



QUARTERLY FINANCIAL STATEMENTS - FOR THE PERIOD ENDED 31ST MARCH 2020
SOFTLOGIC LIFE INSURANCE PLC

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SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 31 March	Note	2020 Rs. ' 000 Audited	2019 Rs. ' 000 Audited	Change %
Gross Written Premiums	5	3,481,549	2,878,346	21
Premiums ceded to Reinsurers		(439,891)	(216,821)	103
Net Earned Premiums		3,041,658	2,661,525	14
Other Revenue				
Net Finance Income		394,967	358,124	10
Net Realised Gains		10,566	46,933	(77)
Net Fair value Gains/(Losses)		146,133	(86,965)	(268)
Other Operating Income		1,035	3,701	(72)
Total Other Revenue		552,701	321,793	72
Total Net Revenue	6	3,594,359	2,983,318	20
Net Benefits, Claims and Expenses				
Net Insurance Benefits and Claims		(865,529)	(714,394)	21
Change in Insurance Contracts Liabilities		(614,083)	305,533	301
Underwriting and Net Acquisition Cost (Net of Reinsurance)		(679,170)	(677,988)	0
Other Operating and Administration Expenses		(767,517)	(829,207)	(7)
Finance Cost		(824)	(30,623)	(97)
Total Benefits, Claims and Expenses		(2,927,123)	(1,946,679)	50
Profit Before Tax	7	667,236	1,036,639	(36)
Income Tax Expense	8	(187,413)	(292,289)	(36)
Profit for the Period		479,823	744,350	(36)
Profit Attributable To;				
Owners of the Parent		479,823	744,350	
Non Controlling Interest		-	-	
		479,823	744,350	(36)
Earnings Per Share				
Basic Earnings Per Share (Rs.)	16	1.28	1.98	(36)
Diluted Earnings Per Share (Rs.)	16	1.28	1.98	(36)

The Notes form an integral part of these Interim Financial Statements.

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March	2020 Rs. ' 000 Audited	2019 Rs. ' 000 Audited	Change %
Profit for the Period	479,823	744,350	(36)
Other Comprehensive Income			
Items that will not be reclassified to Income Statement			
Equity Investments in FVOCI - net change in fair value	(97,446)	(116,126)	
Equity Investments in FVOCI - net change in fair value - Life fund	(95,860)	(158,961)	
Related Tax / Deferred Tax	-	-	
	(193,306)	(275,087)	(30)
Items that are or may be reclassified to profit or loss			
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income	7,767	(111,994)	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income - Life Fund	68,807	19,632	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income Reclassified to Income Statement	4,181	8,312	
Related Tax / Deferred Tax	-	-	
	80,755	(84,050)	(196)
Other Comprehensive Loss, Net of Tax	(112,551)	(359,137)	(69)
Total Comprehensive Income for the period, Net of Tax	367,272	385,213	(5)
Total comprehensive income attributable to:			
Owners of the Company	367,272	385,213	
Non - controlling interests	-	-	
	367,272	385,213	(5)

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	31.03.2020 Rs. ' 000 Audited	31.12.2019 Rs. ' 000 Audited
Assets			
Intangible Assets		387	444
Property, Plant and Equipment		708,406	675,468
Right of Use Asset		428,484	408,044
Deferred Tax Asset		2,043,355	2,230,768
Financial Investments	9	18,712,333	14,910,744
Loans to Life Policyholders		236,700	224,672
Reinsurance Receivables		334,007	188,131
Premium Receivables		1,150,855	743,549
Receivables and Other Assets		1,030,740	923,961
Cash and Cash Equivalents		164,352	377,093
Total Assets		24,809,619	20,682,874
Equity and Liabilities			
Equity			
Stated Capital		1,062,500	1,062,500
Retained Earnings		8,244,039	7,764,216
Restricted Regulatory Reserve		798,004	798,004
Other Reserves		(1,518,352)	(1,405,801)
Total Equity		8,586,191	8,218,919
Liabilities			
Insurance Contract Liabilities	10	13,713,843	10,377,102
Employee Benefits		159,560	151,027
Reinsurance Payables		519,783	428,557
Other Liabilities		1,266,062	1,330,998
Bank Overdraft		564,180	176,271
Total Liabilities		16,223,428	12,463,955
Total Equity and Liabilities		24,809,619	20,682,874
Net Asset per Share		22.90	21.92

The Notes form an integral part of these Condensed Quarterly Financial Statements.

