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SOFTLOGIC LIFE INSURANCE PLC

INTERIM FINANCIAL STATEMENTS - FOR THE PERIOD ENDED 31ST MARCH 2021

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 31 March	Note	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Audited	Change %
Gross written premiums	5	4,761,243	3,481,549	37
Premiums ceded to reinsurers		(440,391)	(439,891)	-
Net earned premiums		4,320,852	3,041,658	42
Other revenue				
Net finance income		575,408	394,967	46
Net realised gains		82,718	10,566	683
Net fair value gains / (losses)		(11,533)	146,133	(108)
Other operating income		958	1,035	(7)
Total other revenue		647,551	552,701	17
Total net revenue	6	4,968,403	3,594,359	38
Net benefits, claims and expenses				
Net insurance benefits and claims paid		(1,199,388)	(912,702)	31
Net change in insurance claims outstanding		2,883	47,173	(94)
Change in insurance contracts liabilities		(1,125,175)	(614,083)	83
Underwriting and net acquisition cost (Net of reinsurance)		(1,055,840)	(679,170)	55
Other operating and administration expenses		(868,106)	(767,517)	13
Finance cost		94,957	(824)	(11,624)
Total benefits, claims and expenses		(4,150,669)	(2,927,123)	42
Profit before tax	7	817,734	667,236	23
Income tax expenses	8	(401,532)	(187,413)	114
Profit for the year		416,202	479,823	(13)
Profit attributable to;				
Owners of the Company		416,202	479,823	
Non controlling interest		-	-	
		416,202	479,823	(13)
Earnings per share				
Basic earnings per share (Rs.)	16	1.11	1.28	(13)
Diluted earnings per share (Rs.)	16	1.11	1.28	(13)

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	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Audited	Change %
Profit for the period	416,202	479,823	(13)
Other comprehensive income			
Items that will not be reclassified to income statement			
Equity investments at FVOCI - net change in fair value	23,271	(97,446)	
Equity investments at FVOCI - net change in fair value - life fund	(134,806)	(95,860)	
Related tax / deferred tax	-	-	
	(111,535)	(193,306)	(42)
Items that are or may be reclassified subsequently to income statement			
Debt investments at FVOCI - net change in fair value	(7,799)	7,767	
Debt investments at FVOCI - net change in fair value - life fund	(53,657)	68,807	
Debt investments at FVOCI - reclassified to income statement	3,378	4,181	
Related tax / deferred tax	-	-	
	(58,078)	80,755	(172)
Total other comprehensive income for the period, net of tax	(169,613)	(112,551)	51
Total comprehensive income for the period, net of tax	246,589	367,272	(33)
Total comprehensive income attributable to:			
Owners of the Company	246,589	367,272	
Non - controlling interests	-	-	
	246,589	367,272	(33)

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	31.03.2021 Rs. ' 000 Audited	31.12.2020 Rs. ' 000 Audited
Assets			
Intangible assets		373	404
Property, plant and equipment		642,863	660,928
Right of use assets		705,340	752,393
Deferred tax assets		1,220,372	1,621,904
Financial investments	9	28,912,008	27,367,792
Loans to life policyholders		221,526	234,462
Reinsurance receivables		377,003	323,288
Premium receivables		845,985	856,281
Receivables and other assets		946,279	834,388
Cash and cash equivalents		498,739	554,362
Total assets		34,370,488	33,206,202
Equity and liabilities			
Equity			
Stated capital		1,062,500	1,062,500
Retained earnings		8,792,330	9,290,347
Restricted regulatory reserve		798,004	798,004
Other reserves		(1,407,498)	(1,214,604)
Total equity		9,245,336	9,936,247
Liabilities			
Insurance contract liabilities	10	18,601,188	17,483,705
Employee benefit liabilities		190,775	182,332
Loans and borrowings		3,112,388	2,852,245
Reinsurance payables		1,000,410	636,060
Other liabilities		1,978,340	1,890,223
Bank overdraft		242,051	225,390
Total liabilities		25,125,152	23,269,955
Total equity and liabilities		34,370,488	33,206,202
Net asset per share (Rs.)		24.65	26.50

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 07 of 2007.

Sgd.
Nuwan Withanage
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board.

