



SPIRITED

softlogic
LiFE

SOFTLOGIC LIFE INSURANCE PLC
INTERIM FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30TH SEPTEMBER 2018

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the nine months ended 30 September				
	Note	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Audited	CHANGE %
Gross Written Premium	5	7,129,060	5,282,777	35%
Premiums ceded to Reinsurers		(473,031)	(571,302)	-17%
Net Earned Premium		6,656,029	4,711,475	41%
Other Revenue				
Finance Income		701,431	650,330	8%
Net Realized Gains		134,909	22,853	-490%
Net Fair value (Losses)/Gains		(169,177)	104,145	-262%
Other Operating Income		823	56,864	-99%
		667,986	834,192	-20%
Total Net Revenue	6	7,324,015	5,545,667	32%
Benefits, Claims and Expenses				
Net Insurance Benefits and Claims		(1,729,087)	(955,066)	81%
Increase in Life Fund		(856,139)	(860,256)	0%
Underwriting and net Acquisition Cost		(1,510,195)	(1,319,554)	14%
Other Operating and Administration Expenses		(2,213,103)	(1,639,363)	35%
Impairment of Notional Tax Receivables		(149,791)	-	100%
Finance Cost		(24,658)	(16,576)	49%
Total Benefits, Losses and Expenses		(6,482,973)	(4,790,815)	35%
Profit Before Taxation	7	841,042	754,852	11%
Income Tax Reversal/(Expense)	8	2,401,663	-	
Total Profit for the Period		3,242,705	754,852	330%
Profit Attributable To;				
Owners of the Parent		3,242,705	754,852	
Non Controlling Interest		-	-	
		3,242,705	754,852	330%
Basic/Diluted Earnings Per Share (Rs.)	16	8.65	2.01	

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 nine months ended 30 September	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Audited
Profit for the Period	3,242,705	754,852
	3,242,705	754,852
Items that are or may be reclassified to profit or loss		
Available for sale financial asset - net change in fair value	(208,609)	(178,509)
Available for sale financial asset - net change in fair value -Life fund	(216,116)	457,521
Available for sale financial assets reclassified to income statement	14,363	5,537
	(410,363)	284,549
Other Comprehensive Income from , net of tax	(410,363)	284,549
Total comprehensive income for the period	2,832,342	1,039,401
Total comprehensive income attributable to:		
Owners of the Company	2,832,342	1,039,401
Non - controlling interests	-	-
	2,832,342	1,039,401

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	30.09.2018 Rs. ' 000 Audited	31.12.2017 Rs. ' 000 Audited
Assets			
Intangible Assets		3,072	7,145
Property, Plant and Equipment		605,834	577,705
Financial Investments	9	11,428,307	9,994,488
Loans to Life Policyholders		157,967	140,385
Reinsurance Receivables		212,207	149,548
Premium Receivables		305,202	290,821
Other Assets		653,732	579,409
Deferred Tax Asset	8	2,821,663	420,000
Cash and Cash Equivalents		350,323	318,945
Total Assets		16,538,307	12,478,446
Equity and Liabilities			
Equity			
Stated Capital		1,062,500	1,062,500
Other Reserves		(1,375,419)	(965,056)
Revaluation Reserve		48,436	48,436
Restricted Regulatory Reserve		798,004	798,004
Retained Earnings		6,184,950	2,942,245
Total Equity		6,718,471	3,886,129
Liabilities			
Insurance Contract Liabilities	10	8,393,829	7,438,592
Employee Benefits		100,100	86,693
Reinsurance Payable		325,042	236,265
Amounts due to Related Companies		4,166	4,615
Other Liabilities		713,628	749,412
Bank Overdraft		283,071	76,740
Total Liabilities		9,819,836	8,592,317
Total Equity and Liabilities		16,538,307	12,478,446
Net Asset per Share		17.92	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
7th November 2018

(Sgd.)

