

# TOP of the LINE

## INTERIM FINANCIAL STATEMENTS

**SOFTLOGIC LIFE INSURANCE PLC**  
**INCOME STATEMENT**

For the three months ended 31 March		2019	2018	CHANGE
	Note	Rs. ' 000	Rs. ' 000	%
		Audited	Audited	
Gross Written Premium	5	2,878,346	2,247,963	28%
Premiums ceded to Reinsurers		(216,821)	(140,337)	55%
<b>Net Earned Premium</b>		<b>2,661,525</b>	<b>2,107,626</b>	26%
<b>Other Revenue</b>				
Finance Income		358,124	256,061	40%
Net Realized Gains		46,933	122,938	-62%
Net Fair value (Losses)/Gains		(86,965)	(61,084)	42%
Other Operating Income		3,701	1,384	167%
		<b>321,793</b>	<b>319,299</b>	1%
<b>Total Net Revenue</b>	6	<b>2,983,318</b>	<b>2,426,925</b>	23%
<b>Benefits, Claims and Expenses</b>				
Net Insurance Benefits and Claims		(714,394)	(503,626)	42%
Change in Insurance Contracts Liabilities Life Funds		305,533	(45,610)	-770%
Underwriting and net Acquisition Cost		(677,988)	(519,233)	31%
Other Operating and Administration Expenses		(829,207)	(713,601)	16%
Finance Cost		(30,623)	(6,163)	397%
<b>Total Benefits, Losses and Expenses</b>		<b>(1,946,679)</b>	<b>(1,788,233)</b>	9%
<b>Profit Before Taxation</b>	7	<b>1,036,639</b>	<b>638,692</b>	62%
Income Tax Reversal/(Expense)	8	(292,289)	-	100%
<b>Total Profit for the Period</b>		<b>744,350</b>	<b>638,692</b>	17%
<b>Profit Attributable To;</b>				
Owners of the Parent		744,350	638,692	
Non Controlling Interest		-	-	
		<b>744,350</b>	<b>638,692</b>	17%
<b>Basic/Diluted Earnings Per Share (Rs.)</b>	16	1.98	1.70	

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	2019 Rs. ' 000 Audited	2018 Rs. ' 000 Audited
Profit for the Period	744,350	638,692
	<b>744,350</b>	<b>638,692</b>
<b><u>Other Comprehensive Income</u></b>		
<b>Items that are or may be reclassified to profit or loss</b>		
Available for sale financial asset - net change in fair value	(111,994)	(17,403)
Available for sale financial asset - net change in fair value -Life fund	19,632	(6,578)
Available for sale financial assets reclassified to income statement	8,312	-
	<b>(84,050)</b>	<b>(23,981)</b>
<b>Other Comprehensive Income from , net of tax</b>	<b>(84,050)</b>	<b>(23,981)</b>
<b>Total comprehensive income for the period</b>	<b>660,300</b>	<b>614,711</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	660,300	614,711
Non - controlling interests	-	-
	<b>660,300</b>	<b>614,711</b>

**SOFTLOGIC LIFE INSURANCE PLC**  
**STATEMENT OF FINANCIAL POSITION**

As at		31.3.2019	31.12.2018
	Note	Rs. ' 000	Rs. ' 000
		Audited	Audited
<b>Assets</b>			
Intangible Assets		1,217	2,089
Property, Plant and Equipment		994,816	619,059
Deferred Tax Asset	<b>8</b>	2,458,673	2,750,962
Financial Investments	<b>9</b>	11,767,333	12,065,241
Loans to Life Policyholders		173,312	161,001
Reinsurance Receivables		294,294	154,802
Premium Receivables		493,426	507,434
Other Assets		891,321	691,109
Cash and Cash Equivalents		463,391	381,270
<b>Total Assets</b>		<b>17,537,783</b>	<b>17,332,967</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated Capital		1,062,500	1,062,500
Retained Earnings		6,476,017	6,275,417
Available for Sale Reserve		(1,597,444)	(1,513,394)
Revaluation Reserve		48,436	48,436
Restricted Regulatory Reserve		798,004	798,004
<b>Total Equity</b>		<b>6,787,513</b>	<b>6,670,963</b>
<b>Liabilities</b>			
Insurance Contract Liabilities	<b>10</b>	8,785,908	9,021,521
Employee Benefits		112,521	107,404
Reinsurance Payable		444,231	320,824
Amounts due to Related Companies		5,087	4,167
Other Liabilities		1,083,517	837,666
Bank Overdraft		319,006	370,422
<b>Total Liabilities</b>		<b>10,750,270</b>	<b>10,662,004</b>
<b>Total Equity and Liabilities</b>		<b>17,537,783</b>	<b>17,332,967</b>
<b>Net Asset per Share</b>		18.10	17.79

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

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

(Sgd.)