Sgd.
Director
Colombo
11th May 2021

Sgd.
Director

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

	Stated capital	Retained earnings	Restricted regulatory reserve	Otherreserve		Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Fair value reserve Rs. ' 000	Revaluation reserves Rs. ' 000	Rs. ' 000
Balance as at 01 January 2020	1,062,500	7,764,216	798,004	(1,498,509)	92,708	8,218,919
Profit for the period	-	479,823	-	-	-	479,823
Other comprehensive income for the period						
Equity investments at FVOCI - net change in fair value	-	-	-	(97,446)	-	(97,446)
Equity investments at FVOCI - net change in fair value - life fund	-	-	-	(95,860)	-	(95,860)
Debt investments at FVOCI - net change in fair value	-	-	-	7,767	-	7,767
Debt investments at FVOCI - net change in fair value - life fund	-	-	-	68,807	-	68,807
Debt investments at FVOCI - reclassified to income statement	-	-	-	4,181	-	4,181
Total other comprehensive income, net of tax	-	479,823	-	(112,551)	-	(112,551)
Total comprehensive income for the period	1,062,500	8,244,039	798,004	(1,611,060)	92,708	367,272
Balance as at 31 March 2020	1,062,500	8,244,039	798,004	(1,611,060)	92,708	8,586,191
Profit for the period	-	1,041,660	-	-	-	1,041,660
Other Comprehensive Income for the Period						
Equity investments at FVOCI - net change in fair value	-	-	-	(138,172)	-	(138,172)
Equity investments at FVOCI - net change in fair value - life fund	-	-	-	221,302	-	221,302
Debt investments at FVOCI - net change in fair value	-	-	-	23,454	-	23,454
Debt investments at FVOCI - net change in fair value - life fund	-	-	-	187,078	-	187,078
Debt investments at FVOCI - reclassified to income statement	-	-	-	10,086	-	10,086
Re-measurement gains / (losses) on defined benefit liabilities	-	4,648	-	-	-	4,648
Total other comprehensive income, net of tax	-	4,648	-	303,748	-	308,396
Total comprehensive income for the period	1,062,500	1,046,308	-	303,748	-	1,350,056
Balance as at 31 December 2020	1,062,500	9,290,347	798,004	(1,307,312)	92,708	9,936,247
Profit for the period	-	416,202	-	-	-	416,202
Other comprehensive income for the period						
Equity investments at FVOCI - net change in fair value	-	-	-	23,271	-	23,271
Equity investments at FVOCI - net change in fair value - life fund	-	-	-	(134,806)	-	(134,806)
Equity investments at FVOCI -reclassified to retained earnings	-	23,281	-	(23,281)	-	-
Debt investments at FVOCI - net change in fair value	-	-	-	(7,799)	-	(7,799)
Debt investments at FVOCI - net change in fair value - life fund	-	-	-	(53,657)	-	(53,657)
Debt investments at FVOCI - reclassified to income statement	-	-	-	3,378	-	3,378
Total other comprehensive income, net of tax	-	23,281	-	(192,894)	-	(169,613)
Total comprehensive income for the period	-	439,483	-	(192,894)	-	246,589
Transaction with owners of the Company						
Contribution and distribution						
Interim Dividend- 2020	-	(937,500)	-	-	-	(937,500)
Total transaction with owners of the Company	-	(937,500)	-	-	-	(937,500)
Balance as at 31 March 2021	1,062,500	8,792,330	798,004	(1,500,206)	92,708	9,245,336

