

INTERIM FINANCIAL STATEMENTS

31st March 2017

softlogic
LiFE

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 31 March	Note	COMPANY		GROUP	CHANGE %
		2017	2016	2016	
		Rs. ' 000 Unaudited	Rs. ' 000 Unaudited	Rs. ' 000 Unaudited	
Continuing Operations					
Gross Written Premium	5	1,639,278	1,420,708	1,420,708	15%
Premiums ceded to Reinsurers		(171,852)	(138,393)	(138,393)	24%
Net Earned Premium		1,467,426	1,282,315	1,282,315	14%
Other Revenue					
Finance Income		252,098	171,916	171,916	47%
Net Realized Gains		1,889	17,002	17,002	-89%
Net Fair value (Losses)/Gains		(11,560)	(91,413)	(91,413)	-87%
Other Operating Income		5,180	-	-	100%
		247,607	97,505	97,505	154%
Total Net Revenue	6	1,715,033	1,379,820	1,379,820	24%
Benefits, Claims and Expenses					
Net Insurance Benefits and Claims		(308,485)	(150,300)	(150,300)	105%
Increase in Life Fund		13,048	(192,195)	(192,195)	-107%
Underwriting and net Acquisition Cost		(424,852)	(398,694)	(398,694)	7%
Other Operating and Administration Expenses		(507,080)	(367,878)	(367,878)	38%
Finance Cost		(1,635)	(3,600)	(3,600)	-55%
Total Benefits, Losses and Expenses		(1,229,004)	(1,112,667)	(1,112,667)	10%
Profit for the Period from Continuing Operations Before Tax		486,029	267,153	267,153	82%
Discontinued Operations					
Profit for the Period from Discontinued Operations (Net of Tax)	8.1.a	-	-	(54,733)	
Profit Before Taxation	7	486,029	267,153	212,420	82%
Income Tax Expense		-	-	-	
Total Profit for the Period		486,029	267,153	212,420	82%
Profit from Continuing Operations Attributable To;					
Owners of the Parent		486,029	267,153	267,153	
Non Controlling Interest		-	-	-	
		486,029	267,153	267,153	82%
Profit from Discontinued Operations Attributable To;					
Owners of the Parent		-	-	(54,733)	
Non Controlling Interest		-	-	-	
		-	-	(54,733)	
Basic/Diluted Earnings Per Share					
Continuing Operations	16	1.30	0.71	-	
Discontinued Operations		-	-	(0.15)	

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	COMPANY		GROUP
	2017	2016	2016
	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited	Unaudited	Unaudited
Profit for the Period from Continuing Operations	486,029	267,153	267,153
Profit for the Period from Discontinued Operations	-	-	(54,733)
	486,029	267,153	212,420
<u>Other Comprehensive Income</u>			
Items that are or may be reclassified to profit or loss			
Available for sale financial asset - net change in fair value	(103,589)	(114,011)	(114,011)
Available for sale financial asset - net change in fair value -Life fund	(42,135)	(590,677)	(590,677)
Available for sale financial assets reclassified to income statement	(52)	3,185	3,185
Other Comprehensive Income from Continuing Operations, net of tax	(145,776)	(701,503)	(701,503)
Other Comprehensive Income from Discontinued Operations, net of tax (Note 8.1.b)	-	-	(72,165)
Total comprehensive income for the period	340,253	(434,350)	(561,248)
Total comprehensive income attributable to:			
Owners of the Company	340,253	(434,350)	(561,248)
Non - controlling interests	-	-	-
	340,253	(434,350)	(561,248)