Nuwan Pushpakumara  
**Chief Financial Officer**

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

**Signed and on behalf of the Board;**

(Sgd.)

**Director**  
Colombo  
14th May 2019

(Sgd.)

**Director**

**SOFTLOGIC LIFE INSURANCE PLC**  
**STATEMENT OF CHANGES IN EQUITY**

For the three months ended 31 March	Stated Capital	Retained Earnings	Available for sale reserve	Revaluation reserves	Restricted Regulatory Reserve	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
<b>Balance as at 01 January 2018</b>	<b>1,062,500</b>	<b>2,942,245</b>	<b>(965,056)</b>	<b>48,436</b>	<b>798,004</b>	<b>3,886,129</b>
Profit for the Period	-	638,692	-	-	-	638,692
<b>Other Comprehensive Income for the Period</b>						
Available for sale financial asset -net change in fair value	-	-	(17,403)	-	-	(17,403)
Available for sale financial asset - net change in fair value - Life fund	-	-	(6,578)	-	-	(6,578)
Available for sale financial assets reclassified to income statement	-	-	-	-	-	-
Remeasurement of Defined Benefit (liability)/asset	-	-	-	-	-	-
Revaluation of Land and Buildings	-	-	-	-	-	-
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>(23,981)</b>	<b>-</b>	<b>-</b>	<b>(23,981)</b>
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>638,692</b>	<b>(23,981)</b>	<b>-</b>	<b>-</b>	<b>614,711</b>
<b>Balance as at 31 March 2018</b>	<b>1,062,500</b>	<b>3,580,937</b>	<b>(989,037)</b>	<b>48,436</b>	<b>798,004</b>	<b>4,500,840</b>
Profit for the Period	-	2,697,553	-	-	-	2,697,553
<b>Other Comprehensive Income for the Period</b>						
Available for sale financial asset -net change in fair value	-	-	(180,266)	-	-	(180,266)
Available for sale financial asset - net change in fair value - Life fund	-	-	(362,385)	-	-	(362,385)
Available for sale financial assets reclassified to income statement	-	-	18,294	-	-	18,294
Remeasurement of Defined Benefit (liability)/asset	-	(3,073)	-	-	-	(3,073)
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>(3,073)</b>	<b>(524,357)</b>	<b>-</b>	<b>-</b>	<b>(527,430)</b>
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>2,694,480</b>	<b>(524,357)</b>	<b>-</b>	<b>-</b>	<b>2,170,123</b>
<b>Balance as at 31 December 2018</b>	<b>1,062,500</b>	<b>6,275,417</b>	<b>(1,513,394)</b>	<b>48,436</b>	<b>798,004</b>	<b>6,670,963</b>
Profit for the Period	-	744,350	-	-	-	744,350
<b>Other Comprehensive Income for the Period</b>						
Available for sale financial asset -net change in fair value	-	-	(111,994)	-	-	(111,994)
Available for sale financial asset - net change in fair value - Life fund	-	-	19,632	-	-	19,632
Available for sale financial assets reclassified to income statement	-	-	8,312	-	-	8,312
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>(84,050)</b>	<b>-</b>	<b>-</b>	<b>(84,050)</b>
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>744,350</b>	<b>(84,050)</b>	<b>-</b>	<b>-</b>	<b>660,300</b>
<b>Transaction with the owners of the Company, recognised directly in equity</b>						
Interim Dividend - 2018	-	(543,750)	-	-	-	(543,750)
<b>Balance as at 31 March 2019</b>	<b>1,062,500</b>	<b>6,476,017</b>	<b>(1,597,444)</b>	<b>48,436</b>	<b>798,004</b>	<b>6,787,513</b>

