the other Principal Agents objected to a principal agency operating under the name of an insurance company.

The Government liberalised the insurance industry in 1988 by allowing the private insurance companies to enter the insurance industry once again.

In 1988, the Board of Directors felt very strong about having their own insurance business instead of having the principal agency-ship of National Insurance Corporation and decided to form Ceylinco Insurance Company Limited, which was incorporated under the Companies Act No. 17 of 1982.

Having travelled a long and winding road, today, the Company is the leading insurance service provider of the country and is headed by the visionary leader Deshamanya Dr. J.L.B. Kotelawala and a team of dedicated and highly professional Board of Directors.

Ceylinco Insurance PLC has grown to be the "leading insurance Company" with the largest network of branches and agents in an insurance Company with 222 Branches for General insurance and 126 Life insurance branches located island-wide. This in itself keeps in line with the Company's vision of protecting every Sri Lankan family with insurance. Ceylinco Insurance also has its presence in several foreign territories.

The principal business activities of the Company constitute underwriting all classes of General Insurance, Life Insurance and Pensions Fund Management.

7.4. Company Achievements in the recent past

Year 2008

Brand Finance Plc, the world's leading independent brand valuation & ratings firm has awarded Ceylinco Insurance a brand rating of "AA-" and valued Ceylinco Insurance brand for Rs. 6.7 Billion. Further, the enterprise value of Ceylinco Insurance was valued at Rs. 25 Billion.

Year 2007

The Company was recognised with a second consecutive 'Power of the People' (POP) award for the 'Peoples Insurance Company of the Year', conducted by Sri Lanka Institute of Marketing and AC Neilson.

Brand Finance's (BF) 2006 league of leading Sri Lankan Brands ranks Ceylinco Insurance to be the most valuable brand in the financial sector with a brand value of LKR 6,456 million.

(Brand Finance PLC, founded in London in 1996, and which is now the world's leading independent brand valuation and value – based marketing consultancy, operates in Sri Lanka as Brand Finance Lanka Ltd.)

The Company was rated at an overall ranking of 4th position among 50 listed companies in the CSE.

The Company was awarded an AA-rating for the "Ceylinco Insurance" Brand

Year 2006

"Ceylinco One & Only" emerged as the winner of the coveted award for **"Innovation of the year 2006"** at the 10th Asia Insurance Industry Awards ceremony held in Brunei. Asia Insurance Awards is jointly organised by the Singapore – based Asian Insurance Review and London-based The Review, to honour Asia's finest in the insurance industry. Though "One & Only" received the award for innovation of the year in Asia, it is noteworthy to mention that "One & Only" competed, side by side with other insurance products from Europe, Africa, and the US, represented through their offices in Asia, making it in reality, a global accolade and winning worldwide acceptance for innovative strategies.

Ceylinco Insurance was ranked **14th**, in the Lanka Monthly Digest (LMD) '**LMD 50**'. ranking as at December 2006, thirty one places ahead of the second highest ranked insurance company. The move to 14th rank was up from three places from the previous ranking in the highly regarded 'LMD 50'.

Power Of People Awards - Sri Lankan People truly believe in Ceylinco Insurance

The people of Sri Lanka have acknowledged beyond doubt that Ceylinco Insurance is the Insurance Brand of the year 2006 at the Power of People (POP) awards, conducted by Sri Lanka Institute of Marketing and AC Neilson.

Marine On the Spot - a boom to Importers

On the spot claim settlement strategy was extended to Marine Insurance during the early part of 2006 benefiting a large number of importers in Sri Lanka. With the introduction of Marine on the spot, claims for lost or damaged goods are settled immediately relieving the importers of incurring additional expenses such as demurrage, bank interest and relieving them of incurring other financial burdens.

On line purchase facility from Ceylinco General

Ceylinco General made yet another unique benefit available to the public by offering them the option of obtaining Ceylinco VIP, Travel Classic and Marine insurance on-line. The public could access this feature by logging onto the website www.ceylinco-insurance.com

Year 2005

A year that brought prestige to Sri Lanka and the Company, by winning international and national recognition.

Ceylinco Life created history by its unique achievement in winning Asia's first ever **"Corporate Social Responsibility Award"** for the insurance sector, at the 9th Asia Industry Awards held in Singapore, organised by Asia Insurance Review and The Review.

At the SLIM Brand Excellence awards 2005

Ceylinco Life Corporate Brand was awarded Sri Lanka's **"Brand of the Year"**. Brand of the year award is presented to the brand that scores the highest in the two main award categories – the Product Brand of the Year and Service Brand of the Year.

Ceylinco Life was awarded the Gold Award for **"Service Brand of the Year"**, for the second successive year from among several top brands in sectors such as banking, insurance, telecommunication, entertainment, education, leisure, investment, retailing, real estate, travel and transport.

The Gold Award for **"Local Brand of the Year"** was awarded to Ceylinco Life for the best among home-grown Sri Lankan brands.

The Gold Award for **"Innovative Brand of the Year"** was awarded to Ceylinco General in respect of Ceylinco "VIP on the Spot" motor insurance.

The Silver Award for **"Service Brand of the Year"** was awarded to Ceylinco General.

Year 2004

Ceylinco Life bagged the Gold Award for **"Service Brand of the Year"** at SLIM Brand Excellence awards 2004. Emerging ahead of all "intangible" service brands in fields such as banking, insurance, telecom, entertainment, education, leisure, investment, retailing, real estate, travel, transport, beating local and international brands marketed locally.

The Tsunami and its aftermath

The destruction wrought by the tsunami has made the society at large to identify who the genuine players were in the Industry. Not only did Ceylinco Insurance honour all life and non life claims of affected customers, it went beyond the letter and spirit of the policies to help the victims resume their normal lives by providing financial and several other forms of assistance. All employees and seriously affected family members were also extended possible assistance. CI PLC took a bold decision to pay for all losses which were not covered on ex-gratia basis, whether liable or not, sacrificing Company profits to immediately compensate those affected. It was due to the strength and stability of the Company, a bold decision of this nature was made possible.

Ceylinco Insurance was the first insurance Company to settle such claims responding within five days much to the surprise and praise of trade associations, chambers and individuals in these affected areas, who were able to restore their livelihoods almost immediately.

Year 2003

“VIP On – the- Spot” (vehicle insurance claims settlement) emerged as the winner of the coveted award for “**Innovation of the Year 2003**” at the 7th Asia Insurance Industry Awards ceremony held in Singapore.

7.5. The Valued Employees

Today, the Company has achieved many heights and owes it to its dedicated and determined human resources. Ceylinco believes that the employees are the main driving force of the Company. The competitive edge which CI PLC enjoys today is due to its team of employees. CI PLC has consistently striven to attain development and maintain employee excellence through a stringent recruitment process, training and development (local and foreign) according to needs of employees at all levels, performance based (according to skills and competence) rewards systems.

The HR department has introduced an Employee Manual and Code of Conduct for all new recruits. The main purpose of the book is to familiarise new employees with the Company culture.

The many coveted awards won by the Company in the island and in the region holds testimony to the untiring efforts and contributions made by the outstanding team of employees. This team has helped revolutionised the insurance industry in Sri Lanka.

It has become a part of the organisational culture to provide the best training, development, rewards and remunerations to the Company's employees.

The employee strength of the Company as at 21st January 2008 was 3,375 consisting of 2,379 from General Division and 996 from Life Division. There are no labour unions in the Company other than a Welfare club.

7.6. Distribution Network

The Company continued to expand its network by adding new branches in both General and Life Divisions. This will enable the Company to penetrate insurance in un-tapped areas and under-serviced areas. The Company has the largest network of branches in the insurance industry in Sri Lanka. The Company opened 3 new braches for General Insurance and 11 new branches for Life insurance during the year 2007.

All the branches are fully computerised and linked to each other and head office. Policy holders can access information on their policies regardless of which part of the country they are from.

7.7. Overseas Presence

The Company was successful in further strengthening its position as a regional player through successful negotiations which have proved to be fruitful ventures.

Nepal

In 1999, Ceylinco Insurance invested in Sagarmatha Insurance Company and entered into a management agreement where the business is managed by Ceylinco Insurance. Sagarmatha is listed on the Kathmandu Stock Exchange. Sagarmatha stands at the 2nd position among 14 insurance companies operating in Nepal.

Bangladesh

In 2000, Ceylinco Insurance entered into a strategic alliance with Agrani Insurance Company in Bangladesh, assisting in management functions. Agrani Insurance Company is a public quoted Company listed in the Dhaka Stock Exchange.

Mauritius

In 2001 Ceylinco Insurance entered into a strategic alliance with Stella Insurance Company and continues to operate as Ceylinco Stella Insurance Company in Mauritius.

Maldiv Islands

In 2005 Ceylinco Insurance was registered as an Insurance Company in the Republic of Maldives following a Government decision to grant permission for Ceylinco Insurance to operate as an independent Company. This advanced the Company's position in the Maldives from a branch office to a registered Company status.

7.8. Highlights of financial performance as at 31 December 2007

7.8.1 Turnover

| Result for the year | 2007 Rs. Mn | % change | 2006 Rs. Mn | % change | 2005 Rs. Mn | % change | 2004 Rs. Mn |
|------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|
| Gross written premium | | | | | | | |
| Non Life Division | 10,689 | 11.79 | 9,561 | 19.02 | 8,033 | 43.93 | 5,581 |
| Life Division | 6,847 | 19.76 | 5,717 | 19.25 | 4,794 | 21.03 | 3,961 |
| Total | 17,536 | 14.77 | 15,279 | 19.11 | 12,827 | 34.42 | 9,542 |

Source: Annual Report 2007

Consolidated premium income recorded an all time high of Rs.17.5 billion, reflecting a growth of 14.77% over 2006. The premium income in the Non Life Division and Life touched Rs.10.7 billion and Rs.6.8 billion respectively which was an excellent growth of 11.8% and 19.8% respectively over 2006.

The Company's performance clearly indicates its position as the leader in the local insurance industry for the fourth successive year on the basis of consolidated premium income. The increasing level of competition in the market compared with the growth achieved is regarded as very satisfactory.

7.8.2 Profitability

The company profit after tax topped LKR 1,015 million over the previous year's figure of LKR 806 million recording a 25.9% growth. The General Division contribution to the profit figure was LKR 625 million. The Life Division transferred a sum of LKR 390 million from its valuation surplus.

7.8.3 Earning Per Share and Net Assets Per Share

As at 31st December 2007, the basic Earnings Per Share rose to LKR 50.79 as against LKR 40.32 in 2006 recording a growth of 25.96% and the Net Asset Per Share rose to LKR 224.07 as against LKR 175.99 in 2006 recording a growth of 27.32%.

7.9. Introduction of new products, marketing concepts benefits to policyholders and the community

The Company continued its policy of introducing innovative products and services regularly. During the past financial year the Company concentrated on introducing innovative and dynamic insurance solutions covering a vast area of insurance needs. Affordability and providing insurance cover to a vast segment of the public was the key driving force behind these innovative products.

New product development has been the Company's forte and the Company has one of the best product portfolios in the local industry. In keeping with the Company's slogan "Big or small - Ceylinco protects them all" the Company has products to cater to a wide cross section of the society, and the insuring public.

7.10. General (Non – Life) Division

The Company's position at the helm as the market leader of the insurance industry in Sri Lanka has determined a new credo and vision for the company; to enable every Sri Lankan to afford the protection of insurance and thereby enable them to face the future with anticipation, expectation and above all, hope. With this in mind, the company is on a journey to establish affordable and innovative solutions offering a service that exceeds customer expectations.

This has been made a reality through market penetration, which has paved the way for insurance solution affordable to people from all walks of life, by penetrating to the most difficult areas even in the north and east.

The Company booked a place in the history books by becoming the first insurance company in the world to settle all claims on all policies on the spot with effect from January 2007. The decision to pay all claims on the spot is truly an historical event, and a global first. On The Spot settlements is available 24 hours a day, 365 days a year covering a host of policies, including VIP motor insurance, marine claims, Suwa Sampatha health insurance, homes, trade establishments, fire insurance, and all types of miscellaneous insurance.

Through the new claim settlement method, customers from all walks of life and spread across social strata, including individuals, trades, businessmen, families are set to reap immense benefits, minimising hassle. Accordingly the On The Spot claim settlement eliminates the need to wait for months on end, until inspections are carried out, documents are collected and a host of other painstaking procedures are seen through, which is what customers would have normally gone through. The most important feature about Ceylinco's innovative new approach is that you can resume your normal activities, whether you are an individual, businessman or family member, as soon as possible, minimising the hassle and doing away with delays, as the principle of insurance is to restoring normalcy as quickly as possible.

However, new revolution should come as no surprise, as indeed, Ceylinco Insurance has been in the forefront of the insurance industry with regards to innovative new ideas. It was Ceylinco Insurance that first introduced a permanent sales force at the very inception and then took insurance to the very doorstep of the customer by opening numerous branches, which effectively covered all of Sri Lanka, including the "outstation districts", which had hitherto been largely ignored. Ceylinco then became the first company to introduce "package policies", covering a wider range of insurance needs, which offered one power premium and one renewal date.

All such innovations proved to be successful and indeed, fruitful to the insurance industry at large. It was also only Ceylinco Insurance, which came forward during the nations darkest hour to settle all the claims lodged by those affected by the Tsunami, ultimately settling over 2,500 claims on an ex-gratia basis (since no policy in Sri Lanka had cover for a Tsunami disaster), within a period of three weeks, paying well over LKR 4 billion as compensation.