These Financial Statements are in compliance with the requirements of the Companies Act No. 7 of 2007.

Sgd.

Nuwan Withanage

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed and on behalf of the Board;

Sgd.

Director

Colombo

20 May 2020

Sgd.

Director

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March	Stated	Retained	Restricted	Other Reserves			Total
	Capital	Earnings	Regulatory	Available for	Fair Value	Revaluation	
	Rs. ' 000	Rs. ' 000	Reserve	Sale Reserve	Reserve	reserves	Rs. ' 000
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 01 January 2019 Before Adoption of SLFRS 9	1,062,500	6,275,417	798,004	(1,513,394)	-	48,436	6,670,963
Impact of Adoption of SLFRS 9							
Recognition of SLFRS 9 Expected Credit Loss Excluding Participating Fund	-	(20,766)	-	-	-	-	(20,766)
Transfer of AFS Reserve Build due to Reclassification of AFS Portfolio to FVTPL - Participating Fund	-	-	-	12,880	-	-	12,880
Transfer of AFS Reserve to Fair Value Reserve	-	-	-	1,500,514	(1,500,514)	-	-
Adjusted Balance as at 01st January 2019	1,062,500	6,254,651	798,004	-	(1,500,514)	48,436	6,663,077
Profit for the Period	-	744,350	-	-	-	-	744,350
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	(111,994)	-	(111,994)
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	19,632	-	19,632
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	8,312	-	8,312
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	(116,126)	-	(116,126)
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	(158,961)	-	(158,961)
Equity Investments in FVOCI - Reclassified to Retained Earnings	-	(1,365)	-	-	1,365	-	-
Total Other Comprehensive Income, Net of Tax	-	(1,365)	-	-	(357,772)	-	(359,137)
Total Comprehensive Income for the Period	-	742,985	-	-	(357,772)	-	385,213
Transaction With Owners of The Company							
Contribution and Distribution							
Interim Dividend - 2018	-	(543,750)	-	-	-	-	(543,750)
Balance as at 31 March 2019	1,062,500	6,453,886	798,004	-	(1,858,286)	48,436	6,504,540
Profit for the Period	-	1,428,493	-	-	-	-	1,428,493
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	126,503	-	126,503
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	167,101	-	167,101
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	14,209	-	14,209
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	(12,540)	-	(12,540)
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	(36,575)	-	(36,575)
Equity Investments in FVOCI - Reclassified to Retained Earnings	-	(101,079)	-	-	101,079	-	-
Losses on Remeasurement of Defined Benefit Liabilities	-	(17,084)	-	-	-	-	(17,084)
Gain on Revaluation of Land and Buildings	-	-	-	-	-	44,272	44,272
Total Other Comprehensive Income, Net of Tax	-	1,310,330	-	-	359,777	44,272	1,714,379
Total Comprehensive Income for the Period	1,062,500	7,764,216	798,004	-	(1,498,509)	92,708	8,218,919
Balance as at 31 December 2019	1,062,500	7,764,216	798,004	-	(1,498,509)	92,708	8,218,919
Profit for the Period	-	479,823	-	-	-	-	479,823
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	7,767	-	7,767
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	68,807	-	68,807
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	4,181	-	4,181
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	(97,446)	-	(97,446)
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	(95,860)	-	(95,860)
Total Other Comprehensive Income, Net of Tax	-	-	-	-	(112,551)	-	(112,551)
Total Comprehensive Income for the Period	-	479,823	-	-	(112,551)	-	367,272
Balance as at 31 March 2020	1,062,500	8,244,039	798,004	-	(1,611,060)	92,708	8,586,191