**SOFTLOGIC LIFE INSURANCE PLC**  
**STATEMENT OF CASH FLOWS**

For the three months ended 31 March	2019 Rs. ' 000 Audited	2018 Rs. ' 000 Audited
<b>Cash Flows Operating Activities</b>		
Profit before Taxation	1,036,639	638,692
<b>Adjustments for :</b>		
Depreciation of Property, Plant and Equipments	32,194	26,466
Amortization of Intangible Assets	872	1,456
Provision for Employee Benefits	7,811	6,422
Net Realized (Gains)	(46,933)	(122,938)
Net Fair value Losses/(Gains)	86,965	61,084
Net Amortization of Financial Investments	(90,024)	(39,277)
	<b>1,027,524</b>	<b>571,905</b>
Change in Operating Assets	(689,508)	(104,419)
Change in Operating Liabilities	112,979	(138,422)
<b>Cashflows from Operating Activities</b>	<b>450,995</b>	<b>329,064</b>
Gratuity paid	(2,694)	(3,217)
<b>Net Cash Generated from Operating Activities</b>	<b>448,301</b>	<b>325,847</b>
<b>Cash Flows Investing Activities</b>		
Acquisition of Financial Securities	(5,790,957)	(4,460,004)
Consideration Received from Disposal of Investments	6,054,808	4,050,394
Net Acquisition / Capitalization of of Property, Plant and Equipment	(56,451)	(53,420)
<b>Net Cash (used in )/ Generated from Investing Activities</b>	<b>207,400</b>	<b>(463,029)</b>
<b>Cash Flows Financing Activities</b>		
Dividend Paid	(522,164)	-
<b>Net Cash (used in )/ Generated from Financing Activities</b>	<b>(522,164)</b>	<b>-</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>133,537</b>	<b>(137,182)</b>
<b>Net cash and cash equivalents as at the Beginning of the year</b>	10,848	242,205
<b>Net cash and cash equivalents as at the end of the period</b>	<b>144,385</b>	<b>105,023</b>
<b>Notes to the Cashflow Statement</b>		
<b>A. Change in Operating Assets</b>		
(Increase) / Decrease in Loans to Life Policyholders	(12,311)	(8,337)
(Increase) / Decrease in Reinsurance Receivables	(139,492)	24,997
(Increase) / Decrease in Premium Receivables	14,008	(11,899)
(Increase) / Decrease in Receivable and Other Assets	(551,713)	(109,180)
	<b>(689,508)</b>	<b>(104,419)</b>
<b>B. Change in Operating Liabilities</b>		
Increase / (Decrease) in Insurance Contract Liabilities	(235,613)	96,392
Increase / (Decrease) in Reinsurance Payables	123,407	(55,260)
Increase / (Decrease) in Other Liabilities	225,185	(179,554)
	<b>112,979</b>	<b>(138,422)</b>
<b>C. Increase in Cash and Cash Equivalents</b>		
Cash and Cash Equivalents	463,391	302,785
Bank overdrafts	(319,006)	(197,762)
<b>Net cash and cash equivalents as at 31 March</b>	<b>144,385</b>	<b>105,023</b>
Net cash and cash equivalents as at the Beginning of the period	10,848	242,205
<b>Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>133,537</b>	<b>(137,182)</b>

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

As at	31.3.2019	31.12.2018
	Rs. ' 000	Rs. ' 000
	Audited	Audited
<b>Assets</b>		
Property, Plant and Equipment	578,604	228,864
Financial Investments	9,200,476	8,944,095
Loans to Life Policyholders	173,312	161,001
Reinsurance Receivables	294,294	154,802
Premium Receivables	493,426	507,434
Other Assets	757,031	594,724
Cash and Cash Equivalents	462,115	380,143
<b>Total Assets</b>	<b>11,959,258</b>	<b>10,971,063</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Other Reserves	(633,010)	(660,920)
Revaluation Reserve	48,436	48,436
<b>Total Equity</b>	<b>(584,574)</b>	<b>(612,484)</b>
<b>Liabilities</b>		
Insurance Contract Liabilities	8,785,908	9,021,521
Employee Benefits	112,521	107,404
Reinsurance Payable	444,231	320,824
Amounts due to Related Companies	20,401	15,408
Other Liabilities	2,861,765	1,747,968
Bank Overdraft	319,006	370,422
<b>Total Liabilities</b>	<b>12,543,832</b>	<b>11,583,547</b>
<b>Total Equity and Liabilities</b>	<b>11,959,258</b>	<b>10,971,063</b>

