

INTERIM FINANCIAL STATEMENTS

For the Period Ended
30th June 2018

softlogic
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SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the six months ended 30 June		2018	2017	CHANGE
	Note	Rs. ' 000	Rs. ' 000	%
		Audited	Audited	
Gross Written Premium	5	4,637,589	3,371,353	38%
Premiums ceded to Reinsurers		(306,256)	(366,230)	-16%
Net Earned Premium		4,331,333	3,005,123	44%
Other Revenue				
Finance Income		466,138	447,056	4%
Net Realized Gains		140,332	(28,979)	584%
Net Fair value (Losses)/Gains		(126,582)	105,100	-220%
Other Operating Income		2,456	46,783	-95%
		482,344	569,960	-15%
Total Net Revenue	6	4,813,677	3,575,083	35%
Benefits, Claims and Expenses				
Net Insurance Benefits and Claims		(1,136,371)	(618,150)	84%
Increase in Life Fund		(309,902)	(226,507)	37%
Underwriting and net Acquisition Cost		(989,539)	(897,334)	10%
Other Operating and Administration Expenses		(1,439,334)	(1,063,176)	35%
Finance Cost		(13,818)	(12,036)	15%
Total Benefits, Losses and Expenses		(3,888,964)	(2,817,203)	38%
Profit Before Taxation	7	924,713	757,880	22%
Income Tax Expense		-	-	
Total Profit for the Year		924,713	757,880	22%
Profit Attributable To;				
Owners of the Parent		924,713	757,880	
Non Controlling Interest		-	-	
		924,713	757,880	22%
Basic/Diluted Earnings Per Share (Rs.)	16	2.47	2.02	

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 six months ended 30 June	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Audited
Profit for the Period	924,713	757,880
	924,713	757,880
Items that are or may be reclassified to profit or loss		
Available for sale financial asset - net change in fair value	(99,831)	(74,655)
Available for sale financial asset - net change in fair value -Life fund	(124,132)	250,483
Available for sale financial assets reclassified to income statement	11,248	(40,128)
	(212,715)	135,700
Other Comprehensive Income from , net of tax	(212,715)	135,700
Total comprehensive income for the period	711,998	893,580
Total comprehensive income attributable to:		
Owners of the Company	711,998	893,580
Non - controlling interests	-	-
	711,998	893,580

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	30.06.2018 Rs. ' 000 Audited	31.12.2017 Rs. ' 000 Audited
Assets			
Intangible Assets		4,367	7,145
Property, Plant and Equipment		604,517	577,705
Financial Investments	8	10,978,478	9,994,488
Loans to Life Policyholders		151,460	140,385
Reinsurance Receivables		191,208	149,548
Premium Receivables		331,980	290,821
Other Assets		704,690	579,409
Deferred Tax Asset		420,000	420,000
Cash and Cash Equivalents		338,352	318,945
Total Assets		13,725,052	12,478,446
Equity and Liabilities			
Equity			
Stated Capital		1,062,500	1,062,500
Other Reserves		(1,177,771)	(965,056)
Revaluation Reserve		48,436	48,436
Restricted Regulatory Reserve		798,004	798,004
Retained Earnings		3,866,958	2,942,245
Total Equity		4,598,127	3,886,129
Liabilities			
Insurance Contract Liabilities	9	7,864,800	7,438,592
Employee Benefits		94,146	86,693
Reinsurance Payable		233,349	236,265
Amounts due to Related Companies		4,167	4,615
Other Liabilities		660,571	749,412
Bank Overdraft		269,892	76,740
Total Liabilities		9,126,925	8,592,317
Total Equity and Liabilities		13,725,052	12,478,446
Net Asset per Share		12.26	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
3rd August 2018

(Sgd.)