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the three months ended 31 March	2020 Rs. ' 000 Audited	2019 Rs. ' 000 Audited
Cash Flows Operating Activities		
Profit before Taxation	667,236	1,036,639
Adjustments for :		
Depreciation of Property, Plant and Equipment	34,277	32,194
Amortization of Intangible Assets	57	872
Depreciation of Right of Use of Assets	36,162	25,599
Interest Expenses on Lease Liabilities	15,214	12,424
Provision for Employee Benefits	9,155	7,811
Net Realised Gains	(10,566)	(46,933)
Net Fair Value Losses	(146,133)	86,965
Unrealised Gains on Foreign Currency Transactions	(9,459)	-
Net Amortisation of Financial Investments	13,555	(90,024)
Impairment Reversal of Financial Investments	(7,092)	-
	602,406	1,065,547
Change in Operating Assets	(671,989)	(689,508)
Change in Operating Liabilities	3,291,963	75,640
Cash flows from Operating Activities	3,222,380	451,679
Gratuity paid	(622)	(2,694)
Net Cash Generated from Operating Activities	3,221,758	448,985
Cash Flows from Investing Activities		
Acquisition of Financial Securities	(8,123,497)	(5,790,957)
Consideration Received from Disposal of Investments	4,369,052	6,054,808
Net Acquisition of Property, Plant and Equipment	(67,215)	(56,451)
Net Cash (used in) / Generated from Investing Activities	(3,821,660)	207,400
Cash Flows from Financing Activities		
Dividend Paid	-	(522,164)
Payment of Lease Liabilities	(748)	(684)
Net Cash used in Financing Activities	(748)	(522,848)
Net Increase / (Decrease) in Cash and Cash Equivalents	C (600,650)	133,537
Net Cash and Cash Equivalents as at the Beginning of the Year	200,822	10,848
Net Cash and Cash Equivalents as at the end of the Period	(399,828)	144,385
Notes to the Cashflow Statement		
A. Change in Operating Assets		
Increase in Loans to Life Policyholders	(12,028)	(12,311)
Increase in Reinsurance Receivables	(145,876)	(139,492)
(Increase) / Decrease in Premium Receivables	(407,306)	14,008
Increase in Receivables and Other Assets	(106,779)	(551,713)
	(671,989)	(689,508)
B. Change in Operating Liabilities		
Increase / (Decrease) in Insurance Contract Liabilities	3,336,741	(235,613)
Increase in Reinsurance Payables	91,226	123,407
Increase / (Decrease) in Other Liabilities	(136,004)	187,846
	3,291,963	75,640
C. Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents	164,352	463,391
Bank Overdrafts	(564,180)	(319,006)
Net Cash and Cash Equivalents as at 31 March	(399,828)	144,385
Net Cash and Cash Equivalents as at the Beginning of the Period	200,822	10,848
Increase / (Decrease) in Cash and Cash Equivalents	C (600,650)	133,537

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION - LIFE INSURANCE FUND

As at	31.03.2020	31.12.2019
	Rs. ' 000	Rs. ' 000
	Audited	Audited
Assets		
Property, Plant and Equipment	264,146	266,000
Right of Use Asset	428,484	408,044
Financial Investments	14,032,509	10,328,503
Loans to Life Policyholders	236,700	224,672
Reinsurance Receivables	334,007	188,131
Premium Receivables	1,150,855	743,549
Receivables and Other Assets	840,156	688,969
Cash and Cash Equivalents	162,220	375,778
Total Assets	17,449,077	13,223,646
Equity and Liabilities		
Equity		
Other Reserves	(572,108)	(549,117)
Revaluation Reserve	92,709	92,709
Total Equity	(479,399)	(456,408)
Liabilities		
Insurance Contract Liabilities	13,713,843	10,377,102
Employee Benefits	159,560	151,027
Reinsurance Payable	519,783	428,557
Other Liabilities	2,971,110	2,547,097
Bank Overdraft	564,180	176,271
Total Liabilities	17,928,476	13,680,054
Total Equity and Liabilities	17,449,077	13,223,646

1 REPORTING ENTITY

Softlogic Life Insurance PLC (“The Company”) is a public limited liability Company incorporated and domiciled in Sri Lanka. The Company is regulated under the Insurance Industry Act No. 43 of 2000 and amendments thereto. The Company was re - registered under the Companies Act No. 07 of 2007 and the registered office is situated at Level 16, One Galle Face Tower, Colombo - 02. The ordinary shares of the Company have a primary listing on the CSE.

2 APPROVAL OF FINANCIAL STATEMENTS

The condensed Quarterly Financial Statements for the three months ended 31 March 2020 were authorised for issue by the Board of Directors on 20 May 2020.