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	COMPANY	
		31.03.2017 Rs. ' 000 Unaudited	31.12.2016 Rs. ' 000 Audited
Assets			
Intangible Assets		11,652	13,236
Property, Plant and Equipment		499,972	485,014
Financial Investments	9	8,415,224	8,218,287
Loans to Life Policyholders and Others		144,914	162,448
Reinsurance Receivables		190,698	85,940
Premium Receivables		142,671	92,318
Other Assets		520,087	627,810
Cash and Cash Equivalents		360,683	232,554
Total Assets		10,285,901	9,917,607
Equity and Liabilities			
Equity			
Stated Capital		1,062,500	1,062,500
Other Reserves		(1,494,290)	(1,348,513)
Revaluation Reserve		24,903	24,903
Retained Earnings		1,899,306	2,223,276
Total Equity		1,492,419	1,962,166
Liabilities			
Insurance Contract Liabilities	10	6,918,167	6,935,047
Employee Benefits		78,890	73,436
Reinsurance Payable		229,140	139,262
Amounts due to Related Companies		3,405	27,621
Other Liabilities		558,385	648,609
Short Term Borrowings		160,000	-
Bank Overdraft		845,495	131,466
Total Liabilities		8,793,482	7,955,441
Total Equity and Liabilities		10,285,901	9,917,607
Net Asset per Share		3.98	5.23

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
31st May 2017

(Sgd.)

Director

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - COMPANY

For the three months ended 31 March	Stated Capital	Available for sale reserve	Revaluation reserves	Retained Earnings*	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Restated Rs. ' 000	Restated Rs. ' 000
Balance as at 01 January 2016 - Restated	1,062,500	(495,123)	24,903	1,469,737	2,062,017
Profit for the Period	-	-	-	267,153	267,153
<u>Other Comprehensive Income for the Period</u>					
Available for sale financial asset -net change in fair value	-	(114,011)	-	-	(114,011)
Available for sale financial asset - net change in fair value - Life fund	-	(590,677)	-	-	(590,677)
Available for sale financial assets reclassified to income statement	-	3,185	-	-	3,185
Total Other Comprehensive income	-	(701,503)	-	-	(701,503)
Total Comprehensive income for the period	-	(701,503)	-	267,153	(434,350)
Balance as at 31 March 2016	1,062,500	(1,196,626)	24,903	1,736,890	1,627,667
Profit for the Period	-	-	-	699,690	699,690
<u>Other Comprehensive Income for the Period</u>					
Available for sale financial asset -net change in fair value	-	(46,299)	-	-	(46,299)
Available for sale financial asset - net change in fair value - Life fund	-	(85,276)	-	-	(85,276)
Available for sale financial assets reclassified to income statement	-	(20,312)	-	-	(20,312)
Remeasurement of defined benefit (liability)/asset	-	-	-	(13,304)	(13,304)
Total Other Comprehensive income	-	(151,887)	-	(13,304)	(165,191)
Total Comprehensive income for the period	-	(151,887)	-	686,386	534,499
Transaction with the owners of the Company, recognised directly in equity					
1st Interim Dividend				(200,000)	(200,000)
Balance as at 31 December 2016	1,062,500	(1,348,513)	24,903	2,223,276	1,962,166
Balance as at 01 January 2017	1,062,500	(1,348,513)	24,903	2,223,276	1,962,166
Profit for the Period	-	-	-	486,029	486,029
<u>Other Comprehensive Income for the Period</u>					
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	-	-	-	-	-
Total other Comprehensive income	-	(145,776)	-	-	(145,776)
Transaction with the owners of the Company, recognised directly in equity					
2nd Interim Dividend - 2016				(810,000)	(810,000)
Total Comprehensive income for the period	-	(145,776)	-	(323,971)	(469,747)
Balance as at 31 March 2017	1,062,500	(1,494,290)	24,903	1,899,306	1,492,419

