



SPIRITED

INTERIM FINANCIAL STATEMENTS

For the Period Ended
31st December 2018

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the twelve months ended 31 December		2018	2017	CHANGE
	Note	Rs. ' 000	Rs. ' 000	%
		Audited	Audited	
Gross Written Premium	5	10,005,733	7,530,935	33%
Premiums ceded to Reinsurers		(726,558)	(802,462)	-9%
Net Earned Premium		9,279,175	6,728,473	38%
Other Revenue				
Finance Income		954,253	874,997	9%
Net Realized Gains		96,073	51,181	88%
Net Fair value (Losses)/Gains		(97,996)	95,978	-202%
Other Operating Income		1,053	47,023	-98%
		953,383	1,069,179	-11%
Total Net Revenue	6	10,232,558	7,797,652	31%
Benefits, Claims and Expenses				
Net Insurance Benefits and Claims		(2,339,004)	(1,222,501)	91%
Change in Insurance Contracts Liabilities Life Funds		(1,500,589)	(1,315,369)	14%
Change in Contract Liability due to Transfer of One-off Surplus		-	798,004	-100%
Underwriting and net Acquisition Cost		(2,044,220)	(1,830,773)	12%
Other Operating and Administration Expenses		(3,187,482)	(2,299,406)	39%
Finance Cost		(66,501)	(23,086)	188%
Total Benefits, Losses and Expenses		(9,137,796)	(5,893,131)	55%
Profit Before Taxation	7	1,094,762	1,904,521	-43%
Income Tax Reversal/(Expense)	8	2,241,483	420,000	434%
Total Profit for the Period		3,336,245	2,324,521	44%
Profit Attributable To;				
Owners of the Parent		3,336,245	2,324,521	
Non Controlling Interest		-	-	
		3,336,245	2,324,521	44%
Basic/Diluted Earnings Per Share (Rs.)	16	8.90	6.20	

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 twelve months ended 31 December	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Audited
Profit for the Period	3,336,245	2,324,521
	3,336,245	2,324,521
<u>Other Comprehensive Income</u>		
Items that will not be reclassified to Income Statement		
Remeasurement of defined benefit (liability)/asset	(3,073)	2,452
Revaluation of Land and Buildings	-	23,533
	(3,073)	25,985
Items that are or may be reclassified to profit or loss		
Available for sale financial asset - net change in fair value	(197,669)	(122,510)
Available for sale financial asset - net change in fair value -Life fund	(368,963)	499,354
Available for sale financial assets reclassified to income statement	18,294	6,613
	(548,338)	383,457
Other Comprehensive Income from , net of tax	(551,411)	409,442
Total comprehensive income for the period	2,784,834	2,733,963
Total comprehensive income attributable to:		
Owners of the Company	2,784,834	2,733,963
Non - controlling interests	-	-
	2,784,834	2,733,963

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	31.12.2018 Rs. ' 000 Audited	31.12.2017 Rs. ' 000 Audited
Assets			
Intangible Assets		2,089	7,145
Property, Plant and Equipment		619,059	577,705
Financial Investments	9	12,065,241	9,994,488
Loans to Life Policyholders		161,001	140,385
Reinsurance Receivables		154,802	149,548
Premium Receivables		507,434	290,821
Other Assets		691,109	579,409
Deferred Tax Asset	8	2,750,962	420,000
Cash and Cash Equivalents		381,270	318,945
Total Assets		17,332,967	12,478,446
Equity and Liabilities			
Equity			
Stated Capital		1,062,500	1,062,500
Other Reserves		(1,513,394)	(965,056)
Revaluation Reserve		48,436	48,436
Restricted Regulatory Reserve		798,004	798,004
Retained Earnings		6,275,417	2,942,245
Total Equity		6,670,963	3,886,129
Liabilities			
Insurance Contract Liabilities	10	9,021,521	7,438,592
Employee Benefits		107,404	86,693
Reinsurance Payable		320,824	236,265
Amounts due to Related Companies		4,167	4,615
Other Liabilities		837,666	749,412
Bank Overdraft		370,422	76,740
Total Liabilities		10,662,004	8,592,317
Total Equity and Liabilities		17,332,967	12,478,446
Net Asset per Share		17.79	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
11th February 2019

(Sgd.)