3 BASIS OF PREPARATION

The Condensed Quarterly Financial Statements for the three months ended 31 March 2020 have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These Condensed Quarterly financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2019. Further, the provisions of the Companies Act no.7 of 2007, the Regulation of the Insurance Industry Act No 43 of 2000 and Colombo Stock Exchange have been considered in preparing these Condensed Quarterly Financial Statements. The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2019 have been followed in preparation of these Condensed Quarterly Financial Statements except for the following:

Fair value measurement of Financial Assets

The provision of SLFRS 13 – “Fair Value Measurement and CA guidelines it is permitted to apply alternative valuation techniques to determine the fair value of equity financial instruments in certain situations. Accordingly, internal model has been used by the company to determine the fair value of quoted equities. subsequent to the valuation model quoted equity shares have been transferred to Level 2 from Level 1 in the fair value hierarchy. As a result of this, the loss recorded in fair value reserve reduced by Rs. 304 mn.

Reclassification of financial assets

CA guidelines permitted one off options to reclassification of equity instruments after initial recognition if the entity decides to change its business model as at 1 January 2020. Accordingly, the Company has reclassified equity instruments from FVTPL to FVOCI with effect from 1st January 2020. Subsequent to the reclassification, the gain or loss on disposal of equity shares are recognized in the statement of profit or loss and other comprehensive income. A fair value loss of Rs. 178 mn. recognised in the income statement was reversed as a result of this re-classification.

In preparing these condensed quarterly financial statements, management has made judgements and estimates that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements other than as discribed in above.

New SLFRS and Interpretations issued but not yet effective have not been early adopted during the period.

4 AUDIT OF THE CONDENCED QUATERLY FINANCIAL STATEMENTS

Figures in the Condensed Quarterly Financial Statements for the period ended 31 March 2020 are audited .

5 GROSS WRITTEN PREMIUM

For the three months ended 31 March	2020	2019
	Rs.' 000	Rs.' 000
	Audited	Audited
First Year Premium	870,297	772,751
Renewal Premium	1,738,335	1,450,868
Group Life Premium	356,481	356,710
Single Premium	516,436	298,017
Total Gross Written Premium	3,481,549	2,878,346

6 TOTAL NET REVENUE

For the three months ended 31 March	2020	2019
	Rs.' 000	Rs.' 000
	Audited	Audited
Net Earned Premium	3,041,658	2,661,525
Other Income	552,701	321,793
Total Net Revenue	3,594,359	2,983,318

7 PROFIT BEFORE TAXATION

For the three months ended 31 March	2020	2019
	Rs.' 000	Rs.' 000
	Audited	Audited
Profit Before Taxation	667,236	1,036,639
Total	667,236	1,036,639

For the period ended 31 March 2020, the Company has transferred a surplus of Rs. 498.8 Mn from Non participating Fund to Shareholder fund.(2019- Rs. 928 Mn).

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

8 INCOME TAX EXPENSE

The Company was liable for income tax at 28%, in terms of the Inland Revenue Act No. 10 of 2006 and amendments thereto till 31st March 2018. From 1st April 2018 onwards the gains and profits from the Life Insurance Business are ascertained in terms of Section 67 of the Inland Revenue Act No. 24 of 2017. Accordingly, gains and profits on which tax is payable is the aggregate of;

Taxable Income Source	Applicable Tax Rate
Surplus distributed to shareholders from the Life Insurance policyholders fund as certified by the actuary	28%
Investment income of the shareholder fund less any expenses incurred in the production of such income	28%
Surplus distributed to a Life insurance policyholder who shares the profits of a person engaged in the business of life insurance	14% (Up to 3 years from 2018 and thereafter at 28%)

For the three months ended 31 March	2020 Rs.' 000 Audited	2019 Rs.' 000 Audited
Tax Recognised in Income Statement		
Taxable Income	669,332	1,043,889
Utilisation of Tax credit on Brought Forward Tax Losses	(669,332)	(1,043,889)
Income Tax Expense for the Period	-	-
Deferred Income Tax		
Origination of Deferred Tax Assets (Net)	-	-
Reversal of Deferred Tax Asset on Utilisation of b/f Tax losses	(187,413)	(292,289)
Net Deferred Tax	(187,413)	(292,289)
Net Income Tax Expense	(187,413)	(292,289)

9 FINANCIAL INVESTMENTS

As at	31.03.2020 Rs. '000 Audited	31.12.2019 Rs. '000 Audited
Amortised Cost (AC) Note 9.1	9,704,948	6,569,590
Fair Value through Other Comprehensive Income (FVOCI) Note 9.2	3,630,703	3,644,795
Fair Value Through Profit or Loss (FVTPL) Note 9.3	5,376,682	4,696,359
Total Financial Investments	18,712,333	14,910,744

