

# INTERIM FINANCIAL STATEMENTS

For the Period Ended  
31<sup>st</sup> March 2018

softlogic  
**LiFE**

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

For the three months ended 31 March		2018	2017	CHANGE
	Note	Rs. ' 000 Audited	Rs. ' 000 Un-Audited	%
Gross Written Premium	5	2,247,963	1,639,278	37%
Premiums ceded to Reinsurers		(140,337)	(171,852)	-18%
<b>Net Earned Premium</b>		<b>2,107,626</b>	<b>1,467,426</b>	<b>44%</b>
<b>Other Revenue</b>				
Finance Income		256,061	252,098	2%
Net Realized Gains		122,938	1,889	6408%
Net Fair value (Losses)/Gains		(61,084)	(11,560)	-428%
Other Operating Income		1,384	5,180	-73%
		<b>319,299</b>	<b>247,607</b>	<b>29%</b>
<b>Total Net Revenue</b>	<b>6</b>	<b>2,426,925</b>	<b>1,715,033</b>	<b>42%</b>
<b>Benefits, Claims and Expenses</b>				
Net Insurance Benefits and Claims		(503,626)	(308,485)	63%
Increase in Life Fund		(45,610)	13,048	-450%
Underwriting and net Acquisition Cost		(519,233)	(424,852)	22%
Other Operating and Administration Expenses		(713,601)	(507,080)	41%
Finance Cost		(6,163)	(1,635)	277%
<b>Total Benefits, Losses and Expenses</b>		<b>(1,788,233)</b>	<b>(1,229,004)</b>	<b>46%</b>
<b>Profit Before Taxation</b>	<b>7</b>	<b>638,692</b>	<b>486,029</b>	<b>31%</b>
Income Tax Expense		-	-	
<b>Total Profit for the Year</b>		<b>638,692</b>	<b>486,029</b>	<b>31%</b>
<b>Profit Attributable To;</b>				
Owners of the Parent		638,692	486,029	
Non Controlling Interest		-	-	
		<b>638,692</b>	<b>486,029</b>	<b>31%</b>
<b>Basic/Diluted Earnings Per Share (Rs.)</b>	<b>16</b>	<b>1.70</b>	<b>1.30</b>	

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	2018	2017
	Rs. ' 000 Audited	Rs. ' 000 Un-Audited
Profit for the Period	638,692	486,029
	<b>638,692</b>	<b>486,029</b>
<b>Items that are or may be reclassified to profit or loss</b>		
Available for sale financial asset - net change in fair value	(17,403)	(103,589)
Available for sale financial asset - net change in fair value -Life fund	(6,578)	(42,135)
Available for sale financial assets reclassified to income statement	-	(52)
	<b>(23,981)</b>	<b>(145,776)</b>
<b>Other Comprehensive Income from , net of tax</b>	<b>(23,981)</b>	<b>(145,776)</b>
<b>Total comprehensive income for the period</b>	<b>614,711</b>	<b>340,253</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	614,711	340,253
Non - controlling interests	-	-
	<b>614,711</b>	<b>340,253</b>

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

As at	Note	31.03.2018 Rs. ' 000 Audited	31.12.2017 Rs. ' 000 Audited
<b>Assets</b>			
Intangible Assets		5,689	7,145
Property, Plant and Equipment		604,658	577,705
Financial Investments	<b>8</b>	10,481,248	9,994,488
Loans to Life Policyholders and Others		148,722	140,385
Reinsurance Receivables		124,551	149,548
Premium Receivables		302,720	290,821
Other Assets		688,589	579,409
Deferred Tax Asset		420,000	420,000
Cash and Cash Equivalents		302,785	318,945
<b>Total Assets</b>		<b>13,078,962</b>	<b>12,478,446</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Stated Capital		1,062,500	1,062,500
Other Reserves		(989,037)	(965,056)
Revaluation Reserve		48,436	48,436
Restricted Regulatory Reserve		798,004	798,004
Retained Earnings		3,580,937	2,942,245
<b>Total Equity</b>		<b>4,500,840</b>	<b>3,886,129</b>
<b>Liabilities</b>			
Insurance Contract Liabilities	<b>9</b>	7,534,984	7,438,592
Employee Benefits		89,898	86,693
Reinsurance Payable		181,005	236,265
Amounts due to Related Companies		3,634	4,615
Other Liabilities		570,839	749,412
Bank Overdraft		197,762	76,740
<b>Total Liabilities</b>		<b>8,578,122</b>	<b>8,592,317</b>
<b>Total Equity and Liabilities</b>		<b>13,078,962</b>	<b>12,478,446</b>
<b>Net Asset per Share</b>		12.00	10.36

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  
18th May 2018

(Sgd.)

