



# One Lankan

SOFTLOGIC LIFE INSURANCE PLC

INTERIM FINANCIAL STATEMENTS - FOR THE PERIOD ENDED 30TH JUNE 2021

**SOFTLOGIC LIFE INSURANCE PLC**  
**INCOME STATEMENT**

For the six months ended 30 June	Note	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Un-audited	Change %
Gross written premiums	5	9,183,475	6,433,004	43
Premiums ceded to reinsurers		(881,055)	(869,456)	1
<b>Net earned premiums</b>		<b>8,302,420</b>	<b>5,563,548</b>	49
<b>Other revenue</b>				
Net finance income		1,125,076	760,187	48
Net realised gains		177,737	148,391	20
Net fair value gains / (losses)		(19,579)	430,660	(105)
Other operating income		3,172	2,579	23
<b>Total other revenue</b>		<b>1,286,406</b>	<b>1,341,817</b>	(4)
<b>Total net revenue</b>	<b>6</b>	<b>9,588,826</b>	<b>6,905,365</b>	39
<b>Net benefits, claims and expenses</b>				
Net insurance benefits and claims paid		(2,359,237)	(1,396,548)	69
Net change in insurance claims outstanding		(15,171)	(93,185)	(84)
Change in insurance contracts liabilities		(2,102,553)	(1,326,926)	58
Underwriting and net acquisition cost (Net of reinsurance)		(1,955,188)	(1,490,905)	31
Other operating and administration expenses		(1,712,219)	(1,749,842)	(2)
Finance cost		9,657	(87,041)	(111)
<b>Total benefits, claims and expenses</b>		<b>(8,134,711)</b>	<b>(6,144,447)</b>	32
<b>Profit before tax</b>	<b>7</b>	<b>1,454,115</b>	<b>760,918</b>	91
Income tax expenses	8	(533,996)	(227,690)	135
<b>Profit for the period</b>		<b>920,119</b>	<b>533,228</b>	73
<b>Profit attributable to;</b>				
Owners of the Company		920,119	533,228	
Non controlling interest		-	-	
		<b>920,119</b>	<b>533,228</b>	73
<b>Earnings per share</b>				
Basic earnings per share (Rs.)	16	2.45	1.42	73
Diluted earnings per share (Rs.)	16	2.45	1.42	73

The Notes form an integral part of these Interim Financial Statements.

**SOFTLOGIC LIFE INSURANCE PLC**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<b>For the six months ended 30 June</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
	<b>Rs. ' 000</b>	<b>Rs. ' 000</b>	<b>%</b>
	<b>Audited</b>	<b>Un-audited</b>	
Profit for the period	920,119	533,228	73
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to income statement</b>			
Equity investments at FVOCI - net change in fair value	34,756	(103,564)	
Equity investments at FVOCI - net change in fair value - life fund	(98,637)	(95,860)	
Related tax / deferred tax	-	-	
	<b>(63,881)</b>	<b>(199,424)</b>	<b>(68)</b>
<b>Items that are or may be reclassified subsequently to income statement</b>			
Debt investments at FVOCI - net change in fair value	(7,910)	34,814	
Debt investments at FVOCI - net change in fair value - life fund	(59,846)	301,254	
Debt investments at FVOCI - reclassified to income statement	4,062	7,374	
Related tax / deferred tax	-	-	
	<b>(63,694)</b>	<b>343,442</b>	<b>(119)</b>
<b>Total other comprehensive income for the period, net of tax</b>	<b>(127,575)</b>	<b>144,018</b>	<b>(189)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>792,544</b>	<b>677,246</b>	<b>17</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	792,544	677,246	
Non - controlling interests	-	-	
	<b>792,544</b>	<b>677,246</b>	<b>17</b>

The Notes form an integral part of these Interim Financial Statements.