As at	31.03.2020 Rs. '000 Audited	31.12.2019 Rs. '000 Audited
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9.1 Amortised Cost (AC)

Treasury Bonds		249,955	252,029
Sri Lanka Development Bonds		1,905,298	
Debt Securities			
Bank Deposits Note 9.1.a		1,374,328	445,123
Commercial Papers Note 9.1.b		874,559	1,098,987
Quoted Debentures		4,506,601	4,502,647
Overnight Reverse Repo		794,207	270,804
		9,704,948	6,569,590

9.1.a Bank Deposits

Licensed Commercial Banks		1,211,368	286,559
Licensed Specialised Banks		162,960	158,564
		1,374,328	445,123

9.1.b Commercial Papers

First Capital Holdings PLC		307,585	342,131
Lanka Orix Leasing Company PLC		566,974	756,856
		874,559	1,098,987

9.2 Fair Value through Other Comprehensive Income (FVOCI)

Equity Securities			
Quoted		1,968,222	1,569,656
Unquoted		298,452	303,506
Treasury Bonds		1,364,029	1,771,633
		3,630,703	3,644,795

9.3 Fair Value Through Profit or Loss (FVTPL)

Equity Securities		-	475,837
Treasury Bonds		2,105,954	2,188,847
Unit Trust		3,270,728	2,031,675
		5,376,682	4,696,359

10 INSURANCE CONTRACT LIABILITIES

As at		31.03.2020 Rs. '000 Audited	31.12.2019 Rs. '000 Audited	31.12.2015 Rs. '000 Audited
Insurance Contract Liabilities		12,077,374	8,682,545	5,966,015
	Note 10.1 & 10.2			
Surplus Created due to Change in Valuation method from NPV to GPV		1,056,535	1,056,535	
Claim Payables/Unclaimed Benefits		579,934	638,022	226,600
		13,713,843	10,377,102	6,192,615

10.1 Transfer of One-off Surplus from Policy Holder Fund to Share Holder Fund

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued a Direction No 16 on 20th March 2018 on "Guidelines/ Directions for Identification and Treatment of One-off Surplus" and has instructed all Life Insurance Companies to comply with the new direction. Based on the new guidelines Life Insurance Companies are directed to transfer One-off surplus attributable to Policyholder Non-Participating Fund to Share Holder Fund as at the reporting year ended 31st December 2017. The transfer has been presented as a separate line item in the Income Statement as "Change in contract liability due to transfer of One-off surplus" and as a separate reserve in the Statement of Financial Position as "Restricted Regulatory Reserve" under Equity in accordance with above Direction. As required by the said Direction, the Company received the approval for this transfer on 29th March 2018.

Further distribution of One-off Surplus to shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the IRCSL and can only be released as dividends upon receiving approval from the IRCSL. The One-off Surplus in the Share Holder Fund will remain invested in government debt securities and deposits as disclosed in Note 10.2 as per the directions of the IRCSL".

One-off surplus in respect of participating business is held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the Share Holder Fund by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No. 43 of 2000".

Movement of One-off Surplus After Transfer	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000
Value of Insurance Contract Liability based on Independent Actuary-NPV as at 31st December 2015	3,866,780	2,472,575	6,339,355
Value of Insurance Contract Liability based on Independent Actuary-GPV as at 31st December 2015	2,810,245	1,674,571	4,484,816
Surplus Created due to Change in Valuation method from NPV to GPV- One off Surplus as at 1st January 2016	1,056,535	798,004	1,854,539
Transfer of One-off Surplus from long term fund to Restricted Regulatory Reserve as at 31 December 2017/2018/2019	-	(798,004)	(798,004)
Surplus created due to Change in Valuation Method - One-off Surplus as at 31st March 2020	1,056,535	-	1,056,535

The distribution of One-off surplus to Shareholders as dividends shall remain restricted until a Company develops appropriate policies and procedures for effective management of its business.