The Company also concentrates on real value addition giving customers continuous, unmatched benefits that are tangible and which helps the Company in achieving its targeted results on the

bottom line. More recently, General Division introduced 'VIP Rest Spots' seven of them equipped with all the modern amenities with sufficient space for resting, dedicating solely for VIP policy holders, conveniently located along the main highways around the island.

The Doo Daruwo Parents fund which was established 11 years ago continues to assist senior citizens with medical assistance. Over 225 such deserving elders benefited through the activities of the fund which is managed by both the Life and General Divisions of the Company.

The Sathkara Fund was created initially by both Life and General Divisions, intended to benefit the Company's customers. The Fund will lend a helping hand to uplift the lives of the policy holders in the event of a critical illness or a natural disaster, eventualities not covered under the policy which they have taken.

The General Insurance Division continues to extend its support to the Children's Heart Project. The aim of the Heart Project is to increase the number of successful children's heart operations performed annually and ultimately to eliminate the waiting lists, primarily by supporting the government with funds and donations in kind to build capacity. A contribution from every Children's Health policy sold by the Company is donated to this fund which is actively involved in uplifting the standards of children suffering from Heart disease.

Success through innovation is the hallmark of Ceylinco Insurance, a trait the competition has tried unsuccessfully to emulate, as no other insurance company as come even close to matching the original product or the comprehensive range of benefits the Company offers. Ceylinco Insurance continues to be firmly on the driving seat of the Sri Lankan insurance industry and is now poised to take on the world.

7.11. General Insurance Products

Family Guardian

Family Guardian Insurance is a unique plan which provides a comprehensive cover for the House and its contents against Fire and Burglary. It includes a life cover to the Insured and Spouse, Personal Accident Cover, Critical illness Cover, Hospitalization for the entire family including Domestic, Public Liability, funeral expenses and airfare to visit a sick child studying abroad, etc.

Mapiya Thilina

The only Health Insurance cover available in Sri Lanka for senior citizens between the ages of 60-80 years. In addition to hospitalization, they are also covered for personal accidents and disability.

Travel Classic Insurance

This policy offers a great assurance for travellers and pays up to a maximum of US\$ 100,000 in case one falls ill far from home, and one can make a claim in whichever country one happens to be in.

Children's Health Policy

This policy covers all school going children against Hospitalization and Personal Accident up to Rs.50,000/- throughout the year for a very nominal premium.

"A+" International Students' Insurance

Another unique policy, which provides cover for Sri Lankan students who have travelled abroad for studies. The cover includes Hospitalization, Personal Accident, Personal Liability, Legal Expenses, etc., which could be claimed in whichever country they study.

New Householders' Insurance

The New Householders Policy protects the house and its contents with a total security plan, which includes fire and allied perils, strike, riots and civil commotion and acts of terrorism, natural perils and general liability too. The Insured and Spouse are entitled to a Life and Personal Accident Insurance Cover amounting to Rs.100,000/- each.

New Traders' Combined Insurance

In addition to Fire and Allied Perils, this total package of protection for businesses comprises Burglary and Business Interruption, Life Cover, a Funeral Expense Cover, Workmen's Compensation, Money-in-transit and Public Liability.

Ceylinco VIP On the Spot 3 in 1

Ceylinco VIP is the most comprehensive vehicle insurance policy available in Sri Lanka. It offers several additional benefits such as on the spot settlement of claims, a similar replacement vehicle for repairs that exceed four days, an enhancement of sum insured by 10% every year without additional premium, No-claim bonus paid regardless of any claims and the clients' leasing instalment is paid up to 2 months in the event of an accident.

It also provides an emergency road assistance service for lady drivers together with a plastic surgery cover.

Ceylinco One Day Cover

This unique product covers an individual against road or home accidents, and includes a 24 hour cover priced at Rs.5/=, and a month cover at Rs.50/= making it affordable to the masses. The insured's family members are compensated with Rs.100,000/= in the event of death or total permanent disablement due to accidents. Partial disablement and Hospitalization expenses are also covered.

Lips Insurance

This product was specially designed for ladies and covers hospitalization and surgical expenses for injuries due to accidents, jewellery if burgled at home or snatched, Medical Insurance for cosmetic and plastic surgery, funeral expenses for parents or husband and children, legal fees to protect fundamental rights against physical abuse and sexual harassment.

Suwa Sampatha

The most popular Surgical and Hospitalization Insurance Scheme in Sri Lanka, which offers reimbursement of hospitalization and surgical expenses including benefits for treatment in government hospitals. Immediate cash settlements are made directly to hospitals paving the way for greater convenience.

Ceylinco Doo Daruwo Rakshanaya

Ceylinco Doo Daruwo Rakshanaya is for the entire family and provides cover for children to continue their education in case the family breadwinner expires, is injured or gets a serious illness. It also has a family hospitalization and a funeral expense cover.

CHP Plus

The Ceylinco Children's Health Policy provides enhanced benefits to school-going children on a Hospitalization Cover and up to Rs.100,000 Personal Accident cover. Should the parent or guardian die or is permanently disabled, the child receives a monthly allowance until he/she completes his/her education; and the hospitalization and Personal Accident cover will also continue.

Ceylinco Leasing Cover

The Ceylinco Leasing Cover relieves the Lessee from paying the monthly lease (up to a maximum of 2 instalments) when the vehicle is in a garage due to an accident. Also, a free life cover of Rs.100,000/- will be received by the hirer.

Suwa Sampatha International

Suwa Sampatha International is designed for corporate clients to provide them with optimum medical facilities in case of a serious illness. Three schemes with different benefit amounts entitle them to travel to any part of the world (excluding USA) to obtain treatment for any illness.

Crop And Livestock Insurance

The only insurance policy available to the farming community where they can cover their crops, livestock and farming equipment.

Ceylinco Dheewara Udana

This complete protection plan for the fishermen and their families covers them for over Rs.580,000/- per annum for hospitalization, accidents, disappearances, funeral expenses and educational expenses of children in case of death.

Ceylinco Support Line

Ceylinco Support Line offers a total protection package to small and medium scale self employment projects, covering them for contingencies from loss of income due to an illness or natural disasters to education continuance for the kids in case of the policy holder's death.

Ceylinco Nuwana

In an unfortunate event such as the demise or disablement of parents "Ceylinco Nuwana" takes care of the Child's education, right from the beginning until the end. It offers monthly allowances to the child until the child completes his education and thereafter a lump sum payment to give the child a secure start in life.

Title Insurance

Title Insurance is a guarantee to indemnify the insured for any loss he suffers as a result of defect in title of a property, existing at the time of issuing the policy.

Ceylinco Govi Pawura / Ceylinco Guru Pawura / Ceylinco Liya Pawura

"Ceylinco Pawura" is a product specially designed to protect Farmers, Teachers and Housewives. It covers Personal Accident, damages to the house due to natural disasters, loss of income, temporary accommodation as well as funeral expenses. It also offers farmers a cover for the harvest, teachers a cover for education of children and housewives a cover for accidental death of spouse. These Products are marketed at affordable premiums.

Home & You

This unique product includes covers such as Fire and related perils, cover against natural disasters for the House and its contents and a free Personal Accident cover for the insured which is offered at a nominal premium. It also offers the insured the flexibility to cover the building together with contents, the building or contents only.

One and Only

This is truly a unique concept not known to exist anywhere else in the world, which offers customer convenience, along with affordability and availability. Every time a customer purchases goods from any outlet of the Supermarket chains teamed up with Ceylinco, the customer is entitled to an insurance cover of Rs 5,000/-. Depending on the number of purchases at these super markets, the cover will increase up to a maximum of Rs.1 million. The benefits include a Personal Accident cover, Natural disaster cover for the House and a plastic surgery cover for corrective surgery due to accidents.

No Worries

This is yet another unique insurance solution offered to Corporates to safeguard their valuable employees against loss of income. Cover could be obtained to provide employees, who are unable to perform their regular functions at work, due to an accident or a critical illness, with compensation for loss of income for a period of two to ten years, covering monthly salaries from Rs 5,000/- to Rs 50,000/-. Cover could be obtained by the employer or by the employees or through a joint contribution by the employer and the employees.

7.12. Life Division

In 2006 the Company came out with a unique concept of 'interactive marketing' through activities that reach existing policyholders. One such event was 'Ran Daru Sawari' a three-day spectacular outdoor adventure activities which involved 50 families. At the end of the event participating families won many prizes. Another activity to be noted is the 'Ran Daru Art Exhibition' which has grown into

an event of national scale. There were more than 117,000 entries sent by school children throughout the island. A cumulative prize of LKR 1.5 million was awarded to the participants and winners.

The unique home delivery of cash bonuses to long-outstanding policyholders during the 'Avurudu' season benefited more than 7,500 people in 2007 totalling a sum of LKR 19 million. With this pay out the cash bonuses paid out in the last five years topped LKR 100 million reaching more than 60,000 policyholders. All Eligible policy holders received their annual bonus recording a total of LKR 585 million.

The Ceylinco 'Pranama' Scholarships needs special mention. The Company awarded 87 new scholarships worth more than LKR 4 million to students from all districts in the island for the fifth consecutive year. The total number of students that benefited from the scheme is 857 with more than LKR 30 million worth of scholarships.

The Company continued to support the children of the deceased policyholders in the low income segment through the 'Aloka' educational fund. 'Aloka' grants are given at no extra cost to the policy holder and depends on the financial stability of the dependents. An amount of LKR 54,000 is paid in 36 equal monthly instalments. This is a valuable contribution by the Company specially when catering to the low income group in the rural areas.

Another noteworthy mention is the '65-Plus' benefit, which was presented to 50 loyal policyholders in 2006 whose life policies had completed 10 years or more. The only critical illness insurance scheme in Sri Lanka for people over the age of 65 years.

'Waidya Hamuwa' crisscrossed the country conducting more than 100 free medical camps in many rural areas during the year. The medical camps were conducted at the premises of the company's branch offices or at public locations in these towns were open to policyholders and the general public.

The Company in collaboration with Swiss Re, one of the world's biggest reinsurers gave away houses to 16 families who lost their homes in the 2004 Tsunami. This project was carried out in the Southern town of Kosgoda. The donation of tube wells in the remote dry zone villages was another project undertaken by the Life Division.

The Doo Daruwo Parents fund which was established 11 years ago continues to assist senior citizens with medical assistance. Over 225 such deserving elders benefited through the activities of the fund which is managed by both the Life and General Divisions of the Company.

The latest product, launched in 2007 was "Ceylinco Double Growth" an increasing endowment policy which increases in value each year, while premium payments remain constant. The Life Cover and the maturity benefit both grow by 10 and 5 per cent per year in this new product, ensuring that the value of the policy grows with each year, holding its own against inflation and other investment options in the market.

In 2005 the Life Division set up two investment funds, the Government Securities Fund and Ceylinco Investment Fund to provide policyholders with options to link their investments in insurance with higher interest bearing instruments. The first of its kind in Sri Lanka, the two investment linked insurance products, "Ceylinco Shilpa" and "Ceylinco Retirement Fund (CRF) 2005" was introduced by the Company, providing a life cover in two cycles with an investment-linked child education plan and an investment-linked retirement scheme. Other products introduced were "Ceylinco Uthum" providing a free life cover after maturity and "Divi Sayura" a high risk insurance policy to protect lower income groups whose survival and sources of revenue are related to coastal economy.

7.13. Life Insurance Products

Ceylinco Double Growth

The Life Cover and the Maturity Benefit both grow by 10 and 5 per cent per year ensuring that the value of the policy grows with each year, holding its own against inflation and other investment options in the market.

Ceylinco Advance Payment

Ceylinco Advance Payment policy pays advance payments regularly and pays the balance amount at maturity with bonuses. The life cover is not reduced although the advance payments are paid periodically.

Ceylinco Supreme Life

Ceylinco Supreme Life, the investment oriented investment plan, is the only life policy that pays the full policy value at maturity without any deductions of the generous periodical payments that are made every four years. In addition, the policy value at maturity is further enhanced by Dividends.

Ceylinco Family Digasiri Plus

"Ceylinco Family Digasiri Plus" covers the whole family against 25 critical illnesses, and provides financial support for treatment either in local or overseas hospitals.

Ceylinco Yugadivi

Yugadivi is a special benefit offered to the spouse of the main policyholder. Yugadivi enables a policyholder to extend the same cover to his/her spouse for a few rupees more.

Ceylinco Sipsetha

Sipsetha is a unique plan that provides support when a child needs it most, during the decisive Ordinary Level, Advanced Level and higher study years. More importantly Sipsetha will triple the annuities and waive further payments of premiums, if the child is left without parental support.

Ceylinco Ran Daru

Ran Daru provides life cover of 10 times the basic sum assured and 20 times the basic sum assured in case of accidental death. Providing education, savings and medical benefits to the child, this product is the only one in the market that gives such high-risk cover.

Ceylinco Family Hospital Cash

This plan pays up to Rs.5,000/- per day for every day spent in hospital to the policyholder and his family, including children over six months of age. In addition, Rs.2,500/- is paid per day for Intensive Care treatment (ICU) irrespective of the daily benefits. Further claims are settled without submission of any bills.

Ceylinco Jeewa Yathra

Ceylinco Jeewa Yathra guarantees a steady monthly income when permanent disability prevents the policyholder from earning it. Benefits include a guaranteed lump sum payment in case of a death due to accident or on partial disability.

Ceylinco Pradeepa

This product, offers an adequate life insurance cover for low-income earners at an affordable price. The unique feature of this scheme is that it offers a life cover of Rs.100,000/- and Rs. 50,000 for a term of five years for the single premium payment of Rs.1,250/- and Rs. 625/= respectively.