Director

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September	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	-	-	-	-	754,852	754,852
Other Comprehensive Income for the Period						
Available for sale financial asset -net change in fair value	-	(178,509)	-	-	-	(178,509)
Available for sale financial asset - net change in fair value - Life fund	-	457,521	-	-	-	457,521
Available for sale financial assets reclassified to income statement	-	5,537	-	-	-	5,537
Total Other Comprehensive income	-	284,549	-	-	-	284,549
Total Comprehensive Income for the period	-	284,549	-	-	754,852	1,039,401
Transaction with the owners of the Company, recognised directly in equity						
2nd Interim Dividend - 2016	-	-	-	-	(810,000)	(810,000)
Balance as at 30 September 2017	1,062,500	(1,063,964)	24,903	-	2,168,128	2,191,567
Profit for the Period	-	-	-	798,004	771,665	1,569,669
Other Comprehensive Income for the Period						
Available for sale financial asset -net change in fair value	-	55,999	-	-	-	55,999
Available for sale financial asset - net change in fair value - Life fund	-	41,833	-	-	-	41,833
Available for sale financial assets reclassified to income statement	-	1,076	-	-	-	1,076
Remeasurement of Defined Benefit (liability)/asset	-	-	-	-	2,452	2,452
Revaluation of Land and Buildings	-	-	23,533	-	-	23,533
Total Other Comprehensive Income	-	98,908	23,533	-	2,452	124,893
Total Comprehensive Income for the period	-	98,908	23,533	798,004	774,117	1,694,562
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	-	-	-	-	3,242,705	3,242,705
Other Comprehensive Income for the Period						
Available for sale financial asset -net change in fair value	-	(208,609)	-	-	-	(208,609)
Available for sale financial asset - net change in fair value - Life fund	-	(216,116)	-	-	-	(216,116)
Available for sale financial assets reclassified to income statement	-	14,363	-	-	-	14,363
Total Other Comprehensive Income	-	(410,363)	-	-	-	(410,363)
Total Comprehensive Income for the period	-	(410,363)	-	-	3,242,705	2,832,342
Balance as at 30 September 2018	1,062,500	(1,375,419)	48,436	798,004	6,184,950	6,718,471

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 30 September		2018	2017	CHANGE
	Note	Rs. ' 000	Rs. ' 000	%
		Audited	Audited	
Gross Written Premium		2,491,471	1,911,424	30%
Premiums ceded to Reinsurers		(166,775)	(205,072)	-19%
Net Earned Premium		2,324,696	1,706,352	36%
Other Revenue				
Finance Income		235,293	203,274	16%
Net Realized Gains		(5,423)	51,832	110%
Net Fair value (Losses)/Gains		(42,595)	(955)	4360%
Other Operating Income		(1,633)	10,081	-116%
		185,642	264,232	-30%
Total Net Revenue		2,510,338	1,970,584	27%
Benefits, Claims and Expenses				
Net Insurance Benefits and Claims		(592,716)	(336,916)	76%
Increase in Life Fund		(546,237)	(633,749)	-14%
Underwriting and net Acquisition Cost		(520,656)	(422,220)	23%
Other Operating and Administration Expenses		(773,769)	(576,187)	34%
Impairment of Notional Tax Receivables		(149,791)	-	100%
Finance Cost		(10,840)	(4,540)	139%
Total Benefits, Losses and Expenses		(2,594,009)	(1,973,612)	31%
Profit Before Taxation		(83,671)	(3,028)	2663%
Income Tax Reversal/(Expense)		2,401,663	-	100%
Total Profit for the Period		2,317,992	(3,028)	-76652%
Profit Attributable To;				
Owners of the Parent		2,317,992	(3,028)	
Non Controlling Interest		-	-	
		2,317,992	(3,028)	-76652%
Basic/Diluted Earnings Per Share (Rs.)		6.18	(0.01)	

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 September	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Audited
Profit for the Period	2,317,992	(3,028)
	2,317,992	(3,028)
Items that are or may be reclassified to profit or loss		
Available for sale financial asset - net change in fair value	(108,778)	(103,854)
Available for sale financial asset - net change in fair value -Life fund	(91,984)	207,038
Available for sale financial assets reclassified to income statement	3,115	45,665
	(197,648)	252,703
Other Comprehensive Income from , net of tax	(197,648)	252,703
Total comprehensive income for the period	2,120,344	249,675
Total comprehensive income attributable to:		
Owners of the Company	2,120,344	249,675
Non - controlling interests	-	-
	2,120,344	249,675