Director

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

For the twelve months ended 31 December	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	-	-	-	798,004	1,526,517	2,324,521
Other Comprehensive Income for the Period						
Available for sale financial asset -net change in fair value	-	(122,510)	-	-	-	(122,510)
Available for sale financial asset - net change in fair value - Life fund	-	499,354	-	-	-	499,354
Available for sale financial assets reclassified to income statement	-	6,613	-	-	-	6,613
Remeasurement of Defined Benefit (liability)/asset	-	-	-	-	2,452	2,452
Revaluation of Land and Buildings	-	-	23,533	-	-	23,533
Total Other Comprehensive Income	-	383,457	23,533	-	2,452	409,442
Total Comprehensive Income for the period	-	383,457	23,533	798,004	1,528,969	2,733,963
Transaction with Owners of the Company						
Distributions						
Second Interim Dividend Paid for 2016	-	-	-	-	(810,000)	(810,000)
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	-	-	-	-	3,336,245	3,336,245
Other Comprehensive Income for the Period						
Available for sale financial asset -net change in fair value	-	(197,669)	-	-	-	(197,669)
Available for sale financial asset - net change in fair value - Life fund	-	(368,963)	-	-	-	(368,963)
Available for sale financial assets reclassified to income statement	-	18,294	-	-	-	18,294
Remeasurement of Defined Benefit (liability)/asset	-	-	-	-	(3,073)	(3,073)
Total Other Comprehensive Income	-	(548,338)	-	-	(3,073)	(551,411)
Total Comprehensive Income for the period	-	(548,338)	-	-	3,333,172	2,784,834
Balance as at 31 December 2018	1,062,500	(1,513,394)	48,436	798,004	6,275,417	6,670,963

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 31 December		2018	2017	CHANGE
	Note	Rs. ' 000	Rs. ' 000	%
		Audited	Audited	
Gross Written Premium		2,876,673	2,248,158	28%
Premiums ceded to Reinsurers		(253,527)	(231,160)	10%
Net Earned Premium		2,623,146	2,016,998	30%
Other Revenue				
Finance Income		252,822	224,667	13%
Net Realized Gains		(38,836)	28,328	-237%
Net Fair value (Losses)/Gains		71,181	(8,167)	972%
Other Operating Income		230	(9,841)	102%
		285,397	234,987	21%
Total Net Revenue		2,908,543	2,251,985	29%
Benefits, Claims and Expenses				
Net Insurance Benefits and Claims		(609,917)	(267,435)	128%
Increase in Life Fund		(644,450)	(455,113)	42%
Change in Contract Liability due to Transfer of One-off Surplus		-	798,004	-100%
Underwriting and net Acquisition Cost		(534,025)	(511,219)	4%
Other Operating and Administration Expenses		(824,588)	(660,043)	25%
Finance Cost		(41,843)	(6,510)	543%
Total Benefits, Losses and Expenses		(2,654,823)	(1,102,316)	141%
Profit Before Taxation		253,720	1,149,669	-78%
Income Tax Reversal/(Expense)		(160,180)	420,000	100%
Total Profit for the Period		93,540	1,569,669	-94%
Profit Attributable To;				
Owners of the Parent		93,540	1,569,669	
Non Controlling Interest		-	-	
		93,540	1,569,669	-94%
Basic/Diluted Earnings Per Share (Rs.)		0.25	4.19	

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 December	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Audited
Profit for the Period	93,540	1,569,669
	93,540	1,569,669
<u>Other Comprehensive Income</u>		
Items that will not be reclassified to Income Statement		
Remeasurement of defined benefit (liability)/asset	(3,073)	2,452
Revaluation of Land and Buildings	-	23,533
	(3,073)	25,985
Items that are or may be reclassified to profit or loss		
Available for sale financial asset - net change in fair value	10,940	55,999
Available for sale financial asset - net change in fair value -Life fund	(152,847)	41,833
Available for sale financial assets reclassified to income statement	3,931	1,076
	(137,976)	98,908
Other Comprehensive Income from , net of tax	(141,049)	124,893
Total comprehensive income for the period	(47,509)	1,694,562
Total comprehensive income attributable to:		
Owners of the Company	(47,509)	1,694,562
Non - controlling interests	-	-
	(47,509)	1,694,562