Ceylinco Major Surgery

This product essentially provides cover against expenses for 525 types of surgeries. Benefits also include daily payments for each day spent in hospital, annual increases in benefits as well as allowing the insured to draw up to thrice the value of the policy.

Ceylinco Retirement Account

This product provides a unique personalized benefit for one's retirement and enables the policyholder to build a large fund at retirement. Flexible monthly contributions, selection of age of retirement and a number of retirement options make this product very attractive.

Ceylinco Cancer Cover

This product covers against the costs associated with cancer treatment. In addition, this policy offers benefits such as payments for cancer screening every three years, payments to cover diagnosis costs, for hospitalization and post-hospitalization. The product also has a life cover in addition to the above benefits.

Ceylinco Extra Cover

This is a specialized cover designed to enhance the cancer treatment benefit provided under the Family Digasiri Plus scheme. In the event the insured is diagnosed with cancer, he/she will be entitled to the cancer cover benefits provided under that scheme. For an annual payment, the insured will be entitled to full benefit provided under the Ceylinco Extra Cover Scheme.

Ceylinco Shilpa

Ceylinco Shilpa is an insurance plan that helps you invest for your child's future education. It is an "Investment Linked" insurance plan which allows you invest your premium in funds of your choice. As a result you stand to gain more returns from the investments you have made. The funds become available in the last 5 years of the policy. Therefore by having this benefit when it is needed most, you could support your child's further education with ease.

Ceylinco Uthum

Ceylinco Uthum Life Insurance is a comprehensive policy that covers the policyholder and its dependants. The unique offering of Ceylinco Uthum is that it allows a policyholder a free lifetime cover even after the policyholder has received his maturity value. Death benefits, in the event of a sudden loss of life can be increased as much as up to 6 times the basic sum assured.

Govi Vishrama

This product is designed specially to provide financial assistance to farmers who are not secured in terms of benefits at their retiring age. It offers several options for the policyholder to pay the premium after receiving a bountiful harvest so that financial constraints will not affect the continuity of the benefits. Customers may change the premium value and as a result can decide the amount of pension to be provided at retirement.

Ceylinco Divisayura

Ceylinco Divisayura is a specialized product which provides an affordable life cover for fishermen in the coastal belt of the country, in keeping with the company's vision of providing a life cover for every family.

Ceylinco CRF

Ceylinco Retirement Fund provides you with solid financial security in your retirement. This plan lets you pay what you can afford, at a frequency of your choice, giving you much flexibility when saving for your retirement. As this is an "Investment Linked" insurance plan, you will also have the added advantage, of being able to allocate your premium to funds of your choice to earn more returns on your investment.

7.14. Benefits Beyond Expectations

Caring for the Policyholders

A portfolio of 'Rewards' for policyholders reflects the long term commitment of Ceylinco Life to the wellbeing of its community of policyholders, who now represent a significant segment of the populace. These rewards include:

i Ceylinco Pranama Scholarships

Ceylinco Pranama is the only scholarship scheme that supports children from the Year 5 Scholarship to University. The scholarship is open to children of policyholders who excel in studies, sports, culture, arts and inventions.

ii Ceylinco Aloka

Ceylinco Aloka is an educational fund that will help a policyholder's child to continue with his/her education in the event of the policyholder's death. A grant of Rs.54,000/- will be given to the child for his/her education through the Ceylinco Aloka Educational Fund. Under this scheme a monthly allowance of Rs.1,500/- will be paid to the parent/guardian for a period of 36 months, depending on family income.

iii Cash Bonus

Ceylinco Life is the only insurer in Sri Lanka to pay Cash bonus in addition to the normal annual bonus due to policyholders. These cash bonuses are paid to policyholders who have been with the Company for a period of 10 years and 15 years.

iv 65 Plus

Policyholders who have completed 10 years with the Company are eligible for this unique scheme which covers them against 20 critical illnesses absolutely free of charge, after the age of 65.

v Ceylinco Health Checks

We offer our loyal policyholders the opportunity of undergoing health checks at our health care centres at special discounted prices.

vi Home Loans

This scheme allows policyholders who have been with Ceylinco Life for five years or more to obtain housing loans through Seylan Bank at an interest rate that will be 1% less than the lowest prevailing rate in the market.

7.15. Patents, Trade Marks and Brands owned by the Company

Under the Intellectual Property Act – Registrar of Trade Marks, the following Trade Marks are pending registration/ has been registered.

Logo of Ceylinco Insurance PLC Trade Mark Number 115335 : Class 36 (pending)

The slogan "Big or Small – Ceylinco Protects them all", in Sinhala, Tamil and English registered up to 31/03/2013 number 66313 and 66314: Class 36

General Division

| No | Details | No | Class | Filing Date |
|----|----------------------------------------------------|-----------------------|-------|-------------------------|
| 1 | Ceylinco VIP Vehicle Insurance Policy (Trade Mark) | 11537 | 36 | 23-9-2003 |
| 2 | Ceylinco Insurance One and Only (Copy Rights) | ISBN 955-1479-00-9 | - | - |
| 3 | "Suwa Sampatha" (Brand Logo) | 115199/E | 36 | 10-10-2003 (renewal) |

Life Division

All of the below mentioned brands of the Life Division have been sent to National Intellectual Property Office of Sri Lanka for registration and the details of acknowledgment of receipt of application, for each and every brand is given below.

| No | Date | Brand Name | Mark No | Class | Filing Date |
|----|-----------|-----------------------------------------|---------|-------|-------------|
| 1 | 2/12/2003 | Ceylinco Major Medical 500 | 116250 | 36 | 5/11/2003 |
| 2 | 2/12/2003 | 65 Plus (Sinhala) | 116251 | 36 | 5/11/2003 |
| 3 | 2/12/2003 | 65 Plus (Tamil) | 116252 | 36 | 5/11/2003 |
| 4 | 2/12/2003 | Ceylinco Life Rewards (Sinhala) | 116253 | 36 | 5/11/2003 |
| 5 | 2/12/2003 | Ceylinco Life Rewards | 116254 | 36 | 5/11/2003 |
| 6 | 2/12/2003 | Ceylinco Life Rewards (Tamil) | 116255 | 36 | 5/11/2003 |
| 7 | 2/12/2003 | Ceylinco Sipsetha(Tamil) | 116256 | 36 | 5/11/2003 |
| 8 | 2/12/2003 | Ceylinco Sipsetha | 116257 | 36 | 5/11/2003 |
| 9 | 2/12/2003 | Ceylinco Sipsetha (Sinhala) | 116258 | 36 | 5/11/2003 |
| 10 | 2/12/2003 | Ceylinco Seylan Piyasa (Sinhala) | 116259 | 36 | 5/11/2003 |
| 11 | 2/12/2003 | Ceylinco Aloka | 116260 | 36 | 5/11/2003 |
| 12 | 2/12/2003 | Ceylinco Aloka (Sinhala) | 116261 | 36 | 5/11/2003 |
| 13 | 2/12/2003 | Ceylinco Jeewa Yathra (Tamil) | 116262 | 36 | 5/11/2003 |
| 14 | 2/12/2003 | Ceylinco Jeewa Yathra | 116263 | 36 | 5/11/2003 |
| 15 | 2/12/2003 | Ceylinco Family Hospital Cash | 116264 | 36 | 5/11/2003 |
| 16 | 2/12/2003 | Ceylinco Family Hospital Cash (Sinhala) | 116265 | 36 | 5/11/2003 |
| 17 | 2/12/2003 | Seylinc Assurance | 116266 | 36 | 5/11/2003 |
| 18 | 2/12/2003 | Ceylinco Family Hospital Cash (Tamil) | 116267 | 36 | 5/11/2003 |
| 19 | 2/12/2003 | Ceylinco Aloka (Tamil) | 116268 | 36 | 5/11/2003 |
| 20 | 2/12/2003 | Ceylinco Randaru | 116269 | 36 | 5/11/2003 |
| 21 | 2/12/2003 | Ceylinco Investments | 116271 | 36 | 5/11/2003 |
| 22 | 2/12/2003 | Ceylinco Major Medical 500 (Sinhala) | 116272 | 36 | 5/11/2003 |
| 23 | 2/12/2003 | Ceylinco Cancer Cover (Sinhala) | 116273 | 36 | 5/11/2003 |
| 24 | 2/12/2003 | Ceylinco Randaru (Sinhala) | 116274 | 36 | 5/11/2003 |
| 25 | 2/12/2003 | Ceylinco Pranama Scholarships (Tamil) | 116275 | 36 | 5/11/2003 |
| 26 | 2/12/2003 | Ceylinco Pranama Scholarships | 116276 | 36 | 5/11/2003 |
| 27 | 2/12/2003 | Ceylinco Pranama Shishathwa (Sinhala) | 116277 | 36 | 5/11/2003 |
| 28 | 2/12/2003 | Ceylinco Personal Pensions | 116278 | 36 | 5/11/2003 |
| 29 | 2/12/2003 | Ceylinco Advance Payment (Sinhala) | 116279 | 36 | 5/11/2003 |
| 30 | 2/12/2003 | Ceylinco Advance Payment | 116280 | 36 | 5/11/2003 |
| 31 | 2/12/2003 | Ceylinco Advance Payment (Tamil) | 116281 | 36 | 5/11/2003 |
| 32 | 2/12/2003 | Ceylinco Govi Vishrama (Sinhala) | 116282 | 36 | 5/11/2003 |
| 33 | 2/12/2003 | Ceylinco Yugadivi | 116283 | 36 | 5/11/2003 |
| 34 | 2/12/2003 | 65 Plus | 116284 | 36 | 5/11/2003 |
| 35 | 2/12/2003 | Ceylinco Seylan Ahinsa (Sinhala) | 116285 | 36 | 5/11/2003 |
| 36 | 2/12/2003 | Ceylinco Seylan Ahinsa | 116286 | 36 | 5/11/2003 |
| 37 | 2/12/2003 | Ceylinco Seylan Ahinsa (Tamil) | 116287 | 36 | 5/11/2003 |
| 38 | 2/12/2003 | Ceylinco Family Digasiri | 116288 | 36 | 5/11/2003 |

| No | Date | Brand Name | Mark No | Class | Filing Date |
|----|-----------|-------------------------------|---------|-------|-------------|
| 39 | 2/12/2003 | Ceylinco Jeewa Yathra | 116289 | 36 | 5/11/2003 |
| 40 | 2/12/2003 | Ceylinco Cancer Cover | 116290 | 36 | 5/11/2003 |
| 41 | 2/12/2003 | Ceylinco Cancer Cover (Tamil) | 116291 | 36 | 5/11/2003 |
| 42 | 2/12/2003 | Ceylinco Randaru (Tamil) | 116292 | 36 | 5/11/2003 |

7.16. Dependence on Key Customers and Suppliers

CI PLC is not highly dependent on any individual customer or supplier for its business operations.

7.17. Research and Development carried out by CI PLC in the last three years

The R&D is carried out in-house, which is an ongoing process that has contributed to the development of at least 2-3 new products a year. The Company was able to achieve the market leadership in 2004 due to continuous upgrading of service quality and innovation made in the product development. Substantial investments as well as expenses have been incurred on R&D in pursuit of the above.

7.18. As per the requirements of the CSE Listing Rules given below are the twenty largest shareholders of CI PLC as at 31st December 2007.

| | <u>Shareholder</u> | Holding as at 31/12/2007 No. of Shares | % of the issued share Capital as at 31/12/2007 |
|----|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|---------------------------------------------------------|
| 1 | Ciesot (Private) Limited | 4,151,181 | 20.75 |
| 2 | Ceylinco Limited | 3,127,624 | 15.64 |
| 3 | The Finance Company PLC | 1,757,937 | 8.79 |
| 4 | HSBC International Nominees Limited – SSBT - The EMM Umbrella Funds – D26Q | 1,324,000 | 6.62 |
| 5 | Ceylinco Finance PLC | 1,278,658 | 6.39 |
| 6 | Seylan Bank PLC | 933,055 | 4.67 |
| 7 | HSBC International Nominees Limited – MSIL – Ellerston Gems Offshore (Ireland) Limited | 870,667 | 4.35 |
| 8 | Mr. Watuthanthrige Chakrine Jagath Alwis | 515,392 | 2.58 |
| 9 | HSBC International Nominees Limited – SSAL Deutsche Bank Aktiengesellschaft - UBFO | 500,000 | 2.50 |
| 10 | HINL – MSIL-Ellerston Capital Limited as Responsible Entity of Ellerston Global Equity Managers Fund | 423,533 | 2.12 |
| 11 | Ceylinco Shriram Securities Holdings Limited | 362,000 | 1.81 |
| 12 | Mrs. Manjula Morarji Udeshi (Deceased) | 237,528 | 1.19 |
| 13 | Pershing LLC S/A Averbach Grauson & Co. | 200,800 | 1.00 |
| 14 | M/s. W.M.L. / A.H. Udeshi | 200,000 | 1.00 |
| 15 | Mr. Lalith Prabash Hapangama | 186,100 | 0.93 |
| 16 | The Finance Company Limited – Employees' Gratuity Trust Fund | 177,445 | 0.89 |
| 17 | HSBC Intl. Nom Ltd. - HSBC – Fund Services A/C 006 - JF Asia New Frontiers Fund | 160,500 | 0.80 |
| 18 | The Bishop of Galle | 126,932 | 0.63 |
| 19 | Mr. Rajkumar Renganathan | 124,750 | 0.62 |
| 20 | M/s. W.M.L. / H.M.S. Abdulhussein | 120,760 | 0.60 |

The Public float as per the Listing Rules of Colombo Stock Exchange was 59.04% as at 31st January 2008.