* Retained Earnings are restricted for further distribution

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY - GROUP

For the three months ended 31 March	Stated Capital	Available for sale reserve	Revaluation reserves	Retained Earnings*	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Restated Rs. ' 000	Restated Rs. ' 000
Balance as at 01 January 2016 - Restated	1,062,500	(640,440)	24,903	1,400,443	1,847,406
Profit for the Period	-	-	-	212,420	212,420
Other Comprehensive Income for the Period					
Available for sale financial asset -net change in fair value	-	(114,011)	-	-	(114,011)
Available for sale financial asset - net change in fair value - Life fund	-	(590,677)	-	-	(590,677)
Available for sale financial assets reclassified to income statement	-	3,185	-	-	3,185
Other Comprehensive Income from Continuing Operations	-	(701,503)	-	-	(701,503)
Other Comprehensive Income from Discontinued Operations, net of tax	-	(72,165)	-	-	(72,165)
Total Other Comprehensive income	-	(773,668)	-	-	(773,668)
Total Comprehensive income for the period	-	(773,668)	-	212,420	(561,248)
Balance as at 31 March 2016	1,062,500	(1,414,108)	24,903	1,612,863	1,286,158
Profit for the Period	-	-	-	823,743	823,743
Other Comprehensive Income for the Period					
Available for sale financial asset -net change in fair value	-	(46,299)	-	-	(46,299)
Available for sale financial asset - net change in fair value - Life fund	-	(85,276)	-	-	(85,276)
Available for sale financial assets reclassified to income statement	-	(20,312)	-	-	(20,312)
Remeasurement of defined benefit (liability)/asset	-	-	-	(13,304)	(13,304)
Other Comprehensive Income from Continuing Operations	-	(151,887)	-	(13,304)	(165,191)
Other Comprehensive Income from Discontinued Operations, net of tax	-	217,482	-	-	217,482
Total Other Comprehensive income	-	65,595	-	(13,304)	52,291
Total Comprehensive income for the period	-	65,595	-	810,439	876,034
Transaction with the owners of the Company, recognised directly in equity					
1st Interim Dividend	-	-	-	(200,000)	(200,000)
Share issue transaction cost	-	-	-	(26)	(26)
Balance as at 31 December 2016	1,062,500	(1,348,513)	24,903	2,223,276	1,962,166
Balance as at 01 January 2017	1,062,500	(1,348,513)	24,903	2,223,276	1,962,166
Profit for the Period	-	-	-	486,029	486,029
Other Comprehensive Income for the Period					
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	-	-	-	-	-
Other Comprehensive Income	-	(145,776)	-	-	(145,776)
Total Comprehensive income for the period	-	(145,776)	-	486,029	340,253
Transaction with the owners of the Company, recognised directly in equity					
2nd Interim Dividend - 2016	-	-	-	(810,000)	(810,000)
Balance as at 31 March 2017	1,062,500	(1,494,290)	24,903	1,899,306	1,492,419