**Director**

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

For the three months ended 31 March	Stated Capital	Available for sale reserve	Revaluation reserves	Restricted Regulatory Reserve	Retained Earnings	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
<b>Balance as at 01 January 2017</b>	<b>1,062,500</b>	<b>(1,348,513)</b>	<b>24,903</b>	<b>-</b>	<b>2,223,276</b>	<b>1,962,166</b>
Profit for the Period	-	-	-	-	486,029	486,029
<b>Other Comprehensive Income for the Period</b>						
Available for sale financial asset -net change in fair value	-	(103,589)	-	-	-	(103,589)
Available for sale financial asset - net change in fair value - Life fund	-	(42,135)	-	-	-	(42,135)
Available for sale financial assets reclassified to income statement	-	(52)	-	-	-	(52)
Remeasurement of Defined Benefit (liability)/asset	-	-	-	-	-	-
<b>Total Other Comprehensive income</b>	<b>-</b>	<b>(145,776)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(145,776)</b>
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>(145,776)</b>	<b>-</b>	<b>-</b>	<b>486,029</b>	<b>340,253</b>
<b>Transaction with the owners of the Company, recognised directly in equity</b>						
2nd Interim Dividend - 2016	-	-	-	-	(810,000)	(810,000)
<b>Balance as at 31 March 2017</b>	<b>1,062,500</b>	<b>(1,494,289)</b>	<b>24,903</b>	<b>-</b>	<b>1,899,305</b>	<b>1,492,419</b>
Profit for the Period	-	-	-	798,004	1,040,488	1,838,492
<b>Other Comprehensive Income for the Period</b>						
Available for sale financial asset -net change in fair value	-	(18,921)	-	-	-	(18,921)
Available for sale financial asset - net change in fair value - Life fund	-	541,489	-	-	-	541,489
Available for sale financial assets reclassified to income statement	-	6,665	-	-	-	6,665
Remeasurement of Defined Benefit (liability)/asset	-	-	-	-	2,452	2,452
Revaluation of Land and Buildings	-	-	23,533	-	-	23,533
<b>Total Other Comprehensive Income</b>	<b>-</b>	<b>529,233</b>	<b>23,533</b>	<b>-</b>	<b>2,452</b>	<b>555,218</b>
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>529,233</b>	<b>23,533</b>	<b>798,004</b>	<b>1,042,940</b>	<b>2,393,710</b>
<b>Balance as at 31 December 2017</b>	<b>1,062,500</b>	<b>(965,056)</b>	<b>48,436</b>	<b>798,004</b>	<b>2,942,245</b>	<b>3,886,129</b>
<b>Balance as at 01 January 2018</b>	<b>1,062,500</b>	<b>(965,056)</b>	<b>48,436</b>	<b>798,004</b>	<b>2,942,245</b>	<b>3,886,129</b>
<b>Profit for the Period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>638,692</b>	<b>638,692</b>
<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>(23,981)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,981)</b>
<b>Total Comprehensive Income for the period</b>	<b>-</b>	<b>(23,981)</b>	<b>-</b>	<b>-</b>	<b>638,692</b>	<b>614,711</b>
<b>Balance as at 31 March 2018</b>	<b>1,062,500</b>	<b>(989,037)</b>	<b>48,436</b>	<b>798,004</b>	<b>3,580,937</b>	<b>4,500,840</b>