7.19. As per the requirements of the CSE listing rules given below are the details of company/group investments in Subsidiaries as at 31st December 2007

| Name of Subsidiary Company | No. of Shares | % |
|---------------------------------------------------|----------------------|----------|
| Serene Resorts Ltd. | 2,000,000 | 100 |
| Ceylinco Seraka Ltd. | 5,000 | 5 |
| Ceylinco Seraka Ltd. (through Serene Resorts Ltd) | 99,000 | 95 |
| Ceylinco Healthcare Services Ltd. | 10,000,000 | 93 |
| Ceypower Cascades (Pvt.) Ltd. | 5,500,000 | 55 |
| Ceylinco Investcorp (Pvt.) Ltd. | 112,500 | 75 |
| Cey Hydro Developers Ltd. | 17,700,000 | 95 |
| Ceylinco Insurance Company Ltd - Maldives | 600 | 60 |

7.20. The Company/Group investments in Associate Companies as at 31 December 2007

| Name of Associate Company | No. of Shares | % |
|-----------------------------------|----------------------|----------|
| Ceylinco Homes International Ltd. | 1,305,000 | 32.5 |
| L and T Inforcity Ltd. | 3,500,075 | 20 |

7.21. Future plans & risks associated with future plans

The insurance sector is growing increasingly competitive, while economic indicators continue to be a cause of some concern. The purchasing power of a large segment of the market remains low from the perspective of the insurance industry. This is a challenge the Company will face by continuing to search for innovative ways to sell insurance through products developed to cater to a wider spectrum of individual needs and numerous levels of social standards.

The Company plans to accelerate the growth momentum by expanding branch network, launch new products and invest in the professional development of the staff, upgrading the infrastructure and enhancement of customer services, and retaining the position as the leader of the insurance industry.

The Company will continue to improve on its pillars of success i.e. market penetration, service excellence and innovation.

The future plans of the Company are based on the normal market and economic conditions and the risks and uncertainties usually associated with it. Any changes in government policies and social conditions may have an impact on the Company's performance. If efforts to develop new products and brand recognition are not successful, the impact on the revenues may be felt. Despite the Company maintaining leadership among competitors, a sudden increase in competition may have an adverse effect on the Company's business. The Company is subject to consumer preferences and discretionary consumer spending.

The future plans will periodically be reviewed in the context of the changing political and economic environments to mitigate any adverse impact and best to utilize the opportunities unearthed.

The Company will deploy a combination of sources, namely the Non Voting Ordinary Share Issue, internally generated funds and debt, in financing both capital expenditure and working capital requirements arising from its future plans.

7.22. Business Trends & Sensitivities

There are no Known trends, demands, commitments and events or uncertainties that would have material impact on the profits, cash flow and financial position of CI PLC. There are no unusual or infrequent events or transactions or any significant economic changes that would have a material impact on the Company's profits, cash flow and financial position.

Material commitments for Capital expenditure

As per Note 27 of the Audited Accounts as at 31st December 2007, there are no material capital expenditure commitments.

7.23. Risk Management

The risk management process set-up in the Company regularly identifies the possible risks to which the Company is exposed, assess the impact of such risk on the Company and deal with the controls. The reports of the Risk Management Committee are discussed at the meeting of the Board of Directors. The major risk categories addressed by the Committee among others are the following:-

- **Underwriting and Reinsurance Risk**
- **Investment and Credit Risk**
- **Operational Risk (which includes Systems risk, Business continuity risk, Legal risk, etc.)**
- **Regulatory Risk**

i Underwriting Risk

The Underwriting risk refers to the risk of fluctuation of physical, external environment and economic conditions, etc. which will deviate the actual results from the forecasts made when the premium was priced. The physical and financial risk control methods are the tools used by CI PLC to mitigate and minimise the risk.

Physical Risk Control; quality of risk underwritten is monitored by regular inspection of the property. For this purpose there is a team of in-house Risk Managers consisting of engineers and surveyors. Further, the health condition of the life insured is ascertained through the professional assistance of external and internal medical practitioners, and internal and external medical facilities.

Financial Risk Control; adequacy of the premium will be determined on the basis of international premium models with adequate provisions for reserves for fluctuations and wherever necessary, internal and external actuaries, financial analysts and economics professional services are obtained.

ii Reinsurance Risk

In order to minimise and mitigate part of the risk, CI PLC diverts risk to Re-insurers through reinsurance contracts. In the event of a claim, the Company is in a position to claim a part of the liability from the Reinsurance Companies to the extent of the risk given to Re-insurers.

In deciding and selecting Re-insurers, the Committee regularly monitors the financial and credibility standing of the Re-insurers. The limits of reinsurance contracts for catastrophic accumulations are monitored by using simulated models, in order to ensure that the Company's reinsurance programmes are adequate to cover accumulation of risk.

iii Credit Risk

Credit risk concerns the default of debts of the Company by clients. This has been monitored through the evaluation of credit worthiness and setting up of a debt collection unit in each business unit and effective follow up action.

iv Investment Risk

Investment risk concerns the liquidity, rate of interest and stability of the institution where the investments are made. The Company has set up a committee to monitor the activities and progress of these functions with the Company.

v Operational Risk

Operational risk includes the risk arising from systems risk which could be caused by human error or malfunctioning of IT systems. These risks are controlled and avoided to a great extent by internal audit checks, compliances with accounting/underwriting/administrative manuals and installing IT security systems such as detecting and eliminating network invasions and viruses.

The disaster recovery plan of the Company which has been communicated to all levels of employees, ensures continuity of business. The legal experts, internal and external, advise the Board of Directors regularly review the impact on the business due to change of legislation.

The performance of the Company is compared with the corporate plan, budgets, cash flow statements, key economic indicators and international benchmark of the industry on a regular basis to identify the growth and the stability of the Company.

Vi Regulatory Risk

Regulatory Risk concerns with the failure to comply with regulatory requirements. The new legislations introduced by the Authorities are evaluated and assessed for their impact on the Company activities.

8. DIRECTORS

8.1. Details in relation to Name, Address, Age and the Directors' shareholding in CI PLC as at 31st December 2007 are given below.

| NAME and ADDRESS | AGE | DESIGNATION | NO OF SHARES |
|------------------------------------------------------------------------|-----|------------------------------------------|--------------|
| Deshamanya Dr. J L B Kotelawala No. 13, Dickman's Lane, Colombo - 5 | 69 | Chairman / Managing Director | 54,886 |
| Lady Dr. S P C Kotelawala No. 13, Dickman's Lane, Colombo - 5 | 66 | Deputy Chairperson | 1,846 |
| Mr. A.R. Gunawardena No. 5, St. Anthony's Road, Mt. Lavinia | 52 | Chief Executive Director (General) | 119,489 |
| Mr. R. Renganathan No. 33/7, De Fonseka Place, Colombo - 5 | 54 | Chief Executive Director (Life) | 124,750 |
| Mr. H.D.K.P. Alwis No. 38/8 B, Railway Avenue, Colombo 5 | 50 | Director – Commercial (General Division) | 861 |
| Mr. W.C.J. Alwis No. 24/1, Wijesekara Road, Dehiwela | 48 | Director (Technical) | 515,392 |
| Mr. P.D.M. Cooray No. 51/1, Centre Road, Colombo – 15 | 49 | Director | 6,050 |
| Mr. P.A. Jayawardena No. 145/1, Fife Road, Colombo – 5 | 47 | Director | 316 |
| Mr. A. D Jegasothy "Treville", Welisara, Ragama | 62 | Director | 1,743 |
| Mr. N.D. Nugawela No. 124/13A, Mapanawathura Road, Kandy | 55 | Director | 1,200 |
| Mr. T.N.M. Peiris No.248/209, Lotus Grove, Hill Street, Dehiwela | 50 | Director (Finance) | 22,492 |
| Mr. E.T.L. Ranasinghe No.11/1, Wijemangalarama Road, Kohuwela | 47 | Director | 7,098 |
| Mr. S. Ratnadas No. 365/5, R.A. De Mel Mawatha, Colombo - 3 | 77 | Director | 10,530 |
| Mrs. A.K. Seneviratne No. 168, Allan Avenue, Dehiwela | 41 | Director | 1,200 |
| Mr. D.W.P. Upali No. 108/3, Gothami Road, Colombo – 8 | 50 | Director | 500 |

The details of other directorships held by the directors are available for inspection with the Company Secretary during the period the Subscription List is open until the closure of the Subscription List.

8.2. Business Experience of the Directors

Deshamanya Dr. J.L.B. Kotelawala - Chairman/Managing Director

Chairman since the Company began operations. Chairman of over 300 companies under Ceylinco Consolidated with many market leaders, over 30,000 employees, over 350 branches and 15 branch offices around the world. Responsible for the establishment and steering of the Ceylinco Sarana Fund, a social and charity fund 23 years ago for the upliftment of the under privileged people in the country. Introduced and set up the Grameen Banking concept (banking to the poor) which has over 90,000 customers with a commendable recovery rate. Was appointed the Chairman of the Economic Development Commission of the North Western and Central Regions during the years 2003/2004. Was honored with the Doctorate of Literature Honoris Causa by the Management Faculty of the University of Sri Jayawardenapura in March 2003. He is also the Honorary Consul General for the Republic of Singapore in Sri Lanka.

Lady Dr. S. P. C. Kotelawala – Deputy Chairperson

Joined Ceylinco Group as Director of Middleway Ltd in 1964. She is the Chairperson of Seylan Bank PLC and the Deputy Chairperson of Ceylinco Consolidated and of The Finance Co Ltd, Ceylinco Ltd, Ceylinco Universal Group, Ceylinco Hotels Group and Ceylinco Savings Bank Ltd . Also associated with the jewellery and Diamond entities of the Ceylinco Group. She was conferred with the title “FCIC” (Fellowship of the Ceylinco Insurance College) by the Ceylinco Insurance College. Mrs Kotelawala is also the Honorary Consul General for the Republic of Cyprus in Sri Lanka, Counsellor for International Trade for the Kingdom of Belgium and Representative of Asia Society NY in Sri Lanka and a member of the International Council. She is also a Life Member of the Women’s Chamber of Industry and Commerce in Sri Lanka. She received in May 2005 the award “The Leading Women Entrepreneurs of the World 2005” awarded by the Star Group, USA and held in Vancouver, Canada. Madam Kotelawala was appointed as the Deputy Chairperson of the Company with effect from 01st July, 2007.

Mr. A.R. Gunawardena - Chief Executive Director (General)

Deputy Chairman of Ceylinco International Trading Group, which operated under its umbrella several overseas offices to promote trade and services internationally through cross border trading. Ultra Tech Ceylinco (Pvt) Ltd – a Company with a state of the art bulk cement terminal in Peliyagoda marketing super quality cement island-wide, Ceypower Cascades (Pvt) Ltd and Cey Hydro Developers (Pvt) Ltd handling projects to supply power to the National Grid, and Ceylinco Invest Corp (Pvt) Ltd, a subsidiary of CIC General Division handling Fund Management. With the liberalization of the insurance industry in Sri Lanka he was appointed as Director in charge of the General insurance Division in 1987 and was subsequently promoted to Chief Executive Director of the General Division having had over 25 years experience in the Ceylinco Group. He was responsible in setting up the first ever, overseas insurance office in Nepal, expanding further in Male, Bangladesh, Mauritius and the Middle East Region. Under his leadership Ceylinco Insurance - General was awarded as one of the Four Best General Insurance Companies in Asia in 2000. As the originator of the “On the Spot” motor claim settlement, he was instrumental in the Company reaching its summit of achievements when it emerged winner of the prestigious “Innovation of the Year 2003” award at the 7th Asia Insurance industry Awards and again in 2006 for the “Most Innovative Product in Asia” award at the 10th Asia Insurance Industry Awards.

Mr. R. Renganathan – Chief Executive Director (Life)

A Fellow of the Institute of Chartered Accountants of Sri Lanka and a Fellow of the Society of Certified Management Accountants of Sri Lanka. He joined Ceylinco Consolidated in 1983. He was entrusted with the task of setting up the Life Division of Ceylinco Insurance after the Government of Sri Lanka permitted private insurers to enter the insurance industry in 1987. A firm believer in the miracle of Life insurance, with a vision of protecting every Sri Lankan family with a Ceylinco Life insurance policy, he has put together a team of professionals who share this common objective.

Ceylinco Insurance has continued to maintain market leadership in Sri Lanka's insurance industry for the 4th. consecutive year and Ceylinco Life has won the Asia Insurance Review Award for Corporate Social Responsibility in the Asia Region. Mr. Renganathan is also a member of the LIMRA India/Sri Lanka Executive Board and was invited to speak at the LOMA/LIMRA Strategic Issues Conference.

Upon achieving success in the field of life insurance, he has now ventured into the healthcare sector with the idea of providing affordable healthcare facilities to the people of Sri Lanka. With the affiliation of the Washington Cancer Institute, he initially set up a Cancer Detection Centre and a Diabetes Centre. He has now set up a Radiation Treatment Centre equipped with the State-of-the-art technology hitherto unavailable in Sri Lanka.

He was invited to join the Board of Directors of Seylan Bank PLC in 1996. He was appointed as its Joint Deputy Chairman in 1999. He is the Chairman of Seylan Asset Management PLC and also the Deputy Chairman of Ceylinco Healthcare Services Ltd. and the Ceylinco Development Bank Ltd.