10.2 Composition of Investments Supporting the Restricted Regulatory Reserve as at 31 March 2020

Asset Category	ISIN No	Face Value Rs.	Market Value as at 31 March 2020 Rs. '000
Government Securities			
Treasury Bond	LKB03044A010	100,000,000	135,709
	LKB01534I155	50,000,000	51,174
	LKB01534I155	50,000,000	51,174
	LKB01534I155	50,000,000	51,174
	LKB01534I155	50,000,000	51,174
Deposits			
Seylan Bank PLC			304,559
National Savings Bank			108,641
Regional Development Bank			54,318
Total Market Value of the Assets			807,923
Restricted Regulatory Reserve			798,004

10 INSURANCE CONTRACT LIABILITIES (Cont.)

10.3 Valuation of Life Insurance Fund - (Zeroed Basis of Negative Liabilities- Product Level) as at 31 March 2020

The valuation of life insurance fund as at 31st March 2020 was made by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Willis Towers Watson India Private Limited, who approved a sum of Rs. 498.8 million to transfer from Non-Participating Life Insurance fund / insurance contract liabilities to the Shareholders fund as surplus transfer for the period ended 31 March 2020(For the period ended 31 March 2019 - Rs. 928 million).The Financial Statements as at 31st March 2020 were audited by Messrs, KPMG.

As at 31 March 2020	Participating Fund	Non-Participating Fund	Total
	Rs. '000	Rs. '000	Rs. '000
Insurance Contract Liabilities	5,557,656	6,519,718	12,077,374
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
Total Life Fund	6,614,191	6,519,718	13,133,909

10.4 Liability Adequacy Test (LAT) - Life Insurance Contract Liabilities

Liability Adequacy Test (LAT) in respect of the Insurance Contract Liabilities as required by SLFRS 4 - Insurance Contracts are carried out annually.

11 CAPITAL COMMITMENTS AND CONTINGENCIES

11.1 Capital Commitments

The capital commitments approved and contracted as at the reporting date were Rs. 38 million.

11.2 Contingencies

The Contingent Liability of the Company as at 31 March 2020, relates to the followings;

Assessment in Respect of Value Added Tax (VAT)

1) The Company has been issued with VAT assessments by the Department of Inland Revenue for the taxable period 2010 and was determined by the Tax Appeal Commissions on 22nd August 2019. Out of total 11 assessments, 08 assessments were determined in favor of Commissioner General of Inland Revenue amounting to Rs. 46.5 Million including the penalty and 03 assessments were determined in favor of Softlogic Life Insurance PLC amounting to Rs. 24.8 Million including the penalty.

The Company transmitted the case to the Court of Appeal being dissatisfied with the determination which determined in favor of the Commissioner General of Inland Revenue and case is stated for the opinion of the Honorable Court of Appeal. The Total tax exposure of this appeal is Rs. 46.5 million including the penalty.

The Commissioner General of Inland Revenue, transmitted the case to the Court of Appeal being dissatisfied with the determination which determined in favor of Softlogic Life Insurance PLC and case is stated for the opinion of the Honorable Court of Appeal. The Total tax exposure of this appeal is Rs. 24.8 million including the penalty.

2) The Company has been issued with an assessment by the Department of Inland Revenue on 10 March 2016 under the Value Added Tax Act, in relation to the quarter ending 31 March 2014 for Rs. 57.4 Million.

The Company has filed an appeal to the Commissioner General of Inland Revenue on 08 April 2016 for the vat assessment issued for the quarter ending 31 March 2014 on the basis that the underlying computation includes items which are exempt /out of scope of the VAT Act. The Company is awaiting the CGIR determination.

Assessment in Respect of Value Added Tax on Financial Services (VAT on FS)

3) The Company has been issued with assessments by the Department of Inland Revenue on 10 July 2018, 06 August 2019 and 03 February 2020 under the Value Added Tax Act, in relation to the taxable period ending 31 December 2014, 31 December 2016 and 31 December 2017 amounting to Rs. 68.7 Million, Rs. 28 Million and Rs.102.4 Million respectively.

The Company has filed an appeal to the Commissioner General of Inland Revenue on 24 August 2018, 27 September 2019 and 25 February 2020 respectively on the basis that the underlying computation includes items which are out of scope of the VAT Act. The Company is awaiting the CGIR determination.

Assessment in Respect of Nation Building Tax on Financial Services (NBT on FS)

4) The Company has been issued with an assessment by the Department of Inland Revenue on 08 August 2019 and 30 December 2019 under the Nation Building Tax Act, in relation to the taxable period ending 31 December 2016 and 31 December 2017 amounting to Rs. 4.3 Million and Rs. 13.7 Million respectively.