**1 REPORTING ENTITY**

Softlogic Life Insurance PLC (The Company) is a public limited liability Company listed on the Colombo Stock Exchange, incorporated and domiciled in Sri Lanka. The Company has the registered office at No 283, R. A. De Mel Mawatha, Colombo 03. The Company is primarily involved in the Life insurance business. The Company's ultimate parent undertaking and controlling entity is Softlogic Holdings PLC which is incorporated in Sri Lanka.

**2 APPROVAL OF FINANCIAL STATEMENTS**

The condensed Interim Financial Statements for the three months ended 31 March 2019 were authorised for issue by the Board of Directors on 14th May 2019.

**3 BASIS OF PREPARATION**

The Condensed Interim Financial Statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2018.

The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2018 have been followed in preparation of these Interim Financial Statements except for Leases as explained below. 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 Interim Financial Statements.

**New Accounting Policy adopted for SLFRS 16 – Leases with effective from 1.1.2019**

The Company recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use asset is initially measured at cost, which comprises the amount of lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of the costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company generally uses its incremental borrowing rate as the discount rate. Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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

**4 AUDIT OF THE INTERIM FINANCIAL STATEMENTS**

Figures in the Condensed Interim Financial Statements for the period ended 31 March 2019 are audited .

**5 GROSS WRITTEN PREMIUM**

**For the Three months ended 31 March**

	2018 Rs.' 000 Audited	2017 Rs.' 000 Audited
First Year Premium	772,751	678,395
Renewal Premium	1,450,868	1,204,698
Group Life Premium	356,710	187,751
Single Premium	298,017	177,119
<b>Total Life Insurance Gross Written Premium</b>	<b>2,878,346</b>	<b>2,247,963</b>

**6 TOTAL NET REVENUE**

**For the Three months ended 31 March**

	2018 Rs.' 000 Audited	2018 Rs.' 000 Audited
Net Earned Premium	2,661,525	2,107,626
Other Income	321,793	319,299
<b>Net Revenue</b>	<b>2,983,318</b>	<b>2,426,925</b>

**7 PROFIT BEFORE TAXATION**

**For the Three months ended 31 March**

	2018 Rs.' 000 Audited	2018 Rs.' 000 Audited
Profit Before Taxation	1,036,639	638,692
<b>Total</b>	<b>1,036,639</b>	<b>638,692</b>

For the period ended 31 March 2019 the Company has transferred a surplus of Rs. 928 Mn from Non participating Fund to Shareholder fund.(2018- Rs. 585 Mn ).



**SOFTLOGIC LIFE INSURANCE PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**8 INCOME TAX REVERSAL/(EXPENSE)**

The Company is 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.

**For the Three months ended 31 March**

	2019 Rs.' 000 Audited	2018 Rs.' 000 Audited
<b>Tax Recognised in Income Statement</b>		
Taxable Income	1,043,889	-
Utilisation of Tax credit on Brought Forward Tax Losses	(1,043,889)	-
Income Tax Expense for the Year	-	-
<b>Deferred Income Tax</b>		
Originantion of Deferred Tax Assets (Net)	-	-
Reversal of Deferred Tax Asset on Utilisation of b/f Tax losses	(292,289)	-
<b>Net Deferred Tax</b>	<b>(292,289)</b>	<b>-</b>
<b>Net Income Tax Expense</b>	<b>(292,289)</b>	<b>-</b>

The Company has recognised Deferred Tax Asset of Rs. 2.4 billion by utilising the available brought forward tax losses up to 31st March 2018 to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised in accordance with the provision of new Inland Revenue Act No 24 of 2017 which has been effective from 1/4/2018. Unutilised tax losses as at 31 March 2019 is Rs. 9,513 million.