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

For the three months ended 31 March	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Un-Audited
<b>Cash Flows Operating Activities</b>		
Profit before Taxation	638,692	486,029
<b>Adjustments for :</b>		
Depreciation of Property, Plant and Equipments	26,466	14,227
Amortization of Intangible Assets	1,456	1,584
Provision for Employee Benefits	6,422	5,454
Net Realized (Gains)	(122,938)	(1,889)
Net Fair value Losses/(Gains)	61,084	11,560
Net Amortization of Financial Investments	(39,277)	(5,969)
	<b>571,905</b>	<b>510,996</b>
Change in Operating Assets	(104,419)	(29,854)
Change in Operating Liabilities	(138,422)	(41,442)
<b>Cashflows from Operating Activities</b>	<b>329,064</b>	<b>439,700</b>
Gratuity paid	(3,217)	-
<b>Net Cash Generated from Operating Activities</b>	<b>325,847</b>	<b>439,700</b>
<b>Cash Flows Investing Activities</b>		
Acquisition of Financial Securities	(4,460,004)	(1,951,490)
Consideration Received from Disposal of Investments	4,050,394	1,605,074
Net Acquisition / Capitalization of of Property, Plant and Equipment	(53,420)	(29,184)
<b>Net Cash (used in )/ Generated from Investing Activities</b>	<b>(463,029)</b>	<b>(375,600)</b>
<b>Cash Flows Financing Activities</b>		
Dividend Paid	-	(810,000)
Net Short Term Borrowings	-	160,000
<b>Net Cash (used in )/ Generated from Financing Activities</b>	<b>-</b>	<b>(650,000)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(137,182)</b>	<b>(585,900)</b>
<b>Net cash and cash equivalents as at the Beginning of the year</b>	242,205	101,088
<b>Net cash and cash equivalents as at the end of the year</b>	<b>105,023</b>	<b>(484,812)</b>
<b>Notes to the Cashflow Statement</b>		
<b>A. Change in Operating Assets</b>		
(Increase) / Decrease in Loans to Life Policyholders	(8,337)	17,534
(Increase) / Decrease in Reinsurance Receivables	24,997	(104,758)
(Increase) / Decrease in Premium Receivables	(11,899)	(50,353)
(Increase) / Decrease in Receivable and Other Assets	(109,180)	107,723
	<b>(104,419)</b>	<b>(29,854)</b>
<b>B. Change in Operating Liabilities</b>		
Increase / (Decrease) in Insurance Contract Liabilities	96,392	(16,880)
Increase / (Decrease) in Reinsurance Payables	(55,260)	89,878
Increase / (Decrease) in Other Liabilities	(179,554)	(114,440)
	<b>(138,422)</b>	<b>(41,442)</b>
<b>C. Increase in Cash and Cash Equivalents</b>		
Cash and Cash Equivalents	302,785	360,683
Bank overdrafts	(197,762)	(845,495)
<b>Net cash and cash equivalents as at 31 March</b>	<b>105,023</b>	<b>(484,812)</b>
Net cash and cash equivalents as at the Beginning of the period	242,205	101,088
<b>Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(137,182)</b>	<b>(585,900)</b>

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

As at	31.03.2018	31.12.2017
	Rs. ' 000	Rs. ' 000
	Audited	Audited
<b>Assets</b>		
Property, Plant and Equipment	234,240	236,000
Financial Investments	8,232,866	8,732,732
Loans to Life Policyholders	148,722	140,385
Reinsurance Receivables	124,551	149,548
Premium Receivables	302,720	290,821
Other Assets	395,959	270,641
Cash and Cash Equivalents	301,842	317,946
<b>Total Assets</b>	<b>9,740,900</b>	<b>10,138,073</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Other Reserves	(313,469)	(306,889)
Revaluation Reserve	48,436	48,436
<b>Total Equity</b>	<b>(265,033)</b>	<b>(258,453)</b>
<b>Liabilities</b>		
Insurance Contract Liabilities	7,534,984	7,438,592
Employee Benefits	89,898	86,693
Reinsurance Payable	181,005	236,265
Amounts due to Related Companies	4,514	4,615
Other Liabilities	1,997,770	2,553,621
Bank Overdraft	197,762	76,740
<b>Total Liabilities</b>	<b>10,005,933</b>	<b>10,396,526</b>
<b>Total Equity and Liabilities</b>	<b>9,740,900</b>	<b>10,138,073</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 2018 were authorised for issue by the Board of Directors on 18th May 2018.