The Company has filed an appeal to the Commissioner General of Inland Revenue on 20 September 2019 and 13 February 2020 on the basis that the underlying computation includes items which are out of scope of the NBT Act. The Company is awaiting the CGIR determination.

Life Insurance Taxation

5) The Tax Appeals Commission issued it's determination on the appeal filed by the Company relating to the assessment raised for Y/A 2010/11 amounting to Rs. 679,000/- , in favor of the Softlogic Life Insurance PLC and The Commissioner General of Inland Revenue has transmitted this case to the Court of Appeal being dissatisfied with the said determination of Tax Appeals Commission and case is stated for the opinion of the Honorable Court of Appeal. The Company is awaiting the hearing from the Court of appeal.

6) The Commissioner General of Inland Revenue issued it's determination on the appeal filed by the Company relating to the assessment raised for Y/A 2011/12, 2012/13 and 2014/15 amounting to Rs. 73.1 Million , in favor of the Commissioner General of Inland Revenue and the Company is in the process of hearing the appeals with Tax Appeals Commission.

7) The Department of Inland Revenue has raised assessments on Softlogic Life Insurance PLC for the year of assessment 2013/14, 2015/16, 2016/17 and 2017/18, assessing the life insurance business to pay an income tax liability of 967 Million along with penalty (before deducting the available Tax credits) and the Company has lodged a valid appeal against the said assessments.

Directors are of the view that it has followed due process and acted in accordance with the prevailing laws in its tax submission and therefore, the probability of company having to settle any of this tax assessments are very low.

12 EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the Interim Financial Statements other than disclosed in note 12.1

12.1 Disclosure on Impacts of COVID -19

Covid-19 pandemic has caused uncertainty to not only the livelihoods of people but also to the economy of the country and the impact of COVID-19 on companies is evolving rapidly and its future effects are uncertain hence quantification of financial impact is not possible right now. Interruption caused by COVID-19 and measures taken to prevent its spread both domestically and internationally have impacted on our results of operations.

As a company, since 20th March 2020, Softlogic Life Insurance PLC has been operating its business strictly in conformity with Government guidelines and directives issued from time to time with regard to the implementation of curfew, work from home arrangements and other measures that concern the health and safety of all stakeholders.

The company has evaluated implications to financial statements due to the COVID 19 outbreak considering the key areas in the financial statements 31 March 2020 as disclosed below.

Board of Directors has assessed potential impairment loss of financial and non-financial assets as at the reporting date. Based on the assessment, the board of directors conclude that no additional impairment provision is required to be made in the Financial Statements as at the reporting date in respect of COVID – 19 Pandemic.

The directors also have made an assessment of the Company's ability to continue as a going concern under the prevailing situation and considering all available information and internal analysis and conclude that the Company has enough resources to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern due to COVID - 19 outbreak. In addition to that, the company has been taken several actions, risk mitigation strategies and other developments in order to minimise the adverse impacts from COVID – 19.

13 COMPARATIVE INFORMATION

Comparative information has been restated to ensure comparability with the current year information.

14 SHARE INFORMATION

14.1 Net Assets Per Share

As at	31.03.2020	31.12.2019
Net Assets Per Share (Rs.)	22.90	21.92

14.2 Market Price Per Share

For the quarter ended 31 march	2020 Rs.
Last traded price (Last trade date - 20th March 2020)	24.70
Highest traded price per share for the Quarter	38.60
Lowest traded price per share for the Quarter	24.00

15 STATED CAPITAL

As at	31.03.2020	31.12.2019
Stated Capital (Rs.' 000)	1,062,500	1,062,500
No of Ordinary Shares	375,000,000	375,000,000

16 BASIC & DILUTED EARNING PER SHARE (EPS)

	31.03.2020	31.12.2019
Profit attributable to Ordinary Shareholders (Rs. 000)	479,823	744,350
Weighted Average No of shares as at 31 March	375,000,000	375,000,000
Basic / Diluted Earning per share (Rs.)	1.28	1.98