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the three months ended 31 March	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Audited
Cash flows from operating activities		
Profit before taxation	817,734	667,236
Adjustments for :		
Depreciation of property, plant and equipment	33,951	34,277
Amortisation of intangible assets	31	57
Depreciation of right of use asset	59,630	36,162
Interest expenses on lease liabilities and loans and borrowings	81,330	15,214
Provision for employee benefit liabilities	9,071	9,155
Gain on property, plant and equipment	(126)	-
Net realised gains	(82,718)	(10,566)
Net fair value (gains) / losses	11,533	(146,133)
Net unrealised gain on foreign currency transactions	(181,255)	(9,459)
Net amortisation of financial investments	(186,685)	13,555
Reversal for impairment losses of financial investments	(66,108)	(7,092)
	496,388	602,406
Change in operating assets		
Increase in loans to life policyholders	12,936	(12,028)
Increase in reinsurance receivables	(53,715)	(145,876)
Increase in premium receivables	10,296	(407,306)
Increase in receivables and other assets	(124,185)	(106,779)
	(154,668)	(671,989)
Change in operating liabilities		
Increase in insurance contract liabilities	1,117,483	3,336,741
Increase in reinsurance payables	364,350	91,226
Increase in other liabilities	87,370	(136,004)
	1,569,203	3,291,963
Cash flows from operating activities	1,910,923	3,222,380
Gratuity paid	(628)	(622)
Net cash generated from operating activities	1,910,295	3,221,758
Cash flows from investing activities		
Acquisition of investment securities	(7,330,250)	(8,123,497)
Consideration received from disposal of investments	6,351,834	4,369,052
Acquisition of property, plant and equipment	(16,168)	(67,215)
Consideration received from disposal of property, plant and equipment	409	-
Net cash used in investing activities	(994,175)	(3,821,660)
Cash flows from financing activities		
Dividend paid	(937,500)	-
Payment of lease liabilities	(50,904)	(748)
Net cash used in financing activities	(988,404)	(748)
Net increase in cash and cash equivalents	(72,284)	(600,650)
Net cash and cash equivalents as at 1 January	328,972	200,822
Net cash and cash equivalents as at 31 March	256,688	(399,828)
Analysis of cash and cash equivalents		
Cash in hand and at bank	498,689	164,352
Bank overdrafts	(242,001)	(564,180)
Total cash and cash equivalents as at 31 March	256,688	(399,828)

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

As at	Note	31.03.2021	31.12.2020
		Rs. ' 000	Rs. ' 000
		Audited	Audited
Assets			
Property, plant and equipment		256,710	258,544
Right of use assets		705,340	752,393
Financial investments		20,176,857	19,308,100
Loans to life policyholders		221,526	234,462
Reinsurance receivables		377,003	323,288
Premium receivables		845,985	856,281
Receivables and other assets		832,472	717,616
Cash and cash equivalents		499,074	435,723
Total assets		23,914,967	22,886,407
Equity and liabilities			
Equity			
Other reserves		(264,940)	(56,497)
Total equity		(264,940)	(56,497)
Liabilities			
Insurance contract liabilities	10	18,601,188	17,483,705
Employee benefit liabilities		190,775	182,332
Reinsurance payables		1,000,410	636,060
Other liabilities		4,145,483	4,415,417
Bank overdraft		242,051	225,390
Total liabilities		24,179,907	22,942,904
Total equity and liabilities		23,914,967	22,886,407

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 REPORTING ENTITY

Softlogic Life Insurance PLC (“the Company”) is a public limited liability company incorporated and domiciled in Sri Lanka. The Company is regulated under the Insurance Industry Act No. 43 of 2000 and amendments thereto. The Company was re – registered under the Companies Act No. 07 of 2007 and the registered office is situated at Level 16, One Galle Face Tower, Colombo - 02. The ordinary shares of the Company have a primary listing on the CSE.

2 APPROVAL OF FINANCIAL STATEMENTS BY THE BOARD OF DIRECTORS

The interim condensed Financial Statements for the three months ended 31 March 2021 were authorised for issue by the Board of Directors on 11th May 2021.

3 BASIS OF PREPARATION

The interim condensed Financial Statements for the three months ended 31 March 2021 have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These interim condensed Financial Statements do not include all the information and disclosures required in the annual Financial Statements, and should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020. 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 condensed Financial Statements. The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2020 have been followed in preparing these interim condensed Financial Statements except for the change in in applicable tax rate as explained in Note 8.

In preparing these condensed quarterly financial statements, management has made judgements and estimates that affect the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual Financial statements other than as described in above.

New SLFRS and Interpretations issued but not yet effective have not been early adopted during the period.

4 AUDIT OF THE INTERIM CONDENCED FINANCIAL STATEMENTS

Figures in the interim condensed Financial Statements for the period ended 31 March 2021 are audited.