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the nine months ended 30 September	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Audited
Cash Flows Operating Activities		
Profit before Taxation	841,042	754,852
Adjustments for :		
Depreciation of Property, Plant and Equipments	84,868	66,025
Amortization of Intangible Assets	4,073	4,761
Provision for Employee Benefits	19,268	16,361
Net Realized (Gains)	(134,909)	(22,854)
Net Fair value Losses/(Gains)	169,177	(104,145)
Net Amortization of Financial Investments	(201,410)	(43,689)
	782,108	671,311
Change in Operating Assets	(168,945)	(368,793)
Change in Operating Liabilities	1,007,781	1,143,493
Cashflows from Operating Activities	1,620,944	1,446,011
Gratuity paid	(5,861)	(3,212)
Net Cash Generated from Operating Activities	1,615,083	1,442,799
Cash Flows Investing Activities		
Net Acquisition of Financial Securities	(1,677,040)	(514,944)
Net Acquisition / Capitalization of of Property, Plant and Equipment	(112,996)	(106,558)
Net Cash (used in) / Generated from Investing Activities	(1,790,036)	(621,502)
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	(174,953)	92,297
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 period	67,252	193,385
Notes to the Cashflow Statement		
A. Change in Operating Assets		
(Increase) / Decrease in Loans to Life Policyholders	(17,582)	20,985
(Increase) / Decrease in Reinsurance Receivables	(62,659)	(334,458)
(Increase) / Decrease in Premium Receivables	(14,381)	(130,587)
(Increase) / Decrease in Receivable and Other Assets	(74,323)	75,267
	(168,945)	(368,793)
B. Change in Operating Liabilities		
Increase / (Decrease) in Insurance Contract Liabilities	955,237	812,551
Increase / (Decrease) in Reinsurance Payables	88,777	298,986
Increase / (Decrease) in Other Liabilities	(36,233)	31,956
	1,007,781	1,143,493
C. Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents	350,323	284,730
Bank overdrafts	(283,071)	(91,345)
Net cash and cash equivalents as at 30th September	67,252	193,385
Net cash and cash equivalents as at the Beginning of the period	242,205	101,088
Increase / (Decrease) in Cash and Cash Equivalents	(174,953)	92,297

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

As at	30.09.2018	31.12.2017
	Rs. ' 000	Rs. ' 000
	Audited	Audited
Assets		
Property, Plant and Equipment	230,662	236,000
Financial Investments	8,367,952	8,732,732
Loans to Life Policyholders	157,967	140,385
Reinsurance Receivables	212,207	149,548
Premium Receivables	305,202	290,821
Other Assets	457,613	270,641
Cash and Cash Equivalents	349,209	317,946
Total Assets	10,080,812	10,138,073
Equity and Liabilities		
Equity		
Other Reserves	(509,315)	(306,889)
Revaluation Reserve	48,436	48,436
Total Equity	(460,879)	(258,453)
Liabilities		
Insurance Contract Liabilities	8,393,829	7,438,592
Employee Benefits	100,100	86,693
Reinsurance Payable	325,042	236,265
Amounts due to Related Companies	11,427	4,615
Other Liabilities	1,428,222	2,553,621
Bank Overdraft	283,071	76,740
Total Liabilities	10,541,691	10,396,526
Total Equity and Liabilities	10,080,812	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 nine months ended 30 September 2018 were authorised for issue by the Board of Directors on 7th November 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 September 2018 are audited .