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the twelve months ended 31 December	2018 Rs. ' 000 Audited	2017 Rs. ' 000 Audited
Cash Flows Operating Activities		
Profit before Taxation	1,094,762	1,904,521
Adjustments for :		
Depreciation of Property, Plant and Equipments	115,375	91,493
Amortization of Intangible Assets	5,056	6,282
Provision for Employee Benefits	26,523	20,651
Net Realized (Gains)	(96,073)	(51,181)
Net Fair value Losses/(Gains)	97,996	(95,978)
Additional Consideration on Disposal of AAGI	-	(34,904)
Notional Tax Write off	(89,479)	-
	1,154,160	1,840,884
Change in Operating Assets	(354,183)	(272,647)
Change in Operating Liabilities	1,755,294	678,345
Cashflows from Operating Activities	2,555,271	2,246,582
Gratuity paid	(8,884)	(4,942)
Net Cash Generated from Operating Activities	2,546,387	2,241,640
Cash Flows Investing Activities		
Net Acquisition of Financial Securities	(2,621,016)	(1,210,681)
Net Acquisition / Capitalization of of Property, Plant and Equipment	(156,728)	(160,651)
Net Acquisition of Intangible Assets	-	(191)
Net Cash (used in)/ Generated from Investing Activities	(2,777,744)	(1,371,523)
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	(231,357)	141,117
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	10,848	242,205
Notes to the Cashflow Statement		
A. Change in Operating Assets		
(Increase) / Decrease in Loans to Life Policyholders	(20,616)	17,921
(Increase) / Decrease in Reinsurance Receivables	(5,254)	(63,608)
(Increase) / Decrease in Premium Receivables	(216,613)	(198,503)
(Increase) / Decrease in Receivable and Other Assets	(111,700)	(28,457)
	(354,183)	(272,647)
B. Change in Operating Liabilities		
Increase / (Decrease) in Insurance Contract Liabilities	1,582,929	503,545
Increase / (Decrease) in Reinsurance Payables	84,559	97,003
Increase / (Decrease) in Other Liabilities	87,806	77,797
	1,755,294	678,345
C. Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents	381,270	318,945
Bank overdrafts	(370,422)	(76,740)
Net cash and cash equivalents as at 31 December	10,848	242,205
Net cash and cash equivalents as at the Beginning of the period	242,205	101,088
Increase / (Decrease) in Cash and Cash Equivalents	(231,357)	141,117

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

As at	31.12.2018	31.12.2017
	Rs. ' 000	Rs. ' 000
	Audited	Audited
Assets		
Property, Plant and Equipment	228,864	236,000
Financial Investments	8,944,095	8,732,732
Loans to Life Policyholders	161,001	140,385
Reinsurance Receivables	154,802	149,548
Premium Receivables	507,434	290,821
Other Assets	594,724	270,641
Cash and Cash Equivalents	380,143	317,946
Total Assets	10,971,063	10,138,073
Equity and Liabilities		
Equity		
Other Reserves	(660,920)	(306,889)
Revaluation Reserve	48,436	48,436
Total Equity	(612,484)	(258,453)
Liabilities		
Insurance Contract Liabilities	9,021,521	7,438,592
Employee Benefits	107,404	86,693
Reinsurance Payable	320,824	236,265
Amounts due to Related Companies	15,408	4,615
Other Liabilities	1,747,968	2,553,621
Bank Overdraft	370,422	76,740
Total Liabilities	11,583,547	10,396,526
Total Equity and Liabilities	10,971,063	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 twelve months ended 31 December 2018 were authorised for issue by the Board of Directors on 11th February 2019.

3 BASIS OF PREPARATION

The Condensed Interim Financial Statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These Interim Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2017.

The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2017 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 December 2018 are audited .

5 GROSS WRITTEN PREMIUM

For the twelve months ended 31 December	2018	2017
	Rs.' 000	Rs.' 000
	Audited	Audited
First Year Premium	2,562,881	2,035,805
Renewal Premium	5,187,672	4,308,774
Group Life Premium	759,429	359,514
Single Premium	1,495,751	826,842
Total Life Insurance Gross Written Premium	10,005,733	7,530,935

6 TOTAL NET REVENUE

For the twelve months ended 31 December	2018	2017
	Rs.' 000	Rs.' 000
	Audited	Audited
Net Earned Premium	9,279,175	6,728,473
Other Income	953,383	1,069,179
Net Revenue	10,232,558	7,797,652

7 PROFIT BEFORE TAXATION

For the twelve months ended 31 December	2018	2017
	Rs.' 000	Rs.' 000
	Audited	Audited
Profit Before Taxation	1,094,762	1,904,521
Total	1,094,762	1,904,521

For the financial year 2018 the Company has transferred a surplus of Rs. 1,051 Mn from Non participating Fund to Shareholder fund.(2017- Rs. 1,017 Mn adjusted for One off surplus Rs. 798 Mn).