17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	31.03.2020	
	No. of Shares	%
1 Softlogic Capital Plc	193,800,760	51.69
2 Dalvik Inclusion Private Limited	71,250,000	19.00
3 Milford Ceylon (pvt) Ltd	71,250,000	19.00
4 Ssb- Global Macro Portfolio	23,762,288	6.34
5 Pershing Llc S/A Averbach Grauson & Co.	3,282,079	0.88
6 Ssb-Global Macro Capital Opportunities Portfolio	2,152,000	0.57
7 Mr. Goonetilleke Gajath Chrysantha	905,000	0.24
8 Mr. Ananda Rajapaksha Rathnayaka Sarath	861,255	0.23
9 Amaliya Private Limited	805,902	0.21
10 Mr.Mather Sujendra Ranjanan	220,000	0.06
11 Mr. Ekanayaka Nahimala Welegedara Senarath Bandara	210,000	0.06
12 Softlogic Holdings Plc	175,550	0.05
13 Hsbc Bank Plc-Mckinley Capital Measa Fund Oeic Limited	168,331	0.04
14 Mr. Rambukwella Ravindra Earl	159,600	0.04
15 People's Merchant Finance Plc/P.T.S De Silva	152,657	0.04
16 Mr Perera Illangage Shantha Prasad	151,000	0.04
17 Mr.Sharda Vikas	150,000	0.04
18 Elgin Investments Limited	150,000	0.04
19 Mr Elankumaran Sarvananthan	130,000	0.03
20 Mr Balasuriya Henasi Geeth	127,600	0.03
Others	369,864,022	98.60
Total	375,000,000	100.00

18 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 March 2020 was 10.27 % (31 December 2019 - 10.27 %) and a number of public shareholders as at 31 March 2020 was 1,327. (31 December 2019 - 1,336) .

Float Adjusted Market Capitalisation

As at 31st March 2020 the Float Adjusted Market Capitalisation is Rs. 951,258,750/-

The Company is comply with minimum public holding requirement as at the reporting date based on "Option 2" of Rule 7.13.1.b .

19 DIRECTORS' SHARE HOLDINGS

As at 31 March	2020	
Name of The Director	No of Shares	%
Mr. A. K. Pathirage (Chairman)	Nil	Nil
Mr. S. Rajapakse- (Deputy Chairman)	Nil	Nil
Mr. T. M. I. Ahamed (Managing Director / CEO)	Nil	Nil
Mr. M. R. Abeywardena - Director	Nil	Nil
Mr. H.K.Kaimal - Director	Nil	Nil
Ms. Fernanda Lima - Director	Nil	Nil
Mr. H.C. Hettiarachchi - Director	Nil	Nil
Mr.V. Govindasamy - Director	Nil	Nil
Mr. R . Snyders - Director	Nil	Nil

20 RELATED PARTY DISCLOSURES

The nature of the related parties in the current period and terms and conditions of transactions with related parties are similar to those reported in the audited financial statements for the year ended 31 December 2019.

20.1 Transactions with Key Management Personnel of the Company or its parent

According to Sri Lanka Accounting Standard (LKAS) 24 Related Party Disclosure, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) and their immediate family members have been classified as Key Management Personnel of the Company.

Immediate family member is defined as spouse or dependent. A dependent is defined as anyone who depends on the respective KMP for his/her financial needs.

For the three months ended 31 March	2020 Rs.' 000	2019 Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	104,166	-
Receiving of services	40,630	24,723
Expenses	-	6
Dividend Paid	-	270,127
Advances	-	28,265
Net Premiums	(255)	-
Transactions with Companies under Common Control		
Investments	323,656	367,575
Purchases of property plant & equipment	5,807	10,943
Dividend received	-	11,166
Expenses	23,155	25,618
Claims Paid	-	5,000
Net Premiums	7,443	(57)
Transactions with other Related Entities		
Investments	-	12,337
Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)		
Professional Charges	-	219

20.2 Appointment and Resignation of Directors to the Board

Following Directors were appointed to the Board of the Company

Name of the Director	Effective date of Appointment	Directorship
Mr. Visvanathamoorthy Govindasamy	16th January 2020	Independent Non Executive Director
Mr. Raimund Synders*	05th February 2020	Independent Non Executive Director

Following Directors have resigned from the Board of the Company

Name of the Director	Effective date of Appointment	Directorship
Mr. Rudiger Will *	16th January 2020	Independent Non Executive Director

* Subject to obtaining approval from Insurance Regulatory Commission of Sri Lanka