5 GROSS WRITTEN PREMIUM

For the nine months ended 30 September	2018	2017
	Rs.' 000	Rs.' 000
	Audited	Audited
First Year Premium	2,104,438	1,591,415
Renewal Premium	3,801,849	3,146,475
Group Life Premium	465,005	187,023
Single Premium	757,768	357,864
Total Life Insurance Gross Written Premium	7,129,060	5,282,777

6 TOTAL NET REVENUE

For the nine months ended 30 September	2018	2017
	Rs.' 000	Rs.' 000
	Audited	Audited
Net Earned Premium	6,656,029	4,711,475
Other Income	667,986	834,192
Net Revenue	7,324,015	5,545,667

7 PROFIT BEFORE TAXATION

For the nine months ended 30 September	2018	2017
	Rs.' 000	Rs.' 000
	Audited	Audited
Profit Before Taxation	841,042	754,852
Total	841,042	754,852

8 INCOME TAX REVERSAL/(EXPENSE)

For the nine months ended 30 September	2018 Rs.' 000 Audited	2017 Rs.' 000 Audited
Tax Recognised in Income Statement		
Taxable Income	338,834	-
Utilisation of Tax credit on Brought Forward Tax Losses	(338,834)	-
Income Tax Expense for the Year	-	-
Deferred Income Tax		
Origination of Deferred Tax Assets (Net)	2,496,537	-
Reversal of Deferred Tax Asset on Utilisation of b/f Tax losses	(94,874)	-
Net Deferred Tax	2,401,663	-
Net Income Tax Reversal	2,401,663	-

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. Unrecognised tax losses as at 30th September 2018 is Rs. 726 million.

9 FINANCIAL INVESTMENTS

As at		September-2018 Rs. '000 Audited	Dec-2017 Rs. '000 Audited
Held to Maturity (HTM)	Note 9.1	239,549	238,803
Loans and Receivables (L & R)	Note 9.2	5,098,218	2,957,396
Available - for - Sale (AFS)	Note 9.3	4,088,175	4,171,613
Fair Value Through Profit or Loss (FVTPL)	Note 9.4	2,002,365	2,626,676
Total Financial Investments		11,428,307	9,994,488

As at		September-2018 Rs. '000 Audited	Dec-2017 Rs. '000 Audited
9.1 Held to Maturity (HTM)			
Treasury Bonds		239,549	238,803
		239,549	238,803
9.2 Loans and Receivables (L & R)			
Debt Securities - Bank Deposits	Note 9.2.a	1,593,574	514,092
- Commercial Paper	Note 9.2.b	636,010	169,188
Debt Securities -Debentures			
- Quoted		2,830,033	1,794,875
Overnight Reverse Repo		38,601	479,241
		5,098,218	2,957,396
9.2.a Bank Deposits (L& R)			
Licensed Commercial Banks		1,515,289	450,273
Sanasa Development Bank PLC		-	53,784
Regional Development Bank		78,260	10,009
Bank of Ceylon		25	26
		1,593,574	514,092
9.2.b Commercial Paper (L & R)			
First Capital Holdings PLC		217,680	169,188
Lanka Orix Leasing Company PLC		418,330	-
		636,010	169,188
9.3 Available - for - Sale (AFS)			
Equity Securities			
- Quoted		1,166,210	1,298,876
- Un Quoted		369,700	369,700
Treasury Bonds		2,552,265	2,503,037
		4,088,175	4,171,613
9.4 Fair Value Through Profit or Loss (FVTPL)			
Equity Securities		577,725	591,027
Treasury Bonds		250,585	458,728
Unit Trust		1,174,055	1,576,921
		2,002,365	2,626,676

10 INSURANCE CONTRACT LIABILITIES

As at	September-2018 Rs. '000 Audited	Dec-17 Rs. '000 Audited
Insurance Contract Liabilities	6,946,582	6,090,446
Surplus Created due to Change in Valuation method from NPV to GPV Note 10.1 & 10.2	1,056,535	1,056,535
Unclaimed benefits	390,712	291,611
	8,393,829	7,438,592

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 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.

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 30th September 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 September 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.

10.3 Composition of Investments Supporting the Restricted Regulatory Reserve as at 30th September 2018

	Face Value Rs.	Market Value as at 30 September 2018 Rs. '000
Government Securities		
Treasury Bond LKB03044A010	100,000,000	124,499
Deposits		
Sampath Bank PLC	263,618,836	271,496
Sampath Bank PLC	125,000,000	125,675
Seylan Bank PLC	175,000,000	175,944
Hatton National Bank PLC	110,658,219	113,900
Total Market Value of the Assets		811,514

10 INSURANCE CONTRACT LIABILITIES (Cont.)

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

The valuation of life insurance fund as at 30th September 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. 851 million to transfer from Non-Participating Life Insurance fund / insurance contract liabilities to the Shareholders fund as surplus transfer for the period ended 30th June 2018 (Quarter ended 31 March 2018 (585 Mn) and 30 June 2018 (266 Mn) .However Company has not declared surplus for the quarter ended 30th September 2018.The Financial Statements as at 30th September 2018 were audited by Messrs, KPMG.