**SOFTLOGIC LIFE INSURANCE PLC**  
**INCOME STATEMENT**

For the three months ended 30 June	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Un-audited	Change %
Gross written premiums	4,422,232	2,951,455	50
Premiums ceded to reinsurers	(440,664)	(429,565)	3
<b>Net earned premiums</b>	<b>3,981,568</b>	<b>2,521,890</b>	<b>58</b>
<b>Other revenue</b>			
Net finance income	549,668	365,220	51
Net realised gains	95,019	137,825	(31)
Net fair value gains / (losses)	(8,046)	284,527	(103)
Other operating income	2,214	1,544	43
<b>Total other revenue</b>	<b>638,855</b>	<b>789,116</b>	<b>(19)</b>
<b>Total net revenue</b>	<b>4,620,423</b>	<b>3,311,006</b>	<b>40</b>
<b>Net benefits, claims and expenses</b>			
Net insurance benefits and claims paid	(1,159,849)	(483,845)	140
Net change in insurance claims outstanding	(18,054)	(140,358)	(87)
Change in insurance contracts liabilities	(977,378)	(712,843)	37
Underwriting and net acquisition cost (Net of reinsurance)	(899,348)	(811,735)	11
Other operating and administration expenses	(844,113)	(982,325)	(14)
Finance cost	(85,300)	(86,217)	(1)
<b>Total benefits, claims and expenses</b>	<b>(3,984,042)</b>	<b>(3,217,324)</b>	<b>24</b>
<b>Profit before tax</b>	<b>636,381</b>	<b>93,682</b>	<b>579</b>
Income tax expenses	(132,464)	(40,277)	229
<b>Profit for the period</b>	<b>503,917</b>	<b>53,405</b>	<b>844</b>
<b>Profit attributable to:</b>			
Owners of the Company	503,917	53,405	
Non controlling interest	-	-	
	<b>503,917</b>	<b>53,405</b>	<b>844</b>
<b>Earnings per share</b>			
Basic earnings per share (Rs.)	1.34	0.14	844
Diluted earnings per share (Rs.)	1.34	0.14	844

The Notes form an integral part of these Interim Financial Statements.

**SOFTLOGIC LIFE INSURANCE PLC**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

<b>For the three months ended 30 June</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>
	<b>Rs. ' 000</b>	<b>Rs. ' 000</b>	<b>%</b>
	<b>Audited</b>	<b>Un-audited</b>	
Profit for the Period	503,917	53,405	844
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to income statement</b>			
Equity investments at FVOCI - net change in fair value	11,485	(6,118)	
Equity investments at FVOCI - net change in fair value - life fund	36,169	-	
Related tax / deferred tax	-	-	
	<b>47,654</b>	<b>(6,118)</b>	<b>(879)</b>
<b>Items that are or may be reclassified subsequently to income statement</b>			
Debt investments at FVOCI - net change in fair value	(111)	27,047	
Debt investments at FVOCI - net change in fair value - life fund	(6,189)	232,447	
Debt investments at FVOCI - reclassified to income statement	684	3,193	
Related tax / deferred tax	-	-	
	<b>(5,616)</b>	<b>262,687</b>	<b>(102)</b>
<b>Total other comprehensive income for the period, net of tax</b>	<b>42,038</b>	<b>256,569</b>	<b>(84)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>545,955</b>	<b>309,974</b>	<b>76</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	545,955	309,974	
Non - controlling interests	-	-	
	<b>545,955</b>	<b>309,974</b>	<b>76</b>

The Notes form an integral part of these Interim Financial Statements.

**SOFTLOGIC LIFE INSURANCE PLC**  
**STATEMENT OF FINANCIAL POSITION**

As at	Note	30.06.2021 Rs. ' 000 Audited	31.12.2020 Rs. ' 000 Audited
<b>Assets</b>			
Intangible assets		931	404
Property, plant and equipment		616,033	660,928
Right of use assets		647,591	752,393
Deferred tax assets		1,087,908	1,621,904
Financial investments	9	30,479,689	27,367,792
Loans to life policyholders		