Mr. H.D.K.P. Alwis – Director (Commercial - General)

Mr. Alwis joined the Company on 15th May, 1990 and prior to joining the Company from 1978 he worked at M/s. Hatton National Bank, Lever Brothers (Ceylon) Limited and Richard Peiris & Company in the field of Sales and Marketing. He joined Ceylinco Insurance (General Insurance Division) as a Regional Manager and was promoted as Assistant General Manager in 1992, as Senior Assistant General Manager in 1996 and as Deputy General Manager in 1998. He was appointed to the Board on the 10th January, 2001. He is presently designated as Director – Commercial (General Insurance).

Mr. W.C.J. Alwis - Director (Technical)

Mr. Jagath Alwis graduated as a Bachelor of Science (B.Sc.) majoring Mathematics and Physics and joined the National Insurance Corporation in 1982 as a Trainee. He became an Associate Member of the Chartered Insurance Institute (A.C.I.I.) in 1985 and a Fellow Member (F.C.I.I.) in 1990. Also a Fellow Member of the Indian Insurance Institute (F.I.I.I.), he is a Chartered Insurer by profession.

Mr. Alwis joined Ceylinco Insurance in March, 1988 as the Reinsurance Manager and also served in the capacity of Chief Manager (Technical), Deputy General Manager (Technical) before being appointed to the Board as the Director (Technical) in January, 1993 and continues in the same position to date.

Presently serving on the Boards of a couple of Companies in the Ceylinco Consolidated including Ceylinco Consolidated (Pvt.) Limited. He is heading the Ceylinco Education Group as the Deputy Chairman / Chief Executive Director.

He is also the present President of the Insurance Association of Sri Lanka (IASL) and the Vice President of the Ceylon Society for Prevention of Accidents (CESPA).

Mr. Alwis has presented papers at many International Insurance / Reinsurance Conferences and is a regular contributor to the International Insurance / Reinsurance press.

Mr. P.D.M. Cooray - Director

Mr. Cooray, joined the Ceylinco Group in March, 1985 as the Chief Instructor of the Key Security Services Limited. He has been an employee of Ceylinco Insurance, since its inception. He started his career in the Sri Lankan Air Force as a Commissioned Officer. His career at Ceylinco Insurance commenced as an Assistant Manager (Training), and in January, 1990 he was promoted as the Manager (Human Resources), thereafter he held the posts of Assistant General Manager (Administration and Human Resources) and Assistant General Manager (Training). In 1998 he was promoted to the post of Deputy General Manager (Training). Mr. Cooray was appointed as a Director to the Board of Ceylinco Insurance in September, 2001.

Mr. Cooray is a Fellow of the Life Underwriter's Training Council (LUTCF) U.S.A. and a Chartered Insurance Agency Manager (CIAM). He played a very active role in setting up the Sales Force of Ceylinco Life. He is an internationally reputed speaker who has addressed many Life Insurance Conventions.

Mr. P. A. Jayawardene - Director

Mr. Palitha Jayawardene counts over 22 years of experience in the field of finance. He is a fellow member of the Institute of Chartered Accountants of Sri Lanka. He joined the Life Division of the Company in 1990 as Chief Accountant Branches and was invited to the board in 2005.

In addition he holds board positions in several companies in the Ceylinco Group including Ceylinco Development Bank Ltd, Ceylinco Healthcare Services Ltd, Seylan Merchant Bank Ltd, Seylan Merchant Leasing Ltd.

Mr. A. D. Jegasothy - Director

Prior to joining the Ceylinco Group as Legal Officer in 1974, was attached to M/s. De Silva and Mendis, Solicitors and Notaries Public. Was associated with M/s. Coward Chance Firm of Solicitors, UK. He counts over 30 years of experience in financial and legal sectors. At present holds the position of Deputy Chairman/ Managing Director of International Consultancy and Corporate Services (Pvt.) Ltd., which handles corporate secretarial matters for many companies in the Ceylinco Consolidated. He functions as the Chairman of the Audit Committee.

Mr. N.D. Nugawela - Director

Mr. Nugawela was appointed to the Board in September, 2001 and overlooks the administration of the Company's General Insurance branches. Having had 09 years experience at Insurance Corporation, he joined Ceylinco Limited as a Liaison Officer in late 1980. In April, 1989 he joined Ceylinco Insurance (General Insurance Division) as a Branch Manager and was promoted as a Regional Sales Manager in 1991, as an Assistant General Manager in 1994 and as a Senior Assistant General Manager in 1998.

Mr. T.N.M. Peiris – Director (Finance)

Mr. Nihal Peiris is the Director (Finance) of the Company. He graduated from the Sri Jayawardenepura University as a Bachelor of Arts (Economics Special) with Honors in 1982. He became an Associate Member of the Institute of Chartered Accountants in 1984 and thereafter became a Fellow Member of the Institute. He Heads the Ceylinco Financial & Consultancy Group (Ceyfco Group) as the Deputy Chairman/Chief Executive Director. Having worked at M/s. Associated Motorways Limited as an Accountant for 1 ½ years he joined The Finance Company Limited as the Chief Accountant in the year 1986. Thereafter, in January, 1989 he was appointed as the Finance Manager of Ceylinco Limited and Ceylinco Insurance. He was appointed as a Director of the Board of Ceylinco Insurance with effect from 01st. August, 1990.

Mr. E.T.L Ranasinghe – Director

Mr. Ranasinghe has over 29 years of experience in the mercantile sector in sales, marketing and strategic planning. He holds an MBA from the Postgraduate Institute of Management, University of Sri Jayawardenapura, a Chartered Marketer and a Fellow of the Chartered Institute of Marketing, UK. He joined Ceylinco Group as a Product Manager in September, 1986 and is one of the pioneer members of the team that helped to set up Ceylinco Insurance when the Company commenced operations in 1988.

He has served in various departments at the Life Division and was invited to join the Board on the 10th. of January, 2001. He is a founder member of the Chartered Institute of Marketing, Sri Lanka Region, and has held several positions in the Executive Committee, including that of the Senior Vice Chairman in the past.

Mr. S. Ratnadas - Director

An insurance professional, Mr. Ratnadas joined The Ceylon Insurance Company Limited on 15th June, 1956. He became an Associate of the Chartered Insurance Institute by examination in 1958. He was selected for a Colombo Plan scholarship in insurance tenable for a period of six months in Australia, where he was attached to a leading insurance Company in Sydney. He was promoted to the position of Marine Manager in the year 1960. He has since held several key positions mostly in the field of insurance. When The Ceylon Insurance Company Limited was appointed as a Principal Agent of the National Insurance Corporation in 1980, he set up the necessary organization for successfully administering the Principal Agency which became the leading Principal Agency amongst many Principal Agents who were appointed. When Ceylinco Insurance commenced operations in 1988, he was appointed as the Director / General Manager on 11th. February, 1987. He was responsible for setting up the Company on sound lines to pave the way for the very successful operations of the Company in the following years.

With immense knowledge and experience in all respects including underwriting, claim settlement, marketing and re-insurance, he has made much contribution to the development of the insurance industry in general and in particular at the Ceylinco organization. He is a founder member of the Insurance Institute of Sri Lanka. He is also a founder member and one time President of the Insurance Association of Sri Lanka. Mr. Ratnadas served for many years as a member of the SRCC & Terrorism Fund set up by the Government of Sri Lanka. He was appointed as the Deputy Chairman of the Company on 23rd. March, 1999. Mr. Ratnadas retired from the post of Deputy Chairman with effect from 01st July, 2007. He remains on the Board as a Director.

Mrs. A.K. Seneviratne - Director

Mrs. Amali Seneviratne joined Ceylinco Insurance in August, 1993. An Actuary by profession, she is an Associate of the Society of Actuaries (U.S.A.). She graduated with Distinction from Concordia University (Canada) and holds a Bachelor of Science (Specialization) Degree in Actuarial Mathematics.

Mrs. Seneviratne joined the Company as an Assistant Manager (Actuarial Services) and in 1995 she was promoted as the Manager (Actuarial Services). Thereafter, in 1998 she was appointed as Assistant General Manager (Actuarial Services) and in the year 2000 as the Deputy General Manager (Actuarial Services). She was invited to join the Board of Directors in September, 2001.

Mr. D.W.P. Upali - Director

Mr. Upali joined Ceylinco Insurance as Assistant General Manager – Finance (General Insurance Division) on 04th January, 1999. He is a Chartered Accountant and is an Associate Member and holds a Master of Business Administration Degree from the University of Colombo. Mr. Upali has over 25 years of management experience in the Insurance industry both in Sri Lanka and overseas.

Mr. Upali was appointed to the Board of Ceylinco Insurance on the 25th of October, 2005. He also serves as the Finance Director / Director in many Ceylinco Group Companies.

8.3. Directors' Emoluments

The aggregate emoluments including bonus and/or profit sharing payments made to Directors of CI PLC for the period ending 31 December 2007 was LKR 211 Mn.

An estimate of the aggregate emoluments including bonus and/or profit sharing payments payable to Directors of CI PLC for the current financial year ending 31 December 2008 is estimated as LKR 232 Mn.

8.4. Directors' Interest

There are no contracts or arrangements in force as at the date of this prospectus in which the Directors of CI PLC are materially interested in relation to the business of CI PLC. However the Directors' interest in contracts of the Company are stated in Note 26 of the Audited accounts as at 31 December 2007.

8.5. No Director of CI PLC or a person nominated to become a director is not or was not involved in the following :

- a) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- b) a conviction for fraud, misappropriation or breach of trust or any other similar offence which the Exchange considers a disqualification; or
- c) the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment advisor, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

9. SHARE CAPITAL

9.1. The movement in the Authorised Share Capital of the Company during the last three years.

1 January 2004 to 25 June 2006

Authorised Share Capital of CI PLC is Ninety Seven Million Five Hundred Thousand (97,500,000) Ordinary Shares and Two Million Five Hundred Thousand (2,500,000) Unclassified shares to be classified at the time of issue with power to increase or reduce the capital.

26 June 2006 to date of this Prospectus

Authorised Share Capital of CI PLC is Ninety Seven Million Five Hundred Thousand (97,500,000) Ordinary, Shares and Two Million Five Hundred Thousand (2,500,000) Unclassified shares to be classified at the time of issue and One Hundred Million (100,000,000) Non voting Ordinary Shares; with power to increase or reduce the capital.

9.2. Stated Capital and the details in the movement of share capital are as follows during the last four financial years

1 January 2004 to 31 December 2004

The Stated Capital of CI PLC was Sri Lankan Rupees One Hundred and Sixty Six Million Three Hundred and Twenty Thousand (LKR 166,320,000) divided into Sixteen Million Six Hundred and thirty Two Thousand (16,632,000,) Ordinary shares. On 30th March 2004 a Bonus Issue in the ratio of 1 for every 5 (1:5) shares held. The Bonus Issue resulted in issue of Three Million Three Hundred and Twenty Six Thousand Four Hundred (3,326,400) Ordinary shares resulting in the increase of Stated Capital to Sri Lankan Rupees One Hundred and Ninety Nine Million Five Hundred and Eighty Four Thousand (LKR 199,584,000) divided into Nineteen Million Nine Hundred and Fifty Eight Thousand Four Hundred (19,958,400,) Ordinary shares .

1 January 2005 to 31 December 2005

On 23 December 2005 – Issue of shares through a Private Placement.

Issue of Forty One Thousand Six Hundred (41,600) Ordinary shares at Sri Lankan Rupees Sixty Five (LKR 65/-) each.

The Stated Capital of CI PLC increased to Sri Lankan Rupees Two Hundred and Two Million Two Hundred and Eighty Eight Thousand (LKR 202,288,000) divided into Twenty Million (20,000,000) Ordinary shares .

1 January 2006 to 31 December 2006

As at the date of this Prospectus the Stated Capital of CI PLC is Sri Lankan Rupees Two Hundred and Two Million Two Hundred and Eighty Eight Thousand (LKR 202,288,000) divided in to Twenty Million (20,000,000) Ordinary shares.

1 January 2007 to 31 December 2007

The Stated Capital of CI PLC was Sri Lankan Rupees Two Hundred and Two Million Two Hundred and Eighty Eight Thousand (LKR 202,288,000) divided in to Twenty Million (20,000,000) Ordinary shares .

CI PLC has not issued any other class of shares other than Ordinary Shares, as at the date of this Prospectus.

There are no convertible debt securities existing as at the date of this Prospectus.

There are no securities of the same or other class subscribed or sold privately in conjunction with this issue of securities.

There are no statutory restrictions on the free transferability of securities.

10. MANAGEMENT

10.1. Chairman / Managing Director

Deshamanya Dr. J.L.B. Kotelawala – 69 years
No. 13, Dickman's Lane, Colombo - 5

Dr. Kotelawala was appointed as a Director of CI PLC on 11 February 1987.

Dr. Kotelawala has over 35 years of business experience within the Ceylinco Conglomerate. Chairman of over 300 companies under Ceylinco Consolidated with many market leaders, over 30,000 employees, over 350 branches and 15 branch offices around the world. Responsible for the establishment of the Ceylinco Sarana Fund, a social and charity fund established 23 years ago for the upliftment of the under privileged people in the country. Introduced and set up the Grameen Banking concept (banking to the poor). During 2003/2004 was appointed the Chairman of the Economic Development Commission of the North Western and Central Regions. Was honored the Doctorate of *Literature Honoris Causa* by the Faculty of the University of Sri Jayawardenapura in March 2003. In 2001 "A special award of Recognition" was conferred by Business Today for his "outstanding contribution to the development of the private sector and society of Sri Lanka". In 1999 was named as the "Sri Lankan of the Year" by the LMD. He is also the Honorary Consul General of the Republic of Singapore in Sri Lanka.