**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 2017.

The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2016 have been followed in preparation of these Interim Financial Statements. 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 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 2018 are audited .

**5 GROSS WRITTEN PREMIUM**

<b>For the Three months ended 31 March</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.' 000</b>	<b>Rs.' 000</b>
	<b>Audited</b>	<b>Un-Audited</b>
First Year Premium	678,395	492,051
Renewal Premium	1,204,698	995,790
Group Life Premium	187,751	67,839
Single Premium	177,119	83,598
<b>Total Life Insurance Gross Written Premium</b>	<b>2,247,963</b>	<b>1,639,278</b>

**6 TOTAL NET REVENUE**

<b>For the Three months ended 31 March</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.' 000</b>	<b>Rs.' 000</b>
	<b>Audited</b>	<b>Un-Audited</b>
<b>Net Revenue</b>	<b>2,426,925</b>	<b>1,715,033</b>
	<b>2,426,925</b>	<b>1,715,033</b>

**7 PROFIT BEFORE TAXATION**

<b>For the Three months ended 31 March</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.' 000</b>	<b>Rs.' 000</b>
	<b>Audited</b>	<b>Un-Audited</b>
Profit Before Taxation	638,692	486,029
<b>Total</b>	<b>638,692</b>	<b>486,029</b>



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

**8 FINANCIAL INVESTMENTS**

<b>As at</b>		<b>Mar-2018</b>	<b>Dec-2017</b>
		<b>Rs. '000</b>	<b>Rs. '000</b>
		<b>Audited</b>	<b>Audited</b>
Held to Maturity (HTM)	<b>Note 8.1</b>	236,367	238,803
Loans and Receivables (L & R)	<b>Note 8.2</b>	3,372,850	2,957,396
Available - for - Sale (AFS)	<b>Note 8.3</b>	4,284,579	4,171,613
Fair Value Through Profit or Loss (FVTPL)	<b>Note 8.4</b>	2,587,452	2,626,676
<b>Total Financial Investments</b>		<b>10,481,248</b>	<b>9,994,488</b>
<b>As at</b>		<b>Mar-2018</b>	<b>Dec-2017</b>
		<b>Rs. '000</b>	<b>Rs. '000</b>
		<b>Audited</b>	<b>Audited</b>
<b>8.1 Held to Maturity (HTM)</b>			
Treasury Bonds		236,367	238,803
		<b>236,367</b>	<b>238,803</b>
<b>8.2 Loans and Receivables (L &amp; R)</b>			
Debt Securities - Bank Deposits	<b>Note 8.2.a</b>	528,518	514,092
- Commercial Paper	<b>Note 8.2.b</b>	204,938	169,188
Debt Securities -Debentures			
- Quoted		1,900,735	1,794,875
Overnight Reverse Repo		738,659	479,241
		<b>3,372,850</b>	<b>2,957,396</b>
<b>8.2.a Bank Deposits (L&amp; R)</b>			
Licensed Commercial Banks		462,741	450,272
Sanasa Development Bank PLC		55,460	53,784
Regional Development Bank		10,291	10,010
Bank of Ceylon		26	26
		<b>528,518</b>	<b>514,092</b>
<b>8.2.b Commercial Paper (L &amp; R)</b>			
First Capital Holdings PLC		204,938	169,188
		<b>204,938</b>	<b>169,188</b>
<b>8.3 Available - for - Sale (AFS)</b>			
Debt Securities			
- Debentures		-	
Equity Securities			
- Quoted		1,339,926	1,298,876
- Un Quoted		369,700	369,700
Treasury Bonds		2,574,953	2,503,037
		<b>4,284,579</b>	<b>4,171,613</b>
<b>8.4 Fair Value Through Profit or Loss (FVTPL)</b>			
Equity Securities		608,088	591,027
Treasury Bonds		360,663	458,728
Unit Trust		1,618,701	1,576,921
		<b>2,587,452</b>	<b>2,626,676</b>

**9 INSURANCE CONTRACT LIABILITIES**

As at		Mar-18 Rs. '000 Audited	Dec-17 Rs. '000 Audited
Insurance Contract Liabilities		6,136,053	6,090,446
Surplus Created due to Change in Valuation method from NPV to GPV	Note 9.1 & 9.2	1,056,535	1,056,535
Unclaimed benefits		342,396	291,611
		<b>7,534,984</b>	<b>7,438,592</b>

**9.1 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 as directed by IRCSL. The Company has determined the One off Surplus as the difference between NPV Solvency basis liability and GPV Distribution basis liability.