5 GROSS WRITTEN PREMIUM

For the three months ended 31 March	2021	2020
	Rs. ' 000	Rs. ' 000
	Audited	Audited
First Year Premium	936,017	870,297
Renewal Premium	2,244,030	1,738,335
Group Life Premium	549,148	356,481
Single Premium	1,032,048	516,436
Total Gross Written Premium	4,761,243	3,481,549

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

6 TOTAL NET REVENUE

For the three months ended 31 March	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Audited
Net Earned Premium	4,320,852	3,041,658
Other Revenue	647,551	552,701
Total Net Revenue	4,968,403	3,594,359

7 PROFIT BEFORE TAXATION

For the three months ended 31 March	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Audited
Profit Before Taxation	817,734	667,236
Total	817,734	667,236

The company transferred Rs.613 Mn from Non participating fund to shareholder fund as surplus transfer for the period ended 31st March 2021 (2020- 498.8 Mn)

8 INCOME TAX EXPENSE

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. Accordingly, gains and profits on which tax is payable is the aggregate of;

Taxable Income Source	Applicable Tax Rate
Surplus distributed to shareholders from the Life Insurance policyholders fund as certified by the actuary	24%
Investment income of the shareholder fund less any expenses incurred in the production of such income	24%
Surplus distributed to a Life insurance policyholder who shares the profits of a person engaged in the business of life insurance	14% (Up to 3 years from 2018 and thereafter at 24%)

As instructed by the Ministry of Finance on 31 January 2020, a change in the income tax rate of a company from 28% to 24% has been proposed to the Inland Revenue Act No. 24 of 2017, pending formal amendments being made to the Act and to be implemented with effect from 1 January 2020. Current tax and Deferred tax shall be measured based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

According to the Guideline on Application of Tax Rates in Measurement of Current Tax and Deferred Tax in LKAS 12 issued by Institute of Chartered Accountants of Sri Lanka on 23rd April 2021 (This Guideline replaces the Guideline on Application of Tax Rates in Measurement of Deferred Tax in 2015) 'Substantively enacted' define as the Bill introducing the change being taken up at the Parliament for the First Reading. The Bill was placed on the Order Paper of the Parliament for the First Reading on 26th March 2021. Accordingly, Financial Statements having a period end after 26th March 2021, should use such proposed tax rules and rates in the Bill for determination of current tax and deferred tax.

According to the guideline, the Company considered applicable tax rate for the company for the period ended 31 March 2021 is 24% (2020 - 28%) for the income tax and reversed deferred tax assets of Rs.231.7Mn for the period ended 31 March 2021

For the three months ended 31 March	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Audited
Tax Recognised in Income Statement		
Taxable Income	707,631	669,332
Utilisation of Tax credit on Brought Forward Tax Losses	(707,631)	(669,332)
Income Tax Expense for the Period	-	-
Deferred Income Tax		
Origination of Deferred Tax Assets (Net)	-	-
Reversal of Deferred Tax Asset on Utilisation of b/f Tax losses	(169,831)	(187,413)
Reversal of Deferred Tax Asset on change in applicable tax rate	(231,701)	-
Net Deferred Tax	(401,532)	(187,413)
Net Income Tax Expense	(401,532)	(187,413)

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

9 FINANCIAL INVESTMENTS (Cont.)

As at	Note	31.03.2021 Rs. ' 000 Audited	31.12.2020 Rs. ' 000 Audited
Amortised Cost (AC)	9.1	19,944,101	19,213,703
Fair Value through Other Comprehensive Income (FVOCI)	9.2	3,625,058	4,050,055
Fair Value Through Profit or Loss (FVTPL)	9.3	5,342,849	4,104,034
Total Financial Investments		28,912,008	27,367,792

9.1 Amortised Cost (AC)

Treasury Bonds		2,355,388	2,350,518
Sri Lanka Development Bonds		3,089,615	2,796,206
International Sovereign Bonds		3,056,425	2,723,500
Bank Deposits	9.1.a	610,045	1,654,837
Commercial Papers	9.1.b	2,027,890	1,990,258
Quoted Debentures		6,346,062	5,442,447
Overnight -Reverse Repo		2,458,676	2,255,937
		19,944,101	19,213,703