**9 FINANCIAL INVESTMENTS**

**As at**

		Mar-2019 Rs. '000 Audited	Dec-2018 Rs. '000 Audited
Held to Maturity (HTM)	<b>Note 9.1</b>	242,822	245,115
Loans and Receivables (L & R)	<b>Note 9.2</b>	5,448,628	5,614,236
Available - for - Sale (AFS)	<b>Note 9.3</b>	4,619,272	4,394,870
Fair Value Through Profit or Loss (FVTPL)	<b>Note 9.4</b>	1,456,611	1,811,020
<b>Total Financial Investments</b>		<b>11,767,333</b>	<b>12,065,241</b>

**As at**

		Mar-2019 Rs. '000 Audited	Dec-2018 Rs. '000 Audited
<b>9.1 Held to Maturity (HTM)</b>			
Treasury Bonds		242,822	245,115
		<b>242,822</b>	<b>238,803</b>
<b>9.2 Loans and Receivables (L &amp; R)</b>			
Debt Securities - Bank Deposits	<b>Note 9.2.a</b>	1,492,212	1,803,160
- Commercial Paper	<b>Note 9.2.b</b>	755,133	656,794
Debt Securities -Debentures		2,990,030	2,635,728
- Quoted		211,253	518,554
Overnight Reverse Repo		<b>5,448,628</b>	<b>5,614,236</b>
<b>9.2.a Bank Deposits (L&amp; R)</b>			
Licensed Commercial Banks		1,184,625	1,662,695
People's Bank		162,885	-
Regional Development Bank		144,676	140,439
Bank of Ceylon		26	26
		<b>1,492,212</b>	<b>1,803,160</b>
<b>9.2.b Commercial Paper (L &amp; R)</b>			
First Capital Holdings PLC		308,486	224,382
Lanka Orix Leasing Company PLC		446,647	432,412
		<b>755,133</b>	<b>656,794</b>
<b>9.3 Available - for - Sale (AFS)</b>			
Equity Securities			
- Quoted		1,469,482	1,427,100
- Un Quoted		369,700	369,700
Treasury Bonds		2,780,090	2,598,070
		<b>4,619,272</b>	<b>4,394,870</b>
<b>9.4 Fair Value Through Profit or Loss (FVTPL)</b>			
Equity Securities		562,060	655,423
Treasury Bonds		293,477	221,584
Unit Trust		601,074	934,013
		<b>1,456,611</b>	<b>1,811,020</b>

**10 INSURANCE CONTRACT LIABILITIES**

As at	Mar-2019 Rs. '000 Audited	Dec-2018 Rs. '000 Audited
Insurance Contract Liabilities	7,250,500	7,556,032
Surplus Created due to Change in Valuation method from NPV to GPV <b>Note 10.1 &amp; 10.2</b>	1,056,535	1,056,535
Claim Payables/Unclaimed Benefits	478,873	408,954
	<b>8,785,908</b>	<b>9,021,521</b>

**10.1 Surplus created due to Change in Valuation Method - One off Surplus Zeroed at Product Level**

Insurance Contract Liabilities are measured on a market consistent basis in accordance with the Solvency Margin (Risk Based Capital) Rules 2015 with effect from 01st January 2016. However period up to 31st December 2015, the Company used Net Premium Valuation (NPV) methodology to calculate insurance contract liability in accordance with Solvency Margin (Long Term Insurance) Rules 2002.

Surplus created due to change in Valuation Method of Policy Liabilities from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) is measured based on the difference in the policy liability valuation by the independent Actuary based on NPV and GPV bases valuation as at 31st December 2015 according to the Direction 16 "Identification and Treatment of One off Surplus" issued by IRCSL. According to Direction 16, the Company has determined the One off Surplus as the difference between NPV Solvency basis liability and GPV Distribution basis liability for both Participating business and other than Participating business.

**10.2 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 10.3 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". Please refer Note 10.3 for details of assets supporting the restricted regulatory reserve as at 31 March 2019.

	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
<b>Surplus Created due to Change in Valuation method from NPV to GPV- One off Surplus as at 1st January 2016</b>	<b>1,056,535</b>	<b>798,004</b>	<b>1,854,539</b>
Transfer of One-off Surplus from long term fund to Restricted Regulatory Reserve as at 31 December 2017		(798,004)	(798,004)
<b>Surplus Created due to Change in Valuation method from NPV to GPV- One off Surplus as at 31 March 2019</b>	<b>1,056,535</b>	<b>-</b>	<b>1,056,535</b>

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.