10.2. Chief Executive Director – Non Life (General), appointed to the Board of CI PLC on 04 January 1988.

Mr. A.R. Gunawardena – 52 years
No. 5, St. Anthony's Road, Mt. Lavinia

Deputy Chairman of Ceylinco International Trading Group, which operated under its umbrella several overseas offices to promote trade and services internationally through cross border trading. Ultra Tech Ceylinco (Pvt) Ltd – a Company with a state of the art bulk cement terminal in Peliyagoda marketing super quality cement island-wide, Ceypower Cascades (Pvt) Ltd and Ceylinco Hydro (Pvt) Ltd handling projects to supply power to the National Grid, and Ceylinco Invest Corp (Pvt) Ltd, a subsidiary of CIC General Division handling Fund Management. With the liberalization of the insurance industry in Sri Lanka he was appointed as Director in charge of the General insurance Division in 1987 and was subsequently promoted to Chief Executive Director of the General Division having had over 25 years experience in the Ceylinco Group. He was responsible in setting up the first ever, overseas insurance office in Nepal, expanding further in Male, Bangladesh, Mauritius and the Middle East Region. Under his leadership Ceylinco Insurance - General was awarded as one of the Four Best General Insurance Companies in Asia in 2000. As the originator of the "On the Spot" motor claim settlement, he was instrumental in the Company reaching its summit of achievements when it emerged winner of the prestigious "Innovation of the Year 2003" award at the 7th Asia Insurance industry Awards, and again in 2006 for the "Most Innovative Product in Asia" award at the 10th Asia Insurance Industry Awards.

10.3. Chief Executive Director – Life, appointed to the Board of CI PLC on 11 February 1987

Mr. R. Renganathan – 54 years
No. 33/7, De Fonseka Place, Colombo – 5

A Chartered Accountant by profession, he joined the Ceylinco Consolidated on 1 December 1983. He was entrusted with the task of setting up the Life Division of Ceylinco Insurance after the government of Sri Lanka permitted private insurers to enter the insurance industry in 1987. Under Mr. Renganathan's leadership Ceylinco Life won many prestigious awards for CSR and brand excellence

internationally and at SLIM awards, respectively. Upon achieving success in the field of Life Insurance, he has now ventured into the healthcare sector by setting up a Cancer Detection Centre affiliated to the Washington Cancer Institute and a Diabetes Centre affiliated to the Washington Hospital Centre. He is the Chairman of Seylan Bank Asset Management Ltd. The Deputy Chairman of Ceylinco Development Bank and Ceylinco Healthcare Services Limited. He was invited to join the Board of Directors of Seylan Bank Limited in 1996 and is presently the Deputy Chairman of Seylan Bank PLC.

The Chairman/Managing Director, Chief Executive Director of Life Division and Non Life (General) Division were not involved in any one of the following:

- a) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- b) a conviction for fraud, misappropriation or breach of trust or any other similar offence which the Exchange considers a disqualification; or
- c) the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment advisor, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

10.4. Senior Management

The Senior Management of CI PLC consists of members of the Corporate Management team from the Non Life Division as well as the Life Division.

Mrs. T.N. Jasenthuliyana – Company Secretary / Senior Assistant General Manager

Mrs. Thushara Jasenthuliyana has been functioning as the Company Secretary for both Life and Non Life Divisions of the Company. Prior to joining CI PLC, she has 17 years of working experience of which a 12 year stint was at Merchant Bank of Sri Lanka Limited, in the fields of Information Technology and Company Secretarial. She joined CI PLC in March, 1991 and in addition to the work related to Board and Company Secretarial functions, she handles all work related to personnel files of the Company's permanent and contract employees. Mrs. Jasenthuliyana is a Fellow of the Institute of Chartered Secretaries & Administrators of United Kingdom and holds a Diploma in Human Rights. She is also the Company Secretary of three other companies under Ceylinco Consolidated.

10.4.1 THE CORPORATE MANAGEMENT TEAM OF THE GENERAL DIVISION

Mr. H.D.A.N. Perera – Deputy General Manager (Technical)

Mr. Ajith Perera, joined The Ceylon Insurance Company Limited (presently Ceylinco Limited) in September, 1981 as a school leaver. He gained wide experience in all aspects of underwriting and reinsurance, which was beneficial to Ceylinco Insurance when he was transferred during its inception. He is now overall in-charge of reinsurance matters of the General Insurance Division.

Mr. R.A. Ranasinghe – Deputy General Manager (Fire)

Mr. Roshan Ranasinghe has won the highest sales achievers' award for many consecutive years and remains as the runner-up for the year 2005 and 2006. He joined the Ceylinco Group initially to The Finance Company Limited in February 1987 as a Management Trainee and thereafter joined Ceylinco Insurance in 1988 as a young Marketing Executive. Prior to this period, he worked at Hatton National Bank Limited for over 04 years.

Mr. A.R.S. Wijayapura – Deputy General Manager (Sales)

Mr. Wijayapura, has wide experience counting over 25 years at Ceylon Cold Stores Limited, Lever Brothers Limited and Aitken Spence. He has won the highest sales achievement award during several years, and is the winner for 2005 and 2006. Joined Ceylinco Insurance in June, 1990 and presently overlooks the V.I.P. centre and is also a Director of the Ceylinco Insurance Company at Maldiv Islands.

Mr. M. Seneviratne – Deputy General Manager (Legal)

Mr. Seneviratne, passed out as a Bachelor of Law from the University of Colombo in 1978 and took his oaths as an Attorney-at-Law in 1981. He joined Ceylinco Insurance in June, 1991. Prior to this, he has over 10 years of experience out of which 08 years was at People's Bank. Mr. Seneviratne handles the work related to Title Insurance and all legal matters pertaining to the City office General Insurance Division. Mr. Seneviratne is 58 years old and is now employed on contract basis having retired from the permanent cadre.

Mr. R.A. Gunathilake – Deputy General Manager (Branches)

Mr. Rex Gunathilaka, overlooks the underwriting and sales of the branches. Has over 25 years of working experience out of which 08 years has been gained at Lever Brothers. Joined Ceylinco Insurance in August, 1994 as a Regional Manager.

Mr. J.D.S.N. Piyadasa – Deputy General Manager – Financial Services (Branches)

Mr. Nilantha Piyadasa, 42 years, is an Associate Member of the Institute of Chartered Accountants of Sri Lanka and holder of First Class degree in Public Administration, University of Sri Jayawardenapura. He initially gained experience at M/s. Kreston MNS & Company and Coopers & Lybrand, in the Auditing and subsequently in the Consulting Divisions. In Ceylinco, he oversees the finance operations in the branch network of General Insurance Division. He is a Director of Ceylinco Investcorp (Pvt.) Ltd.

Mr. P.M.B. Fernando – Deputy General Manager (Information Technology)

Mr. Bonny Fernando has a distinction for the NIBM's Diploma in Computer Systems Design and also has a Diploma in Business Management. He has a diploma in Marketing Management (SLIDA) and has followed an Electrical Engineers' course at the University of Moratuwa. He worked at International Computers Limited (ICL) for over 15 years where he gained an indepth experience and knowledge of software and hardware. At time of leaving ICL he held the post of Systems Engineer. He joined Ceylinco Insurance - General Division in January, 1993, and is in-charge of all I.T. aspects pertaining to the General Insurance Division.

Mr. K.V.D.W. Wijegunaratne – Senior Assistant General Manager

Mr. Wijegunaratne had over 09 years of experience in government service and joined The Ceylon Insurance Company Limited (presently Ceylinco Limited) in June, 1981. Subsequently he was transferred as a Liasons Officer to Ceylinco Insurance when the Company was incorporated. He is in-charge of 21 branches under the western region.

Mr. A.M.D. Alagiyawanna – Senior Assistant General Manager

Mr. Alagiyawanna is an Honors degree holder in Economics. He joined The Ceylon Insurance Company Limited (presently Ceylinco Limited) on 01st. of January, 1984 as a Business Promotion Officer and was transferred to Ceylinco Insurance in 1989. He functioned as a Regional Manager for the Gampaha region for many years and he is presently functioning as an A.G.M. – Sales and became the top sales achiever in the year 2004 and continues to be amongst the top three highest sales achievers each year.

Mr. H.A.I. Jayawardena – Senior Assistant General Manager

Mr. Jayawardena is in-charge of the VIP Motor Insurance Centre. He has wide experience in varying fields starting from 1976 at Salt Corporation. Thereafter working for the Ministry of Industries at Mozambique and in 1984 returning to Sri Lanka, he joined Nestle Lanka Limited. Mr. Jayawardena joined Ceylinco Insurance in March 1988, as a Sales Manager to the Kurunegala branch. He served as a Regional Manager and Asst. General Manager in charge of the Northern region for over 15 years.

Mr. M. Premaratne - Senior Assistant General Manager – Financial Services (City Office)

Mr. M. Premaratne functions as Senior Assistant General Manager – Financial Services (City Office). He is an Associate Member of the Institute of Chartered Accountants of Sri Lanka. Mr. Premaratne counts over 16 years experience in the Accounting field.

Mr. C.E. Wimalasuriya – Assistant General Manager (Technical – Branches)

Mr. Wimalasuriya, 45 years old, was appointed to his present position in April, 2006. He joined the Company in November, 1988 as a Business Promotion Officer and was promoted to the posts of Branch Manager and Area Sales Manager in 1990 and 1996 respectively. He was seconded as Deputy General Manager to Sagarmatha Insurance Company in Nepal to look after the interests of the Company from December, 1997 to September, 2002. He was re-designated as a Senior Technical Manager in the year 2002 upon his return to Sri Lanka. He heads the technical unit for branches claims.

Prior to joining the Company he served as the Operations Manager from 1982 at M/s. Gestle Limited.

Mr. A.B. Wijeyatunga - Assistant General Manager Financial Services (Head Office)

Mr. Athula Wijeyathunga functions as the Asst. General Manager for Financial Services of the Head Office of the Company and has 17 years of experience in the Company. He counts over 27 years experience in the Accountancy and Auditing fields and was Articled at KPMG Ford Rhodes, Thornton & Co.

Mrs. R.M. Abeywardena – Assistant General Manager (Legal)

Mrs. Roshanthi Abeywardena passed out as an Attorney-at-Law from the Sri Lanka Law College in 1986 and worked at M/s. T & M Associates (Pvt.) Ltd. for 03 years as a Legal Officer. She joined the Company in March 1989 as a Legal Officer to the Title Insurance Department. Presently she handles the Title Insurance of Branches and Legal matters related to the Company's branch network.

Mr. D. Munasinghe – Assistant General Manager (Marine)

Mr. Deepthie Munasinghe, 49 years, has 05 years of sales experience prior to joining the Company in November, 1988 as a Business Promotion Officer. He was promoted as the Assistant Sales Manager (Marine) in July, 1993 and as Sales Manager (Marine) in June 1994. Thereafter, he served as Senior Manager (Corporate Accounts). Mr. Munasinghe is amongst the top sales personnel of the Company and Heads the Marine Insurance Department.

Mr. N.S. Rajapakse – Assistant General Manager (Marketing)

Mr. Senaka Rajapakse has a Diploma in Marketing from the United Kingdom and is the Marketing Manager of the General Insurance Division. He is responsible for the product development and advertising aspects of General Insurance. He joined Ceylinco Insurance in May, 1989 as a Branches Co-ordinator and shifted into the marketing field as a Product Manager. Prior to joining Ceylinco Insurance he was attached to Air Lanka Limited for over 05 years as an In-Flight Operations Officer and has a further year of experience as a Marketing Assistant.

Mr. J.A.N.C. Fernando – Regional Manager

Mr. Chisty Fernando has over 08 years of previous sales experience. He joined Ceylinco Insurance in September, 1993 handling sales as a Marketing Executive at the Ja-ela branch and presently is the Regional Manager in-charge of 23 branches under the Wayamba region.

Mr. B.D.T. Hewagama – Regional Manager

Mr. Dennis Hewagama has more than 02 years of sales experience prior to joining Ceylinco Insurance in September 1990 as a Marketing Executive. Thereafter, he was in-charge of the Borella and subsequently the Nugegoda branches. Presently is the Regional Manager in-charge of 22 branches under the Sabaragamuwa region.

Mr. A.L.J. Atapattu –Regional Manager

Mr. Jayantha Atapattu was a Marketing Representative for about one year prior to joining Ceylinco Insurance in August, 1991 as a Marketing Executive to the Gampaha branch. He is presently the Regional Manager in-charge of 21 branches under the Northern region.

Mr. R.S. Arulananthan - Regional Manager

Mr. Raj Arulananthan worked as an Audit Clerk for 01 year prior to joining Ceylinco Insurance – Life Division as an Accounts Clerk / Computer Operator in December, 1989. He opted to work in the sales field and became an Assistant Sales Manager for General Insurance Division. Presently he is the Regional Manager and under his purview there are 23 branches for the Uva region.

Mr. R. Seneviratne – Acting Regional Manager

Mr. Seneviratne, 35 years old, was appointed to his present position in 2006. He joined the Company in August, 1992 as a Marketing Executive and was promoted to the posts of Sales Manager and Branch Manager in 1995 and 1997 respectively. Mr. Seneviratne overlooks 20 branches of the General Insurance Division as the Acting Regional Manager of the Central region.

Mr. S. Thilakeshwaran – Regional Manager

Mr. Thilakeshwaran, 41 years, joined the Company as a Business Promotion Officer in February, 1990 having 05 years of experience in the sales field. Having been promoted to the posts of Assistant Sales Manager, thereafter in-charge of the Kandy branch as the Branch Manager and subsequently assigned the Kandy region as the Area Sales Manger from 1998. Mr. Thilakeshwaran is in charge of 24 branches of the Eastern region.