**9.2 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 9.3 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 9.3 for details of assets supporting the restricted regulatory reserve as at 31st March 2018.

	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 31st March 2018</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.

**9.3 Composition of Investments Supporting the Restricted Regulatory Reserve as at 31st March 2018**

		Face Value Rs.	Market Value as at 31 March 2018 Rs. '000
<b>Government Securities</b>			
Treasury Bond	LKB03044A010	100,000,000	127,236
<b>Repos</b>			
Commercial Bank PLC			281,611
First Capital Holdings PLC			90,569
<b>Deposits</b>			
Sampath Bank PLC		250,000,000	257,147
Hatton National Bank PLC		200,000,000	205,595
<b>Total Market Value of the Assets</b>			<b>962,158</b>

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

**9.4 Valuation of Life Insurance Fund - (Zeroed Basis of Negative Liabilities- Product Level) as at 31 March 2018**

The valuation of life insurance fund as at 31st March 2018 was made by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Towers Watson India Private Limited, who approved a sum of Rs. 585 million to be transferred from Non-Participating Life Insurance fund / insurance contract liabilities to the Shareholders fund as surplus transfer for the quarter ended 31st March 2018. Financial Statements as at 31st March 2018 were audited by Messrs, KPMG.

	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000
Insurance Contract Liabilities	4,344,085	1,791,968	6,136,053
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
<b>Total Life Fund</b>	<b>5,400,620</b>	<b>1,791,968</b>	<b>7,192,588</b>

**9.5 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 was carried out annually.

**9.6** Retained earnings are restricted for further distribution.

**10 CAPITAL COMMITMENTS AND CONTINGENCIES**

**10.1 Capital Commitments**

As at the end of the interim period, there were no capital expenditure approved by the Board and contracted for hence no provision has been made in the Interim Financial Statements.

**10.2 Contingencies**

The Contingent Liability of the Company as at 31 March 2018, 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 28 October 2011 and 26 April 2013 under the Value Added Tax Act, in relation to the taxable period ending 31 December 2009 and 2010 for Rs. 15.2 Million and Rs. 45.9 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. 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.

**Life Insurance Taxation**

The Department of Inland Revenue has raised an assessment on Softlogic Life Insurance PLC for the year of assessment 2010/11, 2011/12 and 2012/13 assessing the Life insurance business to pay an income tax liability of Rs. 46.41 million (Rs. 44 million Tax liability and penalty of Rs. 2 million) and the company has lodged a valid appeal in consultation with Tax Consultants against the said assessment with the Tax Appeals Commission. Further, the Department of Inland Revenue has raised notice of assessment on Softlogic Life Insurance PLC for the year of assessment 2013/14 and 2014/15 assessing the Life insurance business to pay an income tax liability of Rs. 139.08 million (Rs. 106 million Tax liability and penalty of Rs. 33 million) and the company has filed a petition of appeal in consultation with Tax Consultants against the said notice of the assessment with the Commissioner General of Inland Revenue (CGIR). The Company is of the view that it has followed due process and acted in accordance with the prevailing laws in its tax submissions for years of assessment 2010 / 11, 2011/12, 2012 / 13 , 2013 / 14 and 2014 / 15 and therefore, the above assessments have no rationale or basis in law. Hence the Company together with tax consultants are of the strong view that no tax liability will arise and assessment would not be materialised. Accordingly no provision is made in these financial statements.