Director

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June	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
Balance as at 01 January 2017	1,062,500	(1,348,513)	24,903	-	2,223,276	1,962,166
Profit for the Period	-	-	-	-	757,880	757,880
Other Comprehensive Income for the Period						
Available for sale financial asset -net change in fair value	-	(74,655)	-	-	-	(74,655)
Available for sale financial asset - net change in fair value - Life fund	-	250,482	-	-	-	250,482
Available for sale financial assets reclassified to income statement	-	(40,127)	-	-	-	(40,127)
Total Other Comprehensive income	-	135,700	-	-	-	135,700
Total Comprehensive Income for the period	-	135,700	-	-	757,880	893,580
Transaction with the owners of the Company, recognised directly in equity						
2nd Interim Dividend - 2016	-	-	-	-	(810,000)	(810,000)
Balance as at 30 June 2017	1,062,500	(1,212,813)	24,903	-	2,171,156	2,045,746
Profit for the Period	-	-	-	798,004	768,637	1,566,641
Other Comprehensive Income for the Period						
Available for sale financial asset -net change in fair value	-	(47,855)	-	-	-	(47,855)
Available for sale financial asset - net change in fair value - Life fund	-	248,872	-	-	-	248,872
Available for sale financial assets reclassified to income statement	-	46,740	-	-	-	46,740
Remeasurement of Defined Benefit (liability)/asset	-	-	-	-	2,452	2,452
Revaluation of Land and Buildings	-	-	23,533	-	-	23,533
Total Other Comprehensive Income	-	247,757	23,533	-	2,452	273,742
Total Comprehensive Income for the period	-	247,757	23,533	798,004	771,089	1,840,383
Balance as at 31 December 2017	1,062,500	(965,056)	48,436	798,004	2,942,245	3,886,129
Balance as at 01 January 2018	1,062,500	(965,056)	48,436	798,004	2,942,245	3,886,129
Profit for the Period	-	-	-	-	924,713	924,713
Other Comprehensive Income for the Period						
Available for sale financial asset -net change in fair value	-	(99,831)	-	-	-	(99,831)
Available for sale financial asset - net change in fair value - Life fund	-	(124,132)	-	-	-	(124,132)
Available for sale financial assets reclassified to income statement	-	11,248	-	-	-	11,248
Total Other Comprehensive Income	-	(212,715)	-	-	-	(212,715)
Total Comprehensive Income for the period	-	(212,715)	-	-	924,713	711,998
Balance as at 30 June 2018	1,062,500	(1,177,771)	48,436	798,004	3,866,958	4,598,127

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 30 June		2018	2017	CHANGE
	Note	Rs. ' 000	Rs. ' 000	%
		Audited	Audited	
Gross Written Premium		2,389,626	1,732,075	38%
Premiums ceded to Reinsurers		(165,919)	(194,378)	-15%
Net Earned Premium		2,223,707	1,537,697	45%
Other Revenue				
Finance Income		210,077	194,958	8%
Net Realized Gains		17,394	(30,868)	156%
Net Fair value (Losses)/Gains		(65,498)	116,660	-156%
Other Operating Income		1,072	41,603	-97%
		163,045	322,353	-49%
Total Net Revenue		2,386,752	1,860,050	28%
Benefits, Claims and Expenses				
Net Insurance Benefits and Claims		(632,745)	(309,665)	104%
Increase in Life Fund		(264,292)	(239,555)	10%
Underwriting and net Acquisition Cost		(470,306)	(472,482)	0%
Other Operating and Administration Expenses		(725,733)	(556,096)	31%
Finance Cost		(7,655)	(10,401)	-26%
Total Benefits, Losses and Expenses		(2,100,731)	(1,588,199)	32%
Profit Before Taxation		286,021	271,851	5%
Income Tax Expense		-	-	
Total Profit for the Year		286,021	271,851	5%
Profit Attributable To;				
Owners of the Parent		286,021	271,851	
Non Controlling Interest		-	-	
		286,021	271,851	5%
Basic/Diluted Earnings Per Share (Rs.)		0.76	0.72	

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 30 June	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Audited
Profit for the Period	286,021	271,851
	286,021	271,851
Items that are or may be reclassified to profit or loss		
Available for sale financial asset - net change in fair value	(82,428)	28,934
Available for sale financial asset - net change in fair value -Life fund	(117,554)	292,618
Available for sale financial assets reclassified to income statement	11,248	(40,076)
	(188,734)	281,476
Other Comprehensive Income from , net of tax	(188,734)	281,476
Total comprehensive income for the period	97,287	553,327
Total comprehensive income attributable to:		
Owners of the Company	97,287	553,327
Non - controlling interests	-	-
	97,287	553,327