Mr. I.A.K.J.P.K. Illangakoon – Acting Regional Manager

Mr. Kamal Illangakoon joined Ceylinco Limited as a Management Trainee in 1987. He was absorbed to the permanent cadre of Ceylinco Insurance as a Marketing Executive to the Kegalle branch in April, 1989. Having worked as a Sales Manager, Branch Manager and Area Sales Manager of the Kegalle area; Mr. Illangakoon is the Acting Regional Manager since September, 2007 having 21 branches in North Central region under his purview.

Mr. R.S. Joseph – Acting Regional Manager

Mr. Sylvester Joseph, 44 years, joined Ceylinco Insurance as an Assistant Sales Manager to the Negambo branch in November, 1994. He was the Sales Manager and the Branch Manager of the Katunayake branch and handled the Gampaha area as an Area Sales Manager. Mr. Joseph is the Acting Regional Manager since September, 2007 handling 19 branches in the Colombo Outer region.

Mr. V.D.C. Wickramaratne – Acting Regional Sales Manager

Mr. Wickramaratne, 40 years, had 05 years of experience in the Marketing field at the time he joined the Company in May, 1996 as an Assistant Sales Manger to the Kalutara branch. He was the Branch Manager for Panadura and the Area Sales Manager of the Panadura area. He was appointed to his present post in January, 2007 and is in-charge of 21 branches in the Southern region.

10.4.2 THE CORPORATE MANAGEMENT TEAM OF THE LIFE DIVISION

Mr. R.S.W. Senanayake – Deputy General Manager (Investments)

Mr. R.S.W. Senanayake, 41 , is an Associate of the Chartered Institute of Management Accountants of the United Kingdom. He gained experience in accounting and auditing through a stint with M/s. Coopers & Lybrand (presently known as Price Waterhouse Coopers). Mr. Senanayake has been involved in the securities industry for many years.

Mr. P.A.J. Jayawardena – Senior Assistant General Manager (Business Development)

Mr. P.A.J. Jayawardena, 47 years, obtained LUTC Diploma (USA). Started his career at Ceylon Tobacco Company as a Marketing Representative in the year 1982. Worked at Ceylon Tobacco Company for over 12 years. Joined Ceylinco Insurance Company on 8th. March 1994 as a Regional Sales Manager. He handles many regions of the company. He also overlooks the sales operations of Ceylinco Stella Insurance Company in Mauritius.

Mr. S.R. Abeynayake – Senior Assistant General Manager (Finance)

Mr. S.R. Abeynayake 40 years holds a Master of Business Administration Degree (Sri J.). A Fellow Member of the Institute of Chartered Accountants of Sri Lanka and a Fellow Member of the Society of Certified Management Accountants of Sri Lanka. He has over 10 years experience in accounts and finance.

Mrs. R.M.U.K. Ratnayake –Senior Assistant General Manageress (Systems)

Mrs. R.M.U.K. Ratnayake is a Chartered Information Technology Professional (CITP), Member of the British Computer Society (MBCS) and Certified Information Systems Auditor (CISA). She has completed the intermediate examination of the Institute of Bankers in Sri Lanka, Australian Computer Society examinations, Diploma of Institute of Data Processing Management (UK), National Examination in Computer Studies (stage I) and Diploma in Computer Systems Design at NIBM with Distinction. Mrs. Ratnayake has gained 19 years of experience in banking and IT at People's Bank and has worked two years at the Auditor General's Department as a National Consultant for an Asian Development Bank Project for Information Systems Auditing.

Mrs. I.A. De Mel – Assistant General Manageress (Administrative Services)

Mrs. I.A. De Mel, 61, joined the Ceylinco Group in 1979 and has served the Life Division since 1988. Is responsible for various services in the field of administration. Mrs.De Mel is employed on contact basis having retired from the permanent cadre.

Mr. A.H.R. Udayasiri – Assistant General Manager (Business Development)

Mr. A.H.R. Udayasiri, obtained his Bachelor's Degree in Science from the Kelaniya University in 1986 and worked as a temporary Assistant Lecturer at Kelaniya University for awhile and thereafter joined Bata Shoe Company as a Retail Store Manager. In 1990 he joined the Life Division as a Sales Executive and since then became a Fellow in LUTC (USA) and obtained CIAM (USA). At age 43, now serving in the capacity of an Assistant General Manager- Business Development, he is supervising 18 regions with a sales force of 590.

Mr. L.A.H.D. Abeywickrema – Assistant General Manager (Business Development)

Mr. Harsha Abeywickrema, 38, is a Fellow of Life Underwriters' Training Council (USA), further qualified as a Chartered Insurance Agency Manager (USA); and has thirteen years experience in the insurance industry as an insurance marketer. Mr. Abeywickrema presently oversees the sales administration of many regions in the capacity of an Assistant General Manager - Business Development. He also overlooks the sales operations of Ceylinco Stella Insurance Co., Mauritius.

Mr. T.N.Y. Morseth – Assistant General Manager (Training)

Mr. T.N.Y. Morseth, 39, head of the training department, is the sales and marketing trainer. A Fellow LUTC and CIAM, has 16 years in insurance industry (one year underwriting and 15 years training). Presently is responsible for developing training syllabuses, conducting training programmes and examinations and developing and maintaining the company training standards.

Mr. E.R.S.S. Hemachandra – Assistant General Manager - Marketing

Mr. E.R.S.S. Hemachandra, 34, is a Chartered Marketer and postgraduate diploma holder in Marketing from CIM (UK). He holds a Master of Business Administration (MBA) from University of Western Sydney. Started his career at Ceylinco Insurance Life Division as a Brand Manager in year 2000, and currently is heading the Marketing department.

Mr. J.P. Abhayaratne – Assistant General Manager (Operations)

Mr. J.P. Abhayaratne, 43 years, a Bachelor of Business Administration, graduate affiliated to Newport University, USA. He is also a MBA of University of Dublin, Ireland. He has successfully completed a Diploma in Management course in UK. He has been working for Ceylinco Insurance for about 18 years. Mr. Abhayaratne has exposed himself to overseas insurance industry experience in U.K. for a period of 3 years. He has also earned a Certificate of Insurance from the Chartered Institute of Insurance U.K.

Mr. M. Thenuwara – Assistant General Manager (Business Development)

Mr. Manjula Thenuwara, 41, gained experience in marketing through a period with M/s. Trans Lanka Investments as a Sales Assistant and in 1990 he joined Ceylinco Insurance as a Trainee Sales Executive. He has been involved in the insurance industry and oversees sales administration for many years and serves as a Senior Manager - Business Development.

Mr. W.R.M. Wickramasinghe – Senior Manager (Legal)

Mr. Ranjith Wickramasinghe, 58 years is an Attorney-at-Law, Notary Public, Commissioner for Oaths and Registered Company Secretary. Practiced as an Attorney-at-Law (1978-1979), thereafter was in the professional staff of Messrs. Julius & Creasy - Attorneys-at-Law (1979-1982), Director of Legal Administration and Secretary to the Corporation at Sri Lanka Rupavahini Corporation (1982-1988), Planner - Contracts Department of Saudi Consolidated Electric Corporation (1988-1989), Senior Assistant Secretary - Legal & Documentation at University Grants Commission and Secretary to the University Services Appeals Board (1989-1992), Deputy Administrator General of Zambia (1992-1995), Group Human Resources Manager at Magpec Exports Ltd. (1995-1996), Human Resources Manager (1996 March – 2002 August) and presently the Senior Manager - Legal at Life Division. Heads the Legal Department of Life Division. Mr. Wickramasinghe is employed on Contract basis having retired from the permanent cadre.

Mr. G.A.D.L. Nayanappriya – Senior Manager (Internal Audit)

Mr. G.A.D.L. Nayanappriya, age 39 years. An Associate Member of the Institute of Chartered Accountants of Sri Lanka. Has over 8 years experience in the Company. Responsibility is to carry out audits of Life Division and attached branches islandwide including special investigations.

Mrs. D.J.K. Vithanage – Senior Manageress (Customer Services)

Mrs. D.J.K. Vithanage, 56 has 31 years of working experience and out of which 27 years of service is at Ceylinco. Experience in handling Secretarial work, Agency Appointments, Underwriting and is presently looking into customer issues. Mrs. Vithanage is employed on a contract basis having retired from the permanent cadre.

Mrs. D.T.D. Perera – Senior Manageress (Group Insurance)

Mrs. D.T.D. Perera, 38 years, joined the Life Division 18 years ago as an Underwriter and moved onto Reassurance and Pensions. Currently Mrs. Perera is responsible for the Group Life Assurance portfolio of the Company.

Mr. A.C.S. Munaweera – Senior Manager (Sales & Administration)

Mr. A.C.S. Munaweera, 48 is a Life Underwriters' Training Council Fellow (USA), Chartered Insurance Agency Manager. Was a Sales Representative at the Maharaja Organization, George Stuarts Company Limited and Gestetner of Ceylon Limited, for over ten years before joining the Life Division as a Sales Executive in 1989.

Mr. P.P.D.V. Hemakumara – Senior Manager (Information Systems Audit)

Mr. P.P.D.V. Hemakumara, 39, is a Member of the Information Systems Audit and Control Association (Certified Information Systems Auditor), and an Associate Member of the Australian Computer Society. He is also a Member of the British Computer Society. He holds a Diploma in Management from the Open University of Sri Lanka, and has over 18 years of experience in the field of insurance. Mr. Hemakumara is presently responsible to make sure the organizational Information Technology policies, procedures and practices are achieved.

Mr. W.A.W.C. Wijesinghe - Senior Manager (Business Development)

Mr. W.A.W.C. Wijesinghe 43 years, has obtained LUTCF (U.S.A.) and CIAM (U.S.A.). He worked at M/s. Delmege Forsythe & Company as a Sales Representative from 1988 to 1992. He joined Ceylinco Insurance as a Trainee Sales Executive in September, 1992 and was promoted to his present position in April, 2006. He presently oversees the sales administration of the regions assigned to him.

Mr. S. Kumarapperuma - Senior Manager (Actuarial Services & Reinsurance)

Mr. S. Kumarapperuma, 41 years, graduated from the University of Colombo as a Bachelor of Science and holds a Post Graduate Diploma in Actuarial Science from the City University of London, United Kingdom. He joined the Company in November, 1992 as a Management Trainee. Prior to this period he has two years working experience at M/s. Hayleys Limited. He is responsible for the management of the retirement accounts (pensions fund) and actuarial work of the Life Insurance Division.

Mr. H.A.H.E. Gunawardena - Senior Manager (Training)

Mr. H.A.H.E. Gunawardena, 39 years in age, joined the Company as a Recoveries Officer in April, 1997. He was promoted to the post of Assistant Manager (Training) in July, 1997 and thereafter as the Manager (Training). He was promoted to his present position in April, 2006. He has obtained LUTCF (U.S.A.) and CIAM (U.S.A.) and he holds a Degree in Bachelor of Arts (Defence Studies) from the General Sir John Kotelawala Defence Academy and was a Lieutenant in the Sri Lanka Army from 1998. Presently responsible for conducting training programmes for permanent cadre as well as the agency force.

Mr. T.D. De Silva - Senior Manager (Investments & Projects)

Mr. T.D. De Silva, 32 years in age, graduated from the University of Colombo as a Bachelor of Business Administration (Second Class Honours). He is a Member of the Association of Chartered Certified Accountants (U.K.). He joined the Company in July, 2002 as a Management Accountant. He

has over four years experience in auditing and financial systems implementation. He oversees the Life Division investments portfolio.

Mr. M.H. Usoof – Senior Manager (Finance)

Mr. M.H. Usoof, 50 years, a B.Com (Special) graduate of University of Kelaniya, an Associate Member of the Institute of Chartered Accountants of Sri Lanka. He has a wide working experience of approximately 27 years in industry and commerce. He has been working for Ceylinco Insurance since 1996. Mr. Usoof was a member of the Best Corporate Annual Report Technical Evaluation Committee of the Institute of Chartered Accountants of Sri Lanka.

Mr. M.D.N. Fernando – Senior Manager (Information Technology Communications)

Mr. Damith Fernando, 41years, has 09 years of experience in the field of Systems Analysis, Networks and Telecommunication Services. Has worked in Aitken Spence Group of Companies and United Motors Lanka Limited. He joined the Company in December, 2002 and was promoted to his present post in April, 2007.

Mr. A. Sirisena - Senior Manager (Technical)

Mr. Asoka Sirisena, 41 years, is an Associate Member of the Chartered Insurance Institute of the United Kingdom and holds a Diploma in Life and Disability Underwriting from the Chartered Insurance Institute. Worked at Union Assurance Limited for 14 years and joined the Company in April, 2003.

Mr. L.V. Keragala - Senior Manager (Customer Relations)

Mr. Lakshitha Keragala 29 years, holds a Diploma in Marketing from the Chartered Institute of Marketing of U.K. He possessed 03 years of customer care experience from Suntel Limited. Having joined Ceylinco Insurance in 2004 as the Manager (Call Centre), he was promoted to the post of Manager (Customer Relations) in 2006.

11. TAKEOVER OFFERS

There have been no takeover offers by third parties in respect of CI PLC's shares during the past two years and neither has CI PLC made any takeover offers in respect of shares of a third party.

12. MANAGEMENT AGREEMENTS

CI PLC has signed a joint venture agreement with Sagarmatha Insurance Company, a listed Company in Kathmandu Stock Exchange, in 1999.

CI PLC has signed a strategic alliance in year 2000 with Agrani Insurance Company, a public quoted Company listed in Dhaka Stock Exchange.

CI PLC has entered into a strategic alliance with Stella Insurance Company in Mauritius. The management of the Company is carried by CI PLC.