9.1.a Bank Deposits

Licensed Commercial Banks		274,420	1,020,069
Licensed Specialised Banks		335,625	634,768
		610,045	1,654,837

9.1.b Commercial Papers

First Capital Holdings PLC		343,833	337,295
Lanka Orix Leasing Company PLC		1,181,718	1,150,696
Softlogic Holding PLC		502,339	502,267
		2,027,890	1,990,258

9.2 Fair Value through Other Comprehensive Income (FVOCI)

Equity Securities			
Quoted		1,837,911	2,182,609
Unquoted		278,502	281,428
Treasury Bonds		1,508,645	1,586,018
		3,625,058	4,050,055

9.3 Fair Value Through Profit or Loss (FVTPL)

Equity Securities		202,316	-
Treasury Bonds		230,226	243,286
Treasury Bills		483,393	956,035
Unlisted Perpetual Debenture		730,402	515,381
Unit Trust		3,696,512	2,389,332
		5,342,849	4,104,034

10 INSURANCE CONTRACT LIABILITIES

As at	Note	31.03.2021 Rs. ' 000 Audited	31.12.2020 Rs. ' 000 Audited
Insurance Contract Liabilities		16,891,459	15,784,544
Surplus Created due to Change in Valuation method from NPV to GPV	10.1 & 10.2	1,056,535	1,056,535
Claim Payables		653,194	642,626
		18,601,188	17,483,705

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

10.1 Transfer of One-off Surplus from Policyholder Fund to Shareholder 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 shareholder 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 shareholder fund will remain invested in government debt securities and deposits as disclosed in Note 10.2 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 shareholder fund by means of bonuses to policyholders in line with Section 38 of the “Regulation of Insurance Industry Act.

Movement of One-off Surplus After Transfer	Participating Fund	Non-Participating Fund	Total
	Rs. ' 000	Rs. ' 000	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.	-	(798,004)	(798,004)
Surplus created due to Change in Valuation Method - One-off Surplus as at 31st March 2020	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.

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

10.2 Composition of Investments Supporting the Restricted Regulatory Reserve as at 31 March 2021

Asset Category	ISIN No	As at 31 March 2021	
		Face Value Rs.	Market Value Rs. ' 000
Government Securities			
Treasury Bond	LKB03044A010	100,000,000	151,189
	LKB01534I155	50,000,000	57,556
	LKB01534I155	50,000,000	57,556
	LKB01534I155	50,000,000	57,556
	LKB01534I155	50,000,000	57,556
Deposits			
National Savings Bank			105,807
Regional Development Bank			170,438
Regional Development Bank			59,439
People's Bank			106,224
Total Market Value of the Assets			823,321
Restricted Regulatory Reserve			798,004

10.3

Valuation of Life Insurance Fund -(Zeroed Basis of Negative Liabilities- Product Level) as at 31 March 2021

The valuation of life insurance fund as at 31 March 2021 was made by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Willis Towers Watson India Private Limited, who approved to transfer from Non-Participating Life Insurance fund / insurance contract liabilities to the Shareholders fund as surplus of

Rs. 613 Mn for the quarter ended 31 March 2021 (For the quarter ended 31 March 2020 – 498.8 Mn). The financial statements as at 31 March 2021 were audited by Messrs. KPMG for surplus declaration purpose.

As at 31st March 2021	Participating Fund	Non- Participating Fund	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000
Insurance Contract Liabilities	6,752,317	10,139,142	16,891,459
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
Total Life Fund	7,808,852	10,139,142	17,947,994

10.4 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 are carried out annually.

11 CAPITAL COMMITMENTS AND CONTINGENCIES

11.1 Capital Commitments

The capital commitments approved and contracted as at the reporting date were Rs. 12.1 million.

11.2 Contingencies

The Contingent Liability of the Company as at 31 March 2021, relates to the followings;

Assessment in Respect of Value Added Tax (VAT)

1) The Company has been issued with VAT assessments by the Department of Inland Revenue for the taxable period 2010 and was determined by the Tax Appeal Commissions on 22nd August 2019. Out of total 11 assessments, 08 assessments were determined in favour of Commissioner General of Inland Revenue amounting to Rs. 46.5 Million including the penalty and 03 assessments were determined in favour of Softlogic Life Insurance PLC amounting to Rs. 24.8 Million including the penalty.