* Retained Earnings are restricted for further distribution

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the three months ended 31 March	COMPANY		GROUP
	2017	2016	2016
	Rs. ' 000	Rs. ' 000	Rs. ' 000
	Unaudited	Unaudited	Unaudited
Continuing Operation			
Cash Flows Operating Activities			
Profit before Taxation	486,029	267,153	267,153
Adjustments for :			
Depreciation of Property, Plant and Equipments	14,227	15,792	15,792
Amortization of Intangible Assets	1,584	2,746	2,746
Provision for Employee Benefits	5,454	3,021	3,021
Net Realized (Gains)	(1,889)	(17,002)	(17,002)
Net Fair value Losses/(Gains)	11,560	91,413	91,413
Net Amortization of Financial Investments	(5,969)	(10,853)	(10,853)
	510,996	352,270	352,270
Change in Operating Assets	(29,854)	(271,742)	(271,742)
Change in Operating Liabilities	(41,442)	121,668	121,668
Cashflows from Operating Activities	439,700	202,196	202,196
Gratuity paid	-	-	-
Income tax paid	-	-	-
Net Cash Generated from Operating Activities	439,700	202,196	202,196
Cash Flows Investing Activities			
Acquisition of Subsidiary	-	(300,000)	(300,000)
Acquisition of Financial Securities	(1,951,490)	(170,328)	(170,328)
Consideration Received from Disposal of Investments	1,605,074	-	-
Net Acquisition / Capitalization of Property, Plant and Equipment	(29,184)	(27,618)	(27,618)
Acquisition of Intangible Assets	-	(3,673)	(3,673)
Net Cash (used in) / Generated from Investing Activities	(375,600)	(501,619)	(501,619)
Cash Flows Financing Activities			
Dividend Paid	(810,000)	-	-
Short Term Borrowings Obtained	160,000	-	-
Net Cash (used in) / Generated from Financing Activities	(650,000)	-	-
Net Increase / (Decrease) in Cash and Cash Equivalents	(585,900)	(299,423)	(299,423)
Net cash and cash equivalents as at the Beginning of the year	101,088	(169,146)	(169,146)
Net cash and cash equivalents as at the end of the year - Continued Operation	(484,812)	(468,569)	(468,569)
Net Cashflows from Discontinued Operations (Note 8.2)	-	-	(118,828)
Notes to the Cashflow Statement			
A. Change in Operating Assets			
(Increase) / Decrease in Loans to Life Policyholders	17,534	(4,683)	(4,683)
(Increase) / Decrease in Reinsurance Receivables	(104,758)	(81,541)	(81,541)
(Increase) / Decrease in Premium Receivables	(50,353)	(128,025)	(128,025)
(Increase) / Decrease in Receivable and Other Assets	107,723	(57,493)	(57,493)
	(29,854)	(271,742)	(271,742)
B. Change in Operating Liabilities			
Increase / (Decrease) in Insurance Contract Liabilities	(16,880)	176,302	176,302
Increase / (Decrease) in Reinsurance Payables	89,878	19,098	19,098
Increase / (Decrease) in Other Liabilities	(114,440)	(73,732)	(73,732)
	(41,442)	121,668	121,668
C. Increase in Cash and Cash Equivalents			
Cash and Cash Equivalents	360,683	192,625	192,625
Bank overdrafts	(845,495)	(661,194)	(661,194)
Net cash and cash equivalents as at 31 March	(484,812)	(468,569)	(468,569)
Net cash and cash equivalents as at the Beginning of the period	101,088	(169,146)	(169,146)
Increase / (Decrease) in Cash and Cash Equivalents	(585,900)	(299,423)	(299,423)

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

As at	31.03.2017 Rs. ' 000 Unaudited	31.12.2016 Rs. ' 000 Restated Audited
Assets		
Intangible Assets	-	7,809
Property, Plant and Equipment	224,831	424,362
Financial Investments	7,132,213	6,869,209
Loans to Life Policyholders	144,914	159,338
Reinsurance Receivables	190,698	85,940
Premium Receivables	142,686	92,333
Other Assets	189,002	398,887
Cash and Cash Equivalents	360,216	232,087
Total Assets	8,384,560	8,269,965
Equity and Liabilities		
Equity		
Other Reserves	(857,441)	(815,254)
Revaluation Reserve	24,903	24,903
Total Equity	(832,538)	(790,351)
Liabilities		
Insurance Contract Liabilities	6,918,167	6,935,047
Employee Benefits	57,446	51,992
Reinsurance Payable	229,140	139,262
Amounts due to Related Companies	3,331	-
Other Liabilities	1,169,399	1,814,709
Short Term Borrowing	160,000	-
Bank Overdraft	679,615	119,306
Total Liabilities	9,217,098	9,060,316
Total Equity and Liabilities	8,384,560	8,269,965

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 2017 were authorised for issue by the Board of Directors on 31st May 2017.

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 2016.

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 except for following disclosure 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 2017 are provisional and unaudited .

5 GROSS WRITTEN PREMIUM

For the three months ended 31 March	COMPANY	
	2017 Rs.' 000 Unaudited	2016 Rs.' 000 Unaudited
Life Insurance-Continued		
First Year Premium	492,051	534,067
Renewal Premium	995,790	754,342
Group Life Premium	67,839	131,276
Single Premium	83,598	1,023
Total Life Insurance Gross Written Premium	1,639,278	1,420,708

6 TOTAL NET REVENUE

For the three months ended 31 March	COMPANY	
	2017 Rs.' 000 Unaudited	2016 Rs.' 000 Unaudited
Continuing Operations-Life Insurance Net Revenue	1,715,033	1,379,820
	1,715,033	1,379,820