	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000
Insurance Contract Liabilities	4,570,239	2,376,343	6,946,582
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
Total Life Fund	5,626,774	2,376,343	8,003,117

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 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 30 September 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 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 and 2015/16, assessing the life insurance business to pay an income tax liability of 516.77 Million along with a 50% penalty totaling to 625.52 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

	30.09.2018	31.12.2017
Net Assets Per Share (Rs)	17.92	10.36
Market Price Per Share		
Last traded price as at 30 September 2018	26.10	
Highest traded price per share for the Quarter (Jul-Sep)	28.00	
Lowest traded price per share for the Quarter (Jul-Sep)	21.50	

15 STATED CAPITAL

As at	30.09.2018 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

16 BASIC & DILUTED EARNING PER SHARE (EPS)

	30.09.2018	31.12.2017
Profit attributable to Ordinary Shareholders (Rs. 000)	3,242,705	754,852
Weighted Average No of shares as at 30 September	375,000,000	375,000,000
Basic/Diluted Earning per share (Rs.)	8.65	2.01

17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	30.09.2018	
	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	2,875,462	0.77
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 Mr. Ananda Rajapaksha Rathnayaka Sarath	615,950	0.18
9 Mr. Jayawardana	250,000	0.07
10 Mr. Ekanayaka Nahimala Welegedara Senarath Bandara	205,000	0.05
11 Rosewood (pvt) Ltd	201,424	0.05
12 Mr.Balasuriya	200,000	0.05
13 South Asian Investment (pvt) Ltd	198,677	0.05
14 Seylan Bank Ltd/Reshan Henry Rathnayake	196,034	0.05
15 Softlogic Holding PLC	175,550	0.05
16 Mr.Rambukwella	124,400	0.03
17 People'S Leasing & Finance Plc/Mr.M.Z.M Wafik	113,790	0.03
18 Life Insurance Corporation(Lanka)LTD	110,000	0.03
19 Mr.Elankumaran	110,000	0.03
20 People'S Leasing & Finance Plc/Hi Line Towers (pvt) Ltd	103,450	0.03
Others	370,805,497	98.90
Total	375,000,000	100.00

18 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 30 September 2018 was 10.27 % (31 December 2017 - 10.27 %) and a number of public shareholders as at 30 September 2018 was 1,043. (31 December 2017 - 969) .

Float Adjusted Market Capitalisation

As at 30th September 2018 the Float Adjusted Market Capitalisation is Rs. 1,005,176,250/-

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

19 DIRECTORS' SHARE HOLDINGS

As at 30 September 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. H.K.Kaimal - Director	Nil	Nil
Mr. J. W. H. Richters - Director	Nil	Nil
Mr. R.Will - Director	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 nine months ended 30 September	2018 Rs.' 000	2017 Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	-	55,559
Receiving of services	67,562	80,068
Expenses	763	817
Dividend Received	-	2,985
Transactions with Companies under Common Control		
Investments	247,234	156,750
Insurance Premiums	1,008	477
Purchases of property plant & equipment	31,566	40,310
Dividend received	3,574	2,750
Expenses	86,175	54,169
Claims Paid	5,000	5,000
Transactions with Other Related Entities		
Expenses	7	-
Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)		
Insurance Premiums	908	-
Professional Charges	-	852

20.2 Appointments of New Directors to the Board

Following Directors have been appointed as Non Executive Directors.

Name	Directorship	Appointment Date
Mr. Haresh Kumar Kaimal	Non Executive Director	3rd July 2018
Mr. Rudiger Will	Non Executive Independent Director	3rd July 2018

Company has obtained the necessary approval for the appointment of new Directors from Insurance Regulatory Commission of Sri Lanka.