The Company transmitted the case to the Court of Appeal being dissatisfied with the determination which determined in favor of the Commissioner General of Inland Revenue and case is stated for the opinion of the Honourable Court of Appeal. The Total tax exposure of this appeal is Rs. 46.5 million including the penalty.

The Commissioner General of Inland Revenue, transmitted the case to the Court of Appeal being dissatisfied with the determination which determined in favor of Softlogic Life Insurance PLC and case is stated for the opinion of the Honourable Court of Appeal. The Total tax exposure of this appeal is Rs. 24.8 million including the penalty.

2) The Company has been issued with an assessment by the Department of Inland Revenue on 10 March 2016 under the Value Added Tax Act, in relation to the quarter ending 31 March 2014 for Rs. 57.4 Million.

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 ending 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)

3) The Commissioner General of Inland Revenue issued it's determination on the appeal filed by the Company relating to the assessment raised for Y/A 2014/15 amounting to Rs. 68.7 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.

4) The Company has been issued with assessments by the Department of Inland Revenue on 06 August 2019 and 03 February 2020 under the Value Added Tax Act, in relation to the taxable period ending 31 December 2016 and 31 December 2017 amounting to Rs. 28 Million and Rs.102.4 Million respectively.

The Company has filed an appeal to the Commissioner General of Inland Revenue on 27 September 2019 and 25 February 2020 respectively 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.

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

11 CAPITAL COMMITMENTS AND CONTINGENCIES (Cont.)

11.2 Contingencies (Cont.)

Assessment in Respect of Nation Building Tax on Financial Services (NBT on FS)

5) The Company has been issued with an assessment by the Department of Inland Revenue on 08 August 2019 and 30 December 2019 under the Nation Building Tax Act, in relation to the taxable period ending 31 December 2016 and 31 December 2017 amounting to Rs. 4.3 Million and Rs. 13.7 Million respectively.

The Company has filed an appeal to the Commissioner General of Inland Revenue on 20 September 2019 and 13 February 2020 on the basis that the underlying computation includes items which are out of scope of the NBT Act. The Company is awaiting the CGIR determination.

Economic Service Charge (ESC)

6) The Company has been issued with an assessment by the Department of Inland Revenue on 27 August 2020 under the Economic Service Charge Act, in relation to the taxable period ending 31 December 2017 amounting to Rs. 7.3 Million.

The Company has filed an appeal to the Commissioner General of Inland Revenue on 16 October 2020 on the basis that the underlying computation includes items which are out of scope of the ESC Act. The Company is awaiting the CGIR determination.

Life Insurance Taxation

7) The Tax Appeals Commission issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2010/11 amounting to Rs. 679,000/- , in favor of the Softlogic Life Insurance PLC and The Commissioner General of Inland Revenue has transmitted this case to the Court of Appeal being dissatisfied with the said determination of Tax Appeals Commission and case is stated for the opinion of the Honourable Court of Appeal. The Company is awaiting the hearing from the Court of appeal.

8) The Tax Appeals Commission issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2012/13 amounting to Rs. 12.4 Million , in favor of CGIR and The Company has transmitted this case to the Court of Appeal being dissatisfied with the said determination of Tax Appeals Commission and case is stated for the opinion of the Honourable Court of Appeal. The Company is awaiting the hearing from the Court of appeal.

9) The Commissioner General of Inland Revenue issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2011/12, 2014/15 and 2015/16 amounting to Rs. 336.4 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.

10) The Department of Inland Revenue has raised assessments on Softlogic Life Insurance PLC for the year of assessment 2013/14, 2016/17 and 2017/18, assessing the life insurance business to pay an income tax liability of 691.3 Million along with penalty (before deducting the available Tax credits) and the Company has lodged a valid appeal against the said assessments. The Company is awaiting the CGIR determination.

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 probability of company having to settle any of this tax assessments are very low.

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO 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 Interim Financial Statements.