8 INCOME TAX REVERSAL/(EXPENSE)

The Company is liable for income tax at 28%, in terms of the Inland Revenue Act No. 10 of 2006 and amendments thereto till 31st March 2018. From 1st April 2018 onwards the gains and profits from the Life Insurance Business are ascertained in terms of Section 67 of the Inland Revenue Act No. 24 of 2017.

For the twelve months ended 31 December

	2018 Rs.' 000 Audited	2017 Rs.' 000 Audited
Tax Recognised in Income Statement		
Taxable Income	591,339	-
Utilisation of Tax credit on Brought Forward Tax Losses	(591,339)	-
Income Tax Expense for the Year	-	-
Deferred Income Tax		
Origination of Deferred Tax Assets (Net)	2,496,537	420,000
Reversal of Deferred Tax Asset on Utilisation of b/f Tax losses	(165,575)	-
Net Deferred Tax	2,330,962	420,000
Impairment of Notional Tax Receivables	(89,479)	-
Net Income Tax Reversal	2,241,483	420,000

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 31 December 2018 is Rs. 732 million.

9 FINANCIAL INVESTMENTS

As at

		Dec-2018 Rs. '000 Audited	Dec-2017 Rs. '000 Audited
Held to Maturity (HTM)	Note 9.1	245,115	238,803
Loans and Receivables (L & R)	Note 9.2	5,614,236	2,957,396
Available - for - Sale (AFS)	Note 9.3	4,394,870	4,171,613
Fair Value Through Profit or Loss (FVTPL)	Note 9.4	1,811,020	2,626,676
Total Financial Investments		12,065,241	9,994,488

As at

		Dec-2018 Rs. '000 Audited	Dec-2017 Rs. '000 Audited
9.1 Held to Maturity (HTM)			
Treasury Bonds		245,115	238,803
		245,115	238,803
9.2 Loans and Receivables (L & R)			
Debt Securities - Bank Deposits	Note 9.2.a	1,803,160	514,092
- Commercial Paper	Note 9.2.b	656,794	169,188
Debt Securities -Debentures		2,635,728	1,794,875
- Quoted		518,554	479,241
Overnight Reverse Repo		5,614,236	2,957,396
		5,614,236	2,957,396
9.2.a Bank Deposits (L& R)			
Licensed Commercial Banks		1,662,695	450,273
Sanasa Development Bank PLC		-	53,784
Regional Development Bank		140,439	10,009
Bank of Ceylon		26	26
		1,803,160	514,092
9.2.b Commercial Paper (L & R)			
First Capital Holdings PLC		224,382	169,188
Lanka Orix Leasing Company PLC		432,412	-
		656,794	169,188
9.3 Available - for - Sale (AFS)			
Equity Securities			
- Quoted		1,427,100	1,298,876
- Un Quoted		369,700	369,700
Treasury Bonds		2,598,070	2,503,037
		4,394,870	4,171,613
9.4 Fair Value Through Profit or Loss (FVTPL)			
Equity Securities		655,423	591,027
Treasury Bonds		221,584	458,728
Unit Trust		934,013	1,576,921
		1,811,020	2,626,676

10 INSURANCE CONTRACT LIABILITIES

As at		Dec-2018 Rs. '000 Audited	Dec-17 Rs. '000 Audited
Insurance Contract Liabilities		7,556,032	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		408,954	291,611
		9,021,521	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 according to the Direction 16 "Identification and Treatment of One off Surplus" issued by IRCSL. According to Direction 16, the Company has determined the One off Surplus as the difference between NPV Solvency basis liability and GPV Distribution basis liability.

10.2 Transfer of One-off Surplus from Policy Holder Fund to Share Holder Fund

The Insurance Regulatory Commission of Sri Lanka (IRC SL) 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 IRC SL and can only be released as dividends upon receiving approval from the IRC SL. 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 IRC SL".

One-off surplus in respect of participating business is held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the Share Holder Fund by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No. 43 of 2000". Please refer Note 10.3 for details of assets supporting the restricted regulatory reserve as at 31 December 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 31 December 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 31 December 2018

		Face Value Rs.	Market Value as at 31 December 2018 Rs. '000
Government Securities			
Treasury Bond	LKB03044A010	100,000,000	116,563
Deposits			
Sampath Bank PLC		263,618,836	279,520
Sampath Bank PLC		125,000,000	129,389
Seylan Bank PLC		175,000,000	181,145
Hatton National Bank PLC		110,658,219	117,201
Total Market Value of the Assets			823,817

10 INSURANCE CONTRACT LIABILITIES (Cont.)

10.4 Valuation of Life Insurance Fund - (Zeroed Basis of Negative Liabilities- Product Level) as at 31 December 2018

The valuation of life insurance fund as at 31st December 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. 1,051 million to transfer from Non-Participating Life Insurance fund / insurance contract liabilities to the Shareholders fund as surplus transfer for the period ended 31 December 2018 (2017- Rs. 1,017 Mn adjusted for one off surplus of Rs 798 Mn).The Financial Statements as at 31st December 2018 were audited by Messrs, KPMG.