CI PLC has signed an agreement with the Government of Maldives to operate an Insurance Company in Male. Accordingly, the operations of Ceylinco Insurance Company (Pvt.) Ltd. in Maldives commenced in year 2005. The management of the Company is carried out by CI PLC.

13. LITIGATION, DISPUTES AND CONTINGENT LIABILITIES

In the opinion of the Directors, there are no legal, arbitration or mediation proceedings which may have or have had in the recent past significant effects on the Company's financial position or profitability. There are no contingent liabilities that would affect current and future profits of the Company. Please refer Note 28 of the audited accounts for the year ended 31 December 2007, which confirms what, has been stated herein.

There have been no penalties imposed by regulatory and state authorities.

14. PROPERTIES

As per CSE Listing Rule 4.12-1, in relation to the details of the properties, please refer the Note 3, 7 & 8 of the audited accounts for the year ended 31 December 2007.

There are no encumbrances attached to the properties listed under Note 3, 7 & 8 of the Audited accounts for the year ended 31 December 2007.

None of the Directors of CI PLC have an interest in any asset acquired, disposed or leased by CI PLC during the past two years preceding the offering [except for the disclosures in Note 7 – (b), (c) & (d)]; and proposed to be acquired, disposed or leased during the two years succeeding the offering including the consideration thereon.

15. CORPORATE GOVERNANCE

Ceylinco Insurance believes in the adherence to good corporate governance procedure to ensure the wellbeing of the Company.

The Board has delegated their authority to the Chief Executive Directors of Life and General Divisions for the running of the respective business operations.

The Board remains responsible for the formulation of strategic objectives and policy framework. Procedure has been established at Board level to evaluate and monitor the performance of the management.

The Board of CI PLC comprises of 15 Directors comprising the Chairman/Managing Director, Chief Executive Director - General, Chief Executive Director - Life, ten executive directors and two Independent Non Executive Directors. The Board is assisted by sub-committees. Board meetings are held on a regular basis in order to set the strategic direction of the Company and to evaluate performance.

The main sub-committees are strategic planning, treasury and audit committee.

15.1 Strategic Planning Committee

Strategic planning committee exist for both Life and General Divisions of the Company.

The functions of the committee are to innovate, develop, implement and review the strategies in order to achieve the Company's strategic objectives.

15.2 Treasury / Investment Committee

The treasury committees review all existing and potential investment opportunities and regulate the investment decisions while advising the management of investment.

15.3 Audit Committee

The Audit committee of CI PLC consists of one Independent Non Executive Director, Finance Director, Two other Directors and the respective heads of the Internal Audit Departments of the General and Life Divisions. The Independent Non Executive Director functions as the Chairman.

The following are the functions of the Audit Committee

1. Detailed reviews of preparation, and adequacy of disclosure in the financial statement of the Company.
2. Reviewing of the Company's compliance with financial reporting registration and requirements.
3. Reviewing audit plans of the internal and external auditors and implementation of significant recommendation of auditors.
4. Assessing the management's programs and policies which deal with the adequacy and the effectiveness of internal controls over the Company's accounting and financial reporting systems.
5. Monitoring any change in accounting practices, policies, and standard corporate conduct in transactions with related parties.

15.4 Remuneration Committee

The members of the remuneration committee consist of 4 executive directors.

The remuneration Committee of the Company is headed by Chief Executive Directors of General and Life Divisions. The other members are Finance Director, Director Operations and Director Commercial.

16. STATUTORY AND OTHER GENERAL INFORMATION

16.1 Memorandum and Articles of Association.

Extracts of the Articles of Association as required by the CSE Rules are set out in Section 17. The Articles of Association are available at the official website of CI PLC at www.ceylinco-insurance.com and www.ceylincolife.com and website of the Colombo Stock Exchange www.cse.lk from the date hereof until the subscription list closes or up to 14 market days, which ever is later.

16.2 Prospectus and Application Form

This Prospectus and application forms are available at the official website of CI PLC at www.ceylinco-insurance.com and www.ceylincolife.com and website of the Colombo Stock Exchange www.cse.lk from the date hereof or until the subscription list closes or up to 14 market days, which ever is later.

16.3 Inspection of Documents

The Articles of Association of CI PLC, the Auditors Report, Audited Financial Statements for the year ended 31 December 2007, and all other documents referred to in this Prospectus is open for inspection by the public during normal business hours at the Registered Office of the CI PLC from the date hereof, until the subscription list closes or up to fourteen (14) market days, which ever is later.

16.4 Working Capital

The Directors are of the opinion that the working capital of CI PLC is sufficient for the purpose of its normal activities.

16.5 Brokerage

Brokerage at the rate of 0.25% will be paid in respect of the number of shares allotted on applications bearing the stamp of any Bank operating in Sri Lanka or a member of the CSE.

16.6 Cost of the Offering

The Directors estimate that the total cost of the Offering including the cost of structuring and management fees, fees payable to lawyers/accountants/registrars, printing, marketing costs, brokerage commission, etc. will be approximately LKR 25 Mn and will be met from the funds of CI PLC.

16.7 Particulars of borrowings

As at the date of this Prospectus there is no loan capital outstanding.

With regard to Term loans, other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptance or acceptance credits please refer the Balance Sheet and Note 13 of the Audited Financial Statements for the year ended 31 December 2007.

There are no leasing, lease purchases and hire purchase commitments as at the date of this prospectus.

There are no Guarantees and other material contingent liabilities that will have a material impact on the operations of the Company.

The assets of the Company have not been mortgaged for the purpose of obtaining any financial facilities.

No Asset of the Company has been mortgaged.

17. SUMMARY OF THE PROVISIONS OF THE ARTICLES OF ASSOCIATION OF CEYLINCO INSURANCE PLC IN TERMS OF THE LISTING RULES OF THE CSE

17.1 TRANSFERABILITY OF SHARES

- 20 A. Notwithstanding any provision in these Articles suggesting the contrary, shares quoted on the Colombo Stock Exchange shall be freely transferable and registration of the transfer of such quoted shares shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- 20 B. Notwithstanding anything to the contrary in these Articles, as long as the shares of the Company are quoted in the Colombo Stock Exchange, the Board may register without assuming any liability therefore any transfer of shares which is in accordance with the rules and regulations in force for the time being and from time to time as laid down by the Colombo Stock Exchange and / or by the Central Depository of the Colombo Stock Exchange.

17.2 RIGHTS

- 53 A. However, the rights and entitlements of quoted shares shall not be varied without the consent of at least three fourths of the holders of such shares.

17.3 NOTICES

- 137A. Where notice is served solely by an advertisement, such advertisement to be published in Sinhala, Tamil and English national daily newspapers.
139. Any Member whose registered address is not in Sri Lanka may from time to time give the Company an address within Sri Lanka at which notices may be served upon him and shall be entitled to have notices served upon him at such address, but save as aforesaid, a Member whose registered address is outside Sri Lanka or who has omitted to give an address or a sufficient address for registration shall not be entitled to receive any notice from the Company.

17.4 DIRECTORS' QUALIFICATION

89. The share holding qualification for Directors may be fixed by the Company in general meeting and unless and until so fixed no qualification shall be required.

17.5 DIRECTORS' REMUNERATION

90. The remuneration of the Directors (other than that of a Managing Director (if any) as such shall be determined in accordance with any agreement between the Company and the Directors or any of them which shall be entered into with the authority of the Company in General meeting, and subject to any such agreement shall be at such rate per annum, with such further sums (if any) as the Company in General meeting shall from time to time determine. Subject to any such agreement or any direction which may be given by the Company in General Meeting (as the case may be), such remuneration shall be divided among such Directors as they shall determine. Any such agreement may provide for the future remuneration of the Directors or any of them and may include provision by way of deferred remuneration or retiring allowances in respect of past services to be paid to them or any of them after they or he shall have ceased to be Directors or Director. Any remuneration

payable under this Article shall be in addition to any remuneration to which any of the Directors may be entitled in respect of any other office held under or employment by the Company and unless otherwise determined by the Company in General Meeting shall be apportionable in respect of time.

- 90A. If any Director or Directors being willing be called upon to undertake particular duties or to perform particular functions in Sri Lanka or elsewhere or if any Director or Directors being willing be called upon to devote a portion of his or their time to the business of the Company either in an advisory or supervisory capacity or as a Member of a Committee of Directors, the Board of Directors may arrange with such Director or Directors for special remuneration for such services either by way of salary commission or the payment of a stated sum of money as they think fit. Such payments shall be in addition to the remuneration provided for the Directors in Article 90.

17.6 DIRECTORS MAY CONTRACT WITH THE COMPANY

93. No Director shall be disqualified by his office from entering into any contract (which expression shall in this Articles include any arrangement, transaction or dealing whatsoever) with the Company nor shall any such contract or any contract in which any Director shall be in any way interested be avoided nor shall any Director entering into any such contract or being so interested be liable to account to the Company for any profit realized by any such contract by reason of such Director holding that office or of the fiduciary relation thereby established. No Director shall vote as a Director in regard to any contract entered into with himself personally but any Director may so vote in respect of any contract in which he is otherwise interested including any contract with any Company or corporation of which such Director is a director, officer or member, provided that the fact that he is so interested is disclosed to the Board before he so votes. A general notice that a Director is a director, officer or member of any specified Company or corporation shall be sufficient disclosure under this Article.

17.7 BORROWING POWERS EXERCISABLE BY THE DIRECTORS

112. (d) The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking property and uncalled capital, and issue debenture stock, convertible loan stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company exclusive of-
- (i) Short term borrowed secured or unsecured from bankers or others in the ordinary course of business to meet short term requirements; and
 - (ii) Moneys borrowed with or without security for the purpose of conversion, redemption, renewal or payment off of previously existing debentures, debenture stock or other loan capital

shall not without the previous sanction of an Ordinary Resolution of the Company exceed ten times the nominal amount of the issued and paid up share capital and reserves of the Company for the time being and the amount for the time being standing to the credit of Share Premium Account in the books of the Company, but nevertheless no person dealing with the Company shall be concerned to see or inquire whether these limits are observed and no debt incurred or security given in excess of such limits shall be invalid or ineffectual unless the lender or the recipient of the security had at the time when the debt was incurred or security given, express notice that the limit hereby imposed had been or would thereby be exceeded.

18. STATUTORY DECLARATIONS

18.1 Statutory declaration by the Directors

This Prospectus has been seen and approved by the Directors of CI PLC and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the CSE Listing Rules and of the Companies Act No. 7 of 2007 and any amendments to it from time to time have been complied with and after making all reasonable inquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of CI PLC have been given in the Prospectus, such representations have been made after due and careful inquiry of the information available to CI PLC and making assumptions that are considered to be reasonable at present point in time in the best judgement of the Directors.

- Sgd.* Deshamanya Dr. Jivaka Lalith Bhupendra Kotelawala at Colombo on May 26, 2008.
- Sgd.* Lady Dr. Sicille Priya Carmini Kotelawala at Colombo on May 26, 2008.
- Sgd.* Solomon Ratnadas at Colombo on May 26, 2008.
- Sgd.* Ajith Rohan Gunawardena at Colombo on May 26, 2008.
- Sgd.* Rajkumar Renganathan at Colombo on May 26, 2008.
- Sgd.* Hettiarachchige Don Kamal Patrick Alwis at Colombo on May 26, 2008.
- Sgd.* Watuthanthrige Chakrine Jagath Alwis at Colombo on May 26, 2008.
- Sgd.* Peter Devaan Marlon Cooray at Colombo on May 26, 2008.
- Sgd.* Palitha Abeysekara Jayawardena at Colombo on May 26, 2008.
- Sgd.* Alagiah Daniel Jegasothy at Colombo on May 26, 2008.
- Sgd.* Nugent Duncan Nugawela at Colombo on May 26, 2008.
- Sgd.* Telge Nihal Mahinda Peiris at Colombo on May 26, 2008.
- Sgd.* Elmo Thushara Lalindra Ranasinghe at Colombo on May 26, 2008.
- Sgd.* Mrs. Amali Kaushala Seneviratne at Colombo on May 26, 2008.
- Sgd.* Denagama Witharana Patabandige Upali at Colombo on May 26, 2008.

18.2 Statutory declaration by Ceylinco Insurance PLC

An application has been made to the Colombo Stock Exchange for permission to deal in and for a quotation for up to 8,500,000 Non Voting Ordinary shares of CI PLC. Such permission will be granted when the entity has been admitted to the official list of the Colombo Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this prospectus. Admission to the official list is not to be taken as an indication of the merits of the entity or of the Non Voting Shares Offered.

The Common Seal of Ceylinco Insurance PLC was affixed on this 26 day of May 2008 at Colombo in the presence of Mr. T. N. M. Peiris – Director and Mrs. T.N. Jasenthuliyana – Company Secretary.

Sgd.
Director

Sgd.
Company Secretary

18.3 Statutory declaration by the Managers to the Offering, SMB-Kenanga Investment Corporation Limited

We SMB-Kenanga Investment Corporation Limited of No. 385, Landmark Building, Galle Road, Colombo - 03 being the Managers to the Non Voting Ordinary Share Issue hereby declare and confirm that to the best of our knowledge and belief the prospectus constitutes full and true disclosure of all material facts about the share issue and CI PLC whose Non Voting Ordinary Shares are being offered.

The Common Seal of SMB-Kenanga Investment Corporation Limited was affixed on this 26 day of May 2008 at Colombo in the presence of Mr. R.S.W. Senanayake - Deputy Chairman and International Consultancy & Corporate Services (Private) Ltd – Company Secretary.

Sgd.
Deputy Chairman

Sgd.
Company Secretary