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the six months ended 30 June	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Audited
Cash Flows Operating Activities		
Profit before Taxation	924,713	757,880
Adjustments for :		
Depreciation of Property, Plant and Equipments	55,040	42,561
Amortization of Intangible Assets	2,778	3,177
Provision for Employee Benefits	12,845	10,907
Net Realized (Gains)	(140,333)	28,979
Net Fair value Losses/(Gains)	126,582	(105,100)
Net Amortization of Financial Investments	(108,677)	1,027
	872,949	739,431
Change in Operating Assets	(219,175)	(51,801)
Change in Operating Liabilities	334,003	264,065
Cashflows from Operating Activities	987,777	951,695
Gratuity paid	(5,393)	(495)
Net Cash Generated from Operating Activities	982,384	951,200
Cash Flows Investing Activities		
Acquisition of Financial Securities	(10,704,179)	(108,205)
Consideration Received from Disposal of Investments	9,629,902	-
Net Acquisition / Capitalization of of Property, Plant and Equipment	(81,852)	(61,746)
Net Cash (used in)/ Generated from Investing Activities	(1,156,129)	(169,951)
Cash Flows Financing Activities		
Dividend Paid	-	(729,000)
Net Cash (used in)/ Generated from Financing Activities	-	(729,000)
Net Increase / (Decrease) in Cash and Cash Equivalents	(173,745)	52,249
Net cash and cash equivalents as at the Beginning of the year	242,205	101,088
Net cash and cash equivalents as at the end of the year	68,460	153,337
Notes to the Cashflow Statement		
A. Change in Operating Assets		
(Increase) / Decrease in Loans to Life Policyholders	(11,075)	29,350
(Increase) / Decrease in Reinsurance Receivables	(41,660)	(89,589)
(Increase) / Decrease in Premium Receivables	(41,159)	(68,298)
(Increase) / Decrease in Receivable and Other Assets	(125,281)	76,736
	(219,175)	(51,801)
B. Change in Operating Liabilities		
Increase / (Decrease) in Insurance Contract Liabilities	426,208	210,241
Increase / (Decrease) in Reinsurance Payables	(2,916)	128,589
Increase / (Decrease) in Other Liabilities	(89,289)	(74,765)
	334,003	264,065
C. Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents	338,352	313,212
Bank overdrafts	(269,892)	(159,875)
Net cash and cash equivalents as at 30th June	68,460	153,337
Net cash and cash equivalents as at the Beginning of the period	242,205	101,088
Increase / (Decrease) in Cash and Cash Equivalents	(173,745)	52,249

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

As at	30.06.2018	31.12.2017
	Rs. ' 000	Rs. ' 000
	Audited	Audited
Assets		
Property, Plant and Equipment	232,461	236,000
Financial Investments	8,123,521	8,732,732
Loans to Life Policyholders	151,460	140,385
Reinsurance Receivables	191,208	149,548
Premium Receivables	331,980	290,821
Other Assets	403,639	270,641
Cash and Cash Equivalents	337,463	317,946
Total Assets	9,771,732	10,138,073
Equity and Liabilities		
Equity		
Other Reserves	(419,834)	(306,889)
Revaluation Reserve	48,436	48,436
Total Equity	(371,398)	(258,453)
Liabilities		
Insurance Contract Liabilities	7,864,800	7,438,592
Employee Benefits	94,146	86,693
Reinsurance Payable	233,349	236,265
Amounts due to Related Companies	7,789	4,615
Other Liabilities	1,673,154	2,553,621
Bank Overdraft	269,892	76,740
Total Liabilities	10,143,130	10,396,526
Total Equity and Liabilities	9,771,732	10,138,073

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 Six months ended 30 June 2018 were authorised for issue by the Board of Directors on 3rd August 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 30 June 2018 are audited .