	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000
Insurance Contract Liabilities	4,661,417	2,894,615	7,556,032
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
Total Life Fund	5,717,952	2,894,615	8,612,567

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 as at 31 December 2018 was carried out and no additional provision is required.

11 CAPITAL COMMITMENTS AND CONTINGENCIES

11.1 Capital Commitments

The capital commitments approved and contracted as at the reporting date were Rs. 17 million.

11.2 Contingencies

The Contingent Liability of the Company as at 31 December 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

	31.12.2018	31.12.2017
Net Assets Per Share (Rs)	17.79	10.36
Market Price Per Share		
Last traded price as at 31 December 2018	44.80	
Highest traded price per share for the Quarter (Oct-Dec)	45.10	
Lowest traded price per share for the Quarter (Oct-Dec)	26.20	

15 STATED CAPITAL

As at	31.12.2018 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)

	31.12.2018	31.12.2017
Profit attributable to Ordinary Shareholders (Rs. 000)	3,336,245	2,324,521
Weighted Average No of shares as at 31 December	375,000,000	375,000,000
Basic/Diluted Earning per share (Rs.)	8.90	6.20

17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	31.12.2018	
	No. of Shares	%
1 Softlogic Capital PLC	193,800,760	51.69
2 Dalvik Inclusion Private Limited	71,250,000	19.00
3 State Street Munich c/o ssbt-deg-deutsche investitions	71,250,000	19.00
4 Ssbt- Global Macro Portfolio	25,625,000	6.83
5 Pershing llc s/a Averbach Grauson & Co.	3,282,079	0.88
6 Ssbt-Global Macro Capital Opportunities Portfolio	2,500,000	0.67
7 Mr. Goonetilleke Gajath Chrysantha	905,000	0.24
8 J.B. Cocoshell (pvt) Ltd	739,000	0.20
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 Mr. Elankumaran Sarvananthan	120,000	0.03
13 People's Leasing & Finance PLC/Mr. M.Z.M. Wafik	113,790	0.03
14 Mr. Mther Sjendra Rnjanan	113,000	0.03
15 Mr. Rambukwella Ravindra Earl	101,825	0.03
16 Union Investments Private Ltd	100,000	0.03
17 Mr. Sandamal Hettiarachchige Don Jude Ravindra	100,000	0.03
18 Mr. Gunatunga Edgar (deceased)	100,000	0.03
19 Oakley Investments (Private) Limited	91,230	0.02
20 Cocoshell Activated Carbon Company Limited	75,000	0.02
Others	371,263,184	99.02
Total	375,000,000	100.00

18 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 December 2018 was 10.27 % (31 December 2017 - 10.27 %) and a number of public shareholders as at 31 December 2018 was 1,135. (31 December 2017 - 969) .

Float Adjusted Market Capitalisation

As at 31 December 2018 the Float Adjusted Market Capitalisation is Rs. 1,725,360,000/-

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

19 DIRECTORS' SHARE HOLDINGS

As at 31 December 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. Rudiger Will	Nil	Nil
Mr. H.K.Kaimal - Director	Nil	Nil
Ms. Fernanda Lima	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 twelve months ended 31 December	2018 Rs.' 000	2017 Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	-	57,396
Receiving of services	91,135	100,463
Expenses	763	817
Dividend Paid	-	431,818
Dividend Received	-	2,985
Transactions with Companies under Common Control		
Investments	242,480	134,200
Insurance Premiums	27,015	24,930
Purchases of property plant & equipment	44,489	55,698
Dividend received	3,574	2,750
Expenses	123,541	76,404
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	4,867	872
Professional Charges	797	852

20.2 Appointments of New Directors to the Board

Following Directors have been appointed to the Board of 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
Ms. Fernanda Lima	Non Executive Director	21st December 2018*
Mr. H.C Hettiarachchi	Executive Director	25th January 2019*

* Subject to obtaining approval from Insurance Regulatory Commission of Sri Lanka