**10.3 Composition of Investments Supporting the Restricted Regulatory Reserve as at 31 March 2019**

	Face Value Rs.	Market Value as at 31 March 2019 Rs. '000
<b>Government Securities</b>		
Treasury Bond <span style="float: right;">LKB03044A010</span>	100,000,000	117,193
<b>Deposits</b>		
Seylan Bank PLC	175,000,000	186,380
Sampath Bank PLC	263,618,836	287,599
Sampath Bank PLC	125,000,000	133,129
Hatton National Bank PLC	110,658,219	120,522
<b>Total Market Value of the Assets</b>		<b>844,823</b>

**10 INSURANCE CONTRACT LIABILITIES (Cont.)**

**10.4 Valuation of Life Insurance Fund - (Zeroed Basis of Negative Liabilities- Product Level) as at 31 March 2019**

The valuation of life insurance fund as at 31st March 2019 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. 928 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 2019. The Financial Statements as at 31st March 2019 were audited by Messrs, KPMG.

	Participating Fund	Non-Participating Fund	Total
	Rs. '000	Rs. '000	Rs. '000
Insurance Contract Liabilities	4,817,333	2,433,167	7,250,500
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
<b>Total Life Fund</b>	<b>5,873,868</b>	<b>2,433,167</b>	<b>8,307,035</b>

**10.5 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. 117 million.

**11.2 Contingencies**

The Contingent Liability of the Company as at 31 March 2019, relates to the followings;

**Assessment in Respect of Value Added Tax (VAT)**

The Company has been issued with an assessment by the Department of Inland Revenue on 26 April 2013 and 10 March 2016 under the Value Added Tax Act, in relation to the taxable period ended 31 December 2010 and quarter ended 31 March 2014 for Rs. 45.9 Million and Rs. 57.4 Million respectively.

The Company has filed an appeal to the Tax appeals commissions on 03 July 2015 on the basis that the underlying computation includes items which are exempt /out of scope of the VAT Act for the vat assessment issued for the period ended 31 December 2010. The appeal hearing was held at the Tax Appeals Commissions on 22 August 2017 in respect of the assessment issued, and Company has made a written submission to the tax appeals commissions on 22 September 2017 as requested at the said appeal hearing. The Company is awaiting the final decision.

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 ended 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)**

The Company has been issued with an assessment by the Department of Inland Revenue on 10 July 2018 under the Value Added Tax Act, in relation to the taxable period ended 31 December 2014 amounting to Rs. 68.7 Million.

The Company has filed an appeal to the Commissioner General of Inland Revenue on 24 August 2018 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.

**Life Insurance Taxation**

The Commissioner General of Inland Revenue issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2010/11, 2011/12 and 2012/13 amounting to Rs. 60.33 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.

The Department of Inland Revenue has raised an assessment on Softlogic Life Insurance PLC for the year of assessment 2013/14, 2014/15, 2015/16 and 2016/17, assessing the life insurance business to pay an income tax liability of 579.53 Million along with a penalty totaling to 714.52 Million (before deducting the available Tax credits) and the Company has lodged a valid appeal against the said assessment.

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 above assessments have no rationale or basis in law.

**Pending Litigations**

In the opinion of Directors and in consultation with the company Lawyers, litigation currently pending against the company will not have a material impact on the reported results or future operations of the company. All pending litigation for claims have been evaluated and adequate provisions have been made in the interim financial statements.

**12 EVENTS AFTER THE REPORTING PERIOD**

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the Financial Statements.

**13 COMPARATIVE INFORMATION**

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

**14 SHARE INFORMATION**

	31.03.2019	31.12.2018
<b>Net Assets Per Share (Rs)</b>	18.10	17.79
<b>Market Price Per Share</b>		
Last traded price as at 31 March 2019	31.50	
Highest traded price per share for the Quarter (Jan-Mar)	50.40	
Lowest traded price per share for the Quarter (Jan-Mar)	30.00	

**15 STATED CAPITAL**

As at	31.03.2019 Rs.' 000	31.12.2018 Rs.' 000
Stated Capital	<b>1,062,500</b>	<b>1,062,500</b>
No of Ordinary Shares	375,000,000	375,000,000