5 GROSS WRITTEN PREMIUM

For the Six months ended 30 June	2018	2017
	Rs.' 000	Rs.' 000
	Audited	Audited
First Year Premium	1,377,441	932,378
Renewal Premium	2,468,999	2,035,942
Group Life Premium	340,787	111,823
Single Premium	450,362	291,210
Total Life Insurance Gross Written Premium	4,637,589	3,371,353

6 TOTAL NET REVENUE

For the Six months ended 30 June	2018	2017
	Rs.' 000	Rs.' 000
	Audited	Audited
Net Earned Premium	4,331,333	3,005,123
Other Income	482,344	569,960
Net Revenue	4,813,677	3,575,083

7 PROFIT BEFORE TAXATION

For the Six months ended 30 June	2018	2017
	Rs.' 000	Rs.' 000
	Audited	Audited
Profit Before Taxation	924,713	757,880
Total	924,713	757,880

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

8 FINANCIAL INVESTMENTS

As at		June-2018 Rs. '000 Audited	Dec-2017 Rs. '000 Audited
Held to Maturity (HTM)	Note 8.1	241,798	238,803
Loans and Receivables (L & R)	Note 8.2	4,107,116	2,957,396
Available - for - Sale (AFS)	Note 8.3	4,199,983	4,171,613
Fair Value Through Profit or Loss (FVTPL)	Note 8.4	2,429,581	2,626,676
Total Financial Investments		10,978,478	9,994,488
As at		June-2018 Rs. '000 Audited	Dec-2017 Rs. '000 Audited
8.1 Held to Maturity (HTM)			
Treasury Bonds		241,798	238,803
		241,798	238,803
8.2 Loans and Receivables (L & R)			
Debt Securities - Bank Deposits	Note 8.2.a	800,587	514,092
- Commercial Paper	Note 8.2.b	615,885	169,188
Debt Securities -Debentures			
- Quoted		2,660,544	1,794,875
Overnight Reverse Repo		30,100	479,241
		4,107,116	2,957,396
8.2.a Bank Deposits (L & R)			
Licensed Commercial Banks		724,508	450,273
Sanasa Development Bank PLC		-	53,784
Regional Development Bank		76,054	10,009
Bank of Ceylon		26	26
		800,587	514,092
8.2.b Commercial Paper (L & R)			
First Capital Holdings PLC		211,179	169,188
Lanka Orix Leasing Company PLC		404,706	-
		615,885	169,188
8.3 Available - for - Sale (AFS)			
Equity Securities			
- Quoted		1,341,257	1,298,876
- Un Quoted		369,700	369,700
Treasury Bonds		2,489,026	2,503,037
		4,199,983	4,171,613
8.4 Fair Value Through Profit or Loss (FVTPL)			
Equity Securities		588,315	591,027
Treasury Bonds		241,514	458,728
Treasury Bills		691,475	-
Unit Trust		908,277	1,576,921
		2,429,581	2,626,676

9 INSURANCE CONTRACT LIABILITIES

As at		June-2018 Rs. '000 Audited	Dec-17 Rs. '000 Audited
Insurance Contract Liabilities		6,400,345	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		407,920	291,611
		7,864,800	7,438,592

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 30th June 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
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		(798,004)	(798,004)
Surplus Created due to Change in Valuation method from NPV to GPV- One off Surplus as at 30th June 2018	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.

9.3 Composition of Investments Supporting the Restricted Regulatory Reserve as at 30th June 2018

		Face Value Rs.	Market Value as at 30 June 2018 Rs. '000
Government Securities			
Treasury Bond	LKB03044A010	100,000,000	126,661
Treasury Bills	LKA36419C012	301,842,365	284,381
	LKA36419D051	95,278,333	88,983
Deposits			
Samphath Bank PLC		263,618,836	263,702
Hatton National Bank PLC		110,658,219	110,693
Total Market Value of the Assets			874,420

9 INSURANCE CONTRACT LIABILITIES (Cont.)

9.4 Valuation of Life Insurance Fund - (Zeroed Basis of Negative Liabilities- Product Level) as at 30 June 2018

The valuation of life insurance fund as at 30th June 2018 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. 266 million to be transferred from Non-Participating Life Insurance fund / insurance contract liabilities to the Shareholders fund as surplus transfer for the quarter ended 30th June 2018. Financial Statements as at 30th June 2018 were audited by Messrs, KPMG.