13 COMPARATIVE INFORMATION

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

14 SHARE INFORMATION

14.1 Net Assets Per Share

As at	31.03.2021	31.12.2020
Net Assets Per Share (Rs.)	24.65	26.50
Net Asset per Share (Rs.) - Excluding One-off Surplus	22.53	24.37

14.2 Market Price Per Share

For the quarter ended 31 March	2021 Rs	2020 Rs
Last traded price (Last trade date - 31st March 2021)	30.50	24.70
Highest traded price per share for the quarter	35.80	38.60
Lowest traded price per share for the quarter	29.60	24.00

15 STATED CAPITAL

As at	31.03.2021	31.12.2020
Stated Capital (Rs.' 000)	1,062,500	1,062,500
No of Ordinary Shares	375,000,000	375,000,000

16 BASIC & DILUTED EARNING PER SHARE (EPS)

	31.03.2021	31.12.2020
Profit attributable to Ordinary Shareholders (Rs. 000)	416,202	479,823
Weighted Average No of shares as at 31 December	375,000,000	375,000,000
Basic / Diluted Earning per share (Rs.)	1.11	1.28

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	31.03.2021	
	No. of Shares	%
1 Softlogic Capital PLC	193,820,760	51.69
2 Milford Ceylon (pvt) Ltd	71,250,000	19.00
3 Dalvik Inclusion Private Limited	71,250,000	19.00
4 Sampath Bank PLC / Dr. T . Senthilverl	5,000,000	1.33
5 Pershing Llc S/A Averbach Grauson & Co.	3,282,079	0.88
6 J.B Cocoshell (Pvt) Ltd	2,017,217	0.54
7 Seylan Bank PLC / Andaradeniya estate (Pvt) Ltd	1,000,000	0.27
8 Mr. Goonetilleke Gajath Chrysantha	979,765	0.26
9 Amaliya Private Limited	805,902	0.21
10 Mr Perera Illangage Shantha Prasad	800,000	0.21
11 Commercial Bank of Ceylon PLC	750,000	0.2
12 Seylan Bank PLC / ARRC Capital (Pvt) Ltd	707,861	0.19
13 Mr. De mel ashantha lakdasa francis	600,000	0.16
14 Sanasa General Insurance Company Ltd	600,000	0.16
15 Deutsche Bank AG- National equity fund	583,318	0.16
16 Phoenix ventures Private limited	560,000	0.15
17 Seylan Bank PLC/ W.D.N.H.Perera	515,000	0.14
18 Keystone Private limited	500,000	0.13
19 Perera and sons bakers Pvt limited	500,000	0.13
20 People's leasing & Finance PLC / B.S.Navarathna	412,802	0.11
	355,934,704	94.92
Others	19,065,296	5.08
Total	375,000,000	100.00

18 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 March 2021 was 10.27 % (31 March 2020 - 10.27 %) and a number of public shareholders as at 31 March 2021 was 2,501. (31 March 2020 - 1,327) .

Float Adjusted Market Capitalisation

Float Adjusted Market Capitalisation is Rs. 1,174,631,250/- as at 31st March 2021.

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 March Name of The Director	2021	
	No. of Shares	%
Mr. A. K. Pathirage (Chairman)	Nil	Nil
Mr. S. Rajapakse- (Deputy Chairman)	Nil	Nil
Mr. T. M. I. Ahamed (Managing Director / CEO)	Nil	Nil
Mr. M. R. Abeywardena - Director	Nil	Nil
Mr. H.K.Kaimal - Director	Nil	Nil
Ms. Fernanda Lima - Director	Nil	Nil
Mr. H.C. Hettiarachchi - Director	Nil	Nil
Mr.V. Govindasamy - Director	Nil	Nil
Mr. R . Snyders - Director	Nil	Nil

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

20 RELATED PARTY DISCLOSURES

The nature of the related parties in the current period and terms and conditions of transactions with related parties are similar to those reported in the audited Financial Statements for the year ended 31 December 2020.

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 three months ended 31 March	2021	2020
	Rs.' 000	Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	606,260	104,166
Receiving of services	66,980	40,630
Dividend Paid	484,991	-
Interest Income	15,378	-
Net Premiums	-	(255)
Transactions with Companies under Common Control		
Investments	538,281	323,656
Purchases of property plant & equipment	966	5,807
Dividend received	11,966	-
Expenses	23,344	23,155
Claims Paid	10	-
Net Premiums	33,780	7,443
Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)		
Professional Charges	-	-