7 PROFIT BEFORE TAXATION

For the three months ended 31 March	COMPANY	
	2017 Rs.' 000 Unaudited	2016 Rs.' 000 Unaudited
Continuing Operations-Life Insurance Total	486,029	267,153
	486,029	267,153

8 RESULTS OF DISCONTINUED OPERATIONS

8.1 Summarised Income Statement of Discontinued Operation

8.1.a For the period ended	Rs. '000 31 - Mar 2016
Gross Written Premium	526,320
Net Earned Premium	402,691
Investment Income and Other Income	35,023
Total Net Revenue	437,714
Net Insurance Benefits and Claims	(265,160)
Underwriting and net Acquisition Cost	(57,923)
Other Operating ,Administration and Finance Expenses	(166,451)
Loss Before Taxation	(51,820)
Income Tax Expenses	(2,913)
Loss from Discontinued Operations	(54,733)

ASIAN ALLIANCE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

8 RESULTS OF DISCONTINUED OPERATIONS (Cont.)	Rs. '000
	31 - Mar
	2016
8.1.b Other Comprehensive Income	
Available for sale financial asset -net change in fair value	(85,385)
Available for sale financial assets reclassified to income statement	-
Remeasurement of defined benefit (liability)/asset	-
Tax on Other Comprehensive Income	13,220
Total other Comprehensive income net of tax	(72,165)
Total Comprehensive income for the period	(126,898)

8.2 Summerised Cashflow Statement of Discontinued Operation	Rs. '000
	31 - Mar
	2016
For the period ended	
Net Cash Generated from Operating Activities	25,864
Net Cash (used in)/ Generated from Investing Activities	195,369
Net Cash (used in) / Generated from Financing Activities	-
	<u>221,233</u>
Net cash and cash equivalents as at the Beginning of the year	(340,061)
Net cash and cash equivalents as at the end of the year	<u>(118,828)</u>

9 FINANCIAL INVESTMENTS			
As at			
		Company	
		March-2017	Dec-2016
		Rs. '000	Rs. '000
		Unaudited	Audited
Held to Maturity (HTM)	Note 9.1	230,473	233,041
Loans and Receivables (L & R)	Note 9.2	934,028	482,520
Available - for - Sale (AFS)	Note 9.3	6,634,569	6,973,740
Fair Value Through Profit or Loss (FVTPL)	Note 9.4	616,154	528,985
Total Financial Investments		<u>8,415,224</u>	<u>8,218,287</u>

As at			
		Company	
		March-2017	Dec-2016
		Rs. '000	Rs. '000
		Unaudited	Audited
9.1 Held to Maturity (HTM)			
Treasury Bonds		230,473	233,041
		<u>230,473</u>	<u>233,041</u>
9.2 Loans and Receivables (L & R)			
Debt Securities - Bank Deposits	Note 9.2.a	26	200,095
- Commercial Paper	Note 9.2.b	154,002	-
Overnight Reverse Repo		780,000	282,426
		<u>934,028</u>	<u>482,520</u>
9.2.a Bank Deposits (L& R)			
Licensed Commercial Banks		26	200,095
		<u>26</u>	<u>200,095</u>
9.2.b Commercial Paper (L & R)			
First Capital Holdings PLC		154,002	-
		<u>154,002</u>	<u>-</u>
9.3 Available - for - Sale (AFS)			
Debt Securities			
- Debentures		1,554,868	1,554,430
Equity Securities			
- Quoted		1,333,899	1,428,296
- Un Quoted		369,700	369,700
Treasury Bonds		3,376,102	3,621,314
		<u>6,634,569</u>	<u>6,973,740</u>
9.4 Fair Value Through Profit or Loss (FVTPL)			
Equity Securities		616,154	528,985
		<u>616,154</u>	<u>528,985</u>

10 INSURANCE CONTRACT LIABILITIES

As at		Company	
		March-2017 Rs. '000	Dec-16 Rs. '000
		Un-Audited	Restated Audited
Insurance Contract Liabilities		1,801,773	1,814,822
Surplus Created due to Change in Valuation method from NPV to GPV	10.1	4,814,795	4,814,795
Unclaimed benefits		301,599	305,430
		6,918,167	6,935,047

10.1 Surplus Created due to Change in Valuation method from NPV to GPV

As per the Solvency Margin Rules (Risk Based Capital) which has been enacted with effect from 01st January 2016, All Insurance Companies are required to value the Life Insurance Policy Liabilities as per the Gross Premium Valuation (GPV) method.