	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000
Insurance Contract Liabilities	4,446,828	1,953,517	6,400,345
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
Total Life Fund	5,503,363	1,953,517	7,456,880

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.

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 30 June 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 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, 2014/15 and 2015/16 assessing the Life insurance business to pay an income tax liability of Rs. 396.03 million (Rs. 317.74 million Tax liability and penalty of Rs. 78.29 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 2014 / 15 and 2015 / 16 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

	30.06.2018	31.12.2017
Net Assets Per Share (Rs)	12.26	10.36
Market Price Per Share		
Last traded price as at 30 June 2018	22.40	
Highest traded price per share for the Quarter (Apr-Jun)	26.40	
Lowest traded price per share for the Quarter (Apr-Jun)	21.70	

14 STATED CAPITAL

As at	30.06.2018 Rs.' 000	31.12.2017 Rs.' 000
Stated Capital	1,062,500	1,062,500
No of Ordinary Shares	375,000,000	375,000,000

15 BASIC & DILUTED EARNING PER SHARE (EPS)

	30.06.2018	31.12.2017
Profit attributable to Ordinary Shareholders (Rs. 000)	924,713	757,880
Weighted Average No of shares as at 31 March	375,000,000	375,000,000
Basic/Diluted Earning per share (Rs.)	2.47	2.02

16 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	30.06.2018	
	No. of Shares	%
1 Softlogic Capital PLC	193,800,760	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 SsbT-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	2,734,490	0.71
6 HSBC Intl Nom Ltd-SsbT-Global Macro Capital Opportunities Portfolio	2,500,000	0.67
7 Mr. Goonetilleke Gajath Chrysantha	900,000	0.24
8 Sandwave Limited	673,407	0.18
9 Mr. Ananda Rajapaksha Rathnayaka Sarath	615,950	0.16
10 Mr. Ekanayaka Nahimala Welegedara Senarath Bandara	205,000	0.05
11 Softlogic Holdings Plc	175,550	0.05
12 People'S Leasing & Finance Plc/Mr. M.Z.M. Wafik	113,790	0.03
13 Mr.Elankumaran Sarvananthan	110,000	0.03
14 People'S Leasing & Finance Plc/Hi Line Towers (Pvt) Ltd	103,500	0.03
15 Ms. Galappatti Merennage Roshini Hasamali	100,000	0.03
16 Union Investments Private Ltd	100,000	0.03
17 Mr. Gunatunga (Deceased) Edgar	100,000	0.03
18 Cocoshell Activated Carbon Company Limited	98,931	0.03
19 People'S Leasing & Finance Plc/Mr.D.M.P Dissanayake	92,844	0.02
20 Oakley Investments (Private) Limited	91,230	0.02
Others	370,640,452	98.83
Total	375,000,000	100.00

17 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 30 June 2018 was 10.27 % (31 December 2017 - 10.27 %) and a number of public shareholders as at 30 June 2018 was 1,052. (31 December 2017 - 969) .

Float Adjusted Market Capitalisation

As at 30th June 2018 the Float Adjusted Market Capitalisation is Rs. 862,680,000/-

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

As at 30 June Name of The Director	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. 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.

For the Six months ended 30 June	2018	2017
	Rs.' 000	Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	-	54,315
Receiving of services	44,409	59,871
Expenses	-	817
Transactions with Companies under Common Control		
Investments	118,953	132,550
Insurance Premiums	663	277
Purchases of property plant & equipment	24,250	23,986
Dividend received	3,574	2,750
Expenses	43,109	35,868
Claims Paid	5,000	-
Transactions with Other Related Entities		
Expenses	7,383	-
Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)		
Insurance Premiums	908	-
Professional Charges	-	852

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.