**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.

**11 EVENTS AFTER THE REPORTING PERIOD**

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

**12 COMPARATIVE INFORMATION**

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

**13 SHARE INFORMATION**

	31.03.2018	31.12.2017
<b>Net Assets Per Share (Rs)</b>	12.00	10.36
<b>Market Price Per Share</b>		
Last traded price as at 31 March 2018	22.60	
Highest traded price per share for the Quarter (Jan-Mar)	25.00	
Lowest traded price per share for the Quarter (Jan-Mar)	20.50	

**14 STATED CAPITAL**

<b>As at</b>	31.03.2018 Rs.' 000	31.12.2017 Rs.' 000
Stated Capital	<b>1,062,500</b>	<b>1,062,500</b>
No of Ordinary Shares	375,000,000	375,000,000

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

	31.03.2018	31.12.2017
Profit attributable to Ordinary Shareholders (Rs. 000)	638,692	486,029
Weighted Average No of shares as at 31 March	375,000,000	375,000,000
Basic/Diluted Earning per share (Rs.)	1.70	1.30

**16 TWENTY LARGEST SHAREHOLDERS**

<b>Name of Shareholder</b>	31.03.2018	
	No. of Shares	%
1 Softlogic Capital PLC	193,820,760	51.69
2 Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	71,250,000	19.00
3 HSBC Intl Nom Ltd-State Street Munich C/O Ssb-Deg-Deutsche Investitions-Und Entwicklungsgesellschaft	71,250,000	19.00
4 HSBC Intl Nom Ltd-Ssbt- Global Macro Portfolio	25,625,000	6.83
5 J.B. Cocoshell (Pvt) Ltd	2,656,848	0.71
6 HSBC Intl Nom Ltd-Ssbt-Global Macro Capital Opportunities Portfolio	2,500,000	0.67
7 Sandwave Limited	979,134	0.26
8 Mr. Goonetilleke Gajath Chrysantha	900,000	0.24
9 Mr. Ananda Rajapaksha Rathnayaka Sarath	615,950	0.16
10 Mr. Fuad Mushtaq Mohamed	312,470	0.08
11 Mr. Ekanayaka Nahimala Welegedara Senarath Bandara	205,000	0.05
12 Softlogic Holdings Plc	175,550	0.05
13 People'S Leasing & Finance Plc/Mr.D.M.P.Disanayake	131,852	0.04
14 People'S Leasing & Finance Plc/Mr. M.Z.M. Wafik	113,790	0.03
15 People'S Leasing & Finance Plc/Hi Line Towers (Pvt) Ltd	108,300	0.03
16 Ms. Galappatti Merennage Roshini Hasamali	100,000	0.03
17 Union Investments Private Ltd	100,000	0.03
18 Mr. Gunatunga (Deceased) Edgar	100,000	0.03
19 People'S Leasing & Finance Plc/L.P.Hapangama	94,373	0.03
20 Cocoshell Activated Carbon Company Limited	93,531	0.02
Others	371,132,558	98.98
<b>Total</b>	<b>375,000,000</b>	<b>100.00</b>

**17 PUBLIC SHAREHOLDING**

The percentage of shares held by the public as at 31 March 2018 was 10.27 % ( 31 December 2017 - 10.27 %) and a number of public shareholders as at 31 March 2018 was 992. ( 31 December 2017 - 969) .

**Float Adjusted Market Capitalisation**

As at 31 March 2018 the Float Adjusted Market Capitalisation is Rs. 870,382,500/-

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

**18 DIRECTORS' SHARE HOLDINGS**

<b>As at 31 March</b> <b>Name of The Director</b>	2018	
	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
Mr.J. K. Mukhi - Director	Nil	Nil
Mr. J. W. H. Richters - Director	Nil	Nil

**19 RELATED PARTY DISCLOSURES**

**19.1 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.

<b>For the twelve months ended 31 March</b>	<b>2018</b>	<b>2017</b>
	<b>Rs.' 000</b>	<b>Rs.' 000</b>
<b>Transactions with the Ultimate Parent &amp; Parent</b>		
Investments	-	54,641
Receiving of services	21,603	41,917
Expenses	-	6
<b>Transactions with Companies under Common Control</b>		
Investments	163,814	141,900
Insurance Premiums	338	-
Purchases of property plant & equipment	13,327	11,401
Dividend received	3,574	2,750
Expenses	16,420	8,807
<b>Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)</b>		
Professional Charges	-	63

**19.2 Resignation of Board of Directors**

Mr. Jatinder Kumar Mukhi who served as Independent Non Executive Director of the Company has resigned as Director from the Board of Directors of the Company w.e.f. 19th April 2018.