**16 BASIC & DILUTED EARNING PER SHARE (EPS)**

	31.03.2019	31.12.2018
Profit attributable to Ordinary Shareholders (Rs. 000)	744,350	638,692
Weighted Average No of shares as at 31 March	375,000,000	375,000,000
Basic/Diluted Earning per share (Rs.)	1.98	1.70

**17 TWENTY LARGEST SHAREHOLDERS**

Name of Shareholder	31.03.2019	
	No. of Shares	%
1 Softlogic Capital PLC	193,800,760	51.68
2 Dalvik Inclusion Private Limited	71,250,000	19.00
3 State Street Munich c/o ssbt-deg-deutsche investigations	71,250,000	19.00
4 Ssbt- Global Macro Portfolio	25,625,000	6.83
5 Pershing llc s/a Averbach Grauson & Co.	3,282,079	0.88
6 Ssbt-Global Macro Capital Opportunities Portfolio	2,500,000	0.67
7 Mr. Goonetilleke Gajath Chrysantha	905,000	0.24
8 Mr. Ananda Rajapaksha Rathnayaka Sarath	615,950	0.16
9 J.B. Cocoshell (pvt) Ltd	484,503	0.13
10 Mr. Ekanayaka Nahimala Welegedara Senarath Bandara	205,000	0.05
11 Softlogic Holdings PLC	175,550	0.05
12 HSBC Bank PLC-Mckinley Capital measa fund oec Limited	168,331	0.04
13 Mr.Raheem Tuan Faizal	140,000	0.04
14 Mr. Rambukwella Ravindra Earl	122,500	0.03
15 Mr.Elankumaran Sarvananthan	120,000	0.03
16 People's Leasing & Finance PLC/Mr.M.Z.M Wafik	113,790	0.03
17 Striders Corporation	106,842	0.03
18 Union Investments Private Ltd	100,000	0.03
19 Mr.Mather Sujendra Ranjanan	100,000	0.03
20 Mr.Sandamal Hettiarachige don jude ravindra	100,000	0.03
Others	371,165,305	98.98
<b>Total</b>	<b>375,000,000</b>	<b>100.00</b>

**18 PUBLIC SHAREHOLDING**

The percentage of shares held by the public as at 31 March 2019 was 10.27 % ( 31 December 2018 - 10.27 %) and a number of public shareholders as at 31 March 2019 was 1,249. ( 31 December 2018 - 1,135) .

**Float Adjusted Market Capitalisation**

As at 31 March 2019 the Float Adjusted Market Capitalisation is Rs. 1,213,143,750/-

The Company is comply with minimum public holding requirement as at the reporting date based on "Option 1" of Rule 7.13.1.b .

**19 DIRECTORS' SHARE HOLDINGS**

As at 31 March Name of The Director	2019	
	No of Shares	%
Mr. A. K. Pathirage (Chairman)	Nil	Nil
Mr. J. H. Paul Ratnayake (Deputy Chairman)	Nil	Nil
Mr. T. M. I. Ahamed (Managing Director / CEO)	Nil	Nil
Mr. S. Rajapakse- Director	Nil	Nil
Mr. M. R. Abeywardena - Director	Nil	Nil
Ms. Fernanda Lima	Nil	Nil
Mr. H.K.Kaimal - Director	Nil	Nil
Mr. Rudiger Will	Nil	Nil
Mr. H.C. Hettiarachchi	Nil	Nil

**20 RELATED PARTY DISCLOSURES**

**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	2019 Rs.' 000	2018 Rs.' 000
<b>Transactions with the Ultimate Parent &amp; Parent</b>		
Receiving of services	24,723	21,603
Expenses	6	-
Dividend Paid	270,127	-
Advances	28,265	-
<b>Transactions with Companies under Common Control</b>		
Investments	367,575	163,814
Insurance Premiums	-	338
Purchases of property plant & equipment	10,943	13,327
Dividend received	11,166	3,574
Expenses	25,618	16,420
Net Premiums	(57)	-
Claims paid	5,000	-
<b>Transactions with other Related Entities</b>		
Investments	12,337	-
<b>Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)</b>		
Professional Charges	219	-

**20.2 Appointments of New Directors to the Board**

Following Director has been appointed to the Board of Directors.

Name	Directorship	Appointment Date
Mr. H.C Hettiarachchi	Executive Director	25th January 2019