One-off Surplus

The change in the valuation method from Net Premium Valuation (NPV) which was computed based on Solvency Margin Rules 2002 to Gross Premium Valuation (GPV) resulted a one off release in policy liabilities amounting to Rs. 4,815 Million.

The Insurance Board of Sri Lanka (IBSL) has directed all insurance companies not to transfer or distribute the "Surplus created due to change in valuation method from NPV to GPV" and to maintain it within the long term insurance fund until specific instructions are issued by the IBSL.

	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	(1,285,685)	1,524,560
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	3,758,260	4,814,795

10.2 Valuation of Life Insurance Fund

	Participating Fund Rs'000'	Non-Participating Fund Rs'000'	Total Rs'000'
Insurance Contract Liabilities	4,077,327	(2,275,554)	1,801,773
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	3,758,260	4,814,795
Total Life Fund	5,133,862	1,482,706	6,616,568

An amount of Rs. 440 million declared as surplus for the quarter ended 31 March 2017, as recommended by appointed Actuary Mr. Kunj Behari Maheshwari, Messrs. Wills Towers Watson (WTW). The surplus transfer has been permitted by Insurance Board of Sri Lanka (IBSL) subject to strict conditions. The Company undertakes to transfer back the retained earnings to non-participating fund in the event of any deficit recorded in the non-participating fund. Financial Statements as at 31st March 2017 were audited by Messrs, KPMG for the surplus transfer purpose.

10.3 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.

11 CAPITAL COMMITMENTS AND CONTINGENCIES

11.1 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.

11.2 Contingencies

The Contingent Liability of the Company as at 31 March 2017, relates to the followings;

- 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. 9.6 Million and Rs. 52.3 Million respectively. The Company has filed an appeal in November 2011 on the basis that the underlying computation includes items which are exempt /out of scope of the VAT Act. The Commissioner General of Inland Revenue has determined the assessment and the Company has appealed to the Tax Appeals Commission. The Company is awaiting the final decision.

11.2 Contingencies (Cont.)

Life Insurance Taxation

- b) The Company has received a tax assessments letter for Life Insurance taxation for the year 2010 and 2011. The Company is of the strong view that no additional tax liability is arising and also we have filed a response highlighting our view, which was done in consultation with Tax Consultants. The Commissioner General of Inland Revenue has determined the assessment and the Company has appealed to the Tax Appeals Commission. Further even if this would materialized against the Company, no additional tax liabilities are required for the Company due to carried forward taxable losses and credits. However, the accumulated tax losses of Life business will come down by Rs. 506 Million.
- c) The Company has received a notice of assessments letter for Life Insurance taxation for the years 2012 and 2013. The Company has filed a petition of appeal through Company's Tax Consultants and the Company is of the strong view that no additional tax liability is arose due to this. Further even if this would materialized against the Company, no additional tax liabilities are required for the Company due to carried forward taxable losses and credits. However, the accumulated tax losses of Life business will come down by Rs. 682 Million.

11.3 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

	Company	
	31.03.2017	31.12.2016
Net Assets Per Share (Rs)	3.98	5.23
<u>Market Price Per Share</u>		
Last traded price as at 31 March 2017	19.60	
Highest traded price per share for the Quarter (Jan-Mar)	22.50	
Lowest traded price per share for the Quarter (Jan-Mar)	19.00	

15 STATED CAPITAL

As at	Company	
	31.03.2017 Rs.' 000	31.12.2016 Rs.' 000
Stated Capital	1,062,500	1,062,500
No of Ordinary Shares	375,000,000	375,000,000

16 BASIC & DILUTED EARNING PER SHARE (EPS)

	Company		Group
	31.03.2017	31.03.2016	31.03.2016
Profit attributable to Ordinary Shareholders from Continuing Operation (Rs. 000)	486,029	267,153	-
Loss attributable to Ordinary Shareholders from Discontinuing Operation (Rs. 000)	-	-	(54,733)
Weighted Average No of shares as at 31 December	375,000,000	375,000,000	375,000,000
Basic/Diluted Earning per share - Continuing Operation (Rs.)	1.30	0.71	-
Basic/Diluted Loss per share - Discontinuing Operation (Rs.)	-	-	(0.15)

18 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	31.03.2016	
	No. of Shares	%
1 Softlogic Capital Plc	221,952,810	59.19
2 Hsbc Intl Nom Ltd-State Street Munich C/O Ssbt-Deg-Deutsche Investiti	71,250,000	19.00
3 Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.	71,250,000	19.00
4 J.B. Cocoshell (Pvt) Ltd	1,178,757	0.31
5 Sandwave Limited	1,039,836	0.28
6 Waldock Mackenzie Ltd/ Mr.S.N.P.Palihena And Mrs. A.S.Palihena	979,600	0.26
7 Mr. Goonetilleke Gajath Chrysantha	775,500	0.21
8 Mr. Ananda Rajapaksha Rathnayaka Sarath	615,950	0.16
9 Citizens Development Business Finance Plc/D.S.J.Wickramaratne And D.J. Wickramaratne	425,000	0.11
10 United Motors Lanka Plc	394,030	0.11
11 Mr. Ekanayaka Nahimala Welegedara Senarath Bandara	205,000	0.05
12 People'S Leasing & Finance Plc/Mr.D.M.P.Disanayake	200,004	0.05
13 Mr. Kumara Ganegoda Hitirachchige Sarath	200,000	0.05
14 Softlogic Holdings Plc	175,550	0.05
15 Waldock Mackenzie Ltd/Mr. M.Z.M. Wafik	113,790	0.03
16 Semasinghe Nawaratna Chandrasekara Wanninayaka Mudiyansele Bandara Chandrasekara	101,000	0.03
17 Union Investments Private Ltd	100,000	0.03
18 Mr. Gunatunga (Deceased) Edgar	100,000	0.03
19 Ms. Galappatti Merennage Roshini Hasamali	100,000	0.03
20 Oakley Investments Limited	91,230	0.02
Others	371,248,057	99.00
Total	3,751,943	1.00
	375,000,000	100.00

19 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 March 2017 was 2.77 % (31 December 2016 - 2.77 %) and a number of public shareholders as at 31 March 2017 was 1,029 (31 December 2016 - 1,060) .

20 DIRECTORS' SHARE HOLDINGS

As at 31 March Name of The Director	2017	
	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

21 RELATED PARTY DISCLOSURES

21.1 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 the Members of the Executive Committee of the Company 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	Company		Group
	2017 Rs.' 000	2016 Rs.' 000	2016 Rs.' 000
Transactions with the Ultimate Parent & Parent			
Investments	54,641	155,921	185,921
Insurance Premiums	-	-	485
Rendering / Receiving of services	41,917	42,239	43,916
Interest & Maturity received	-	20,121	22,487
Expenses	6	658	658
Claims Paid	-	-	796
Transactions with Subsidiary			
Equity investment	-	1,100,000	-
Transactions with Companies under Common Control			
Investments	141,900	122,874	142,874
Insurance Premiums	-	-	35,776
Purchases of property plant & equipment	11,401	3,733	3,960
Interest & Maturity received	-	6,701	10,101
Dividend received	2,750	-	-
Claims Paid	-	-	7,975
Expenses	8,807	2,489	3,464
Companies controlled / jointly controlled / significantly influenced by KMP and their close family members			
Insurance Premiums	-	27	-
Claims Paid	-	64	-
Professional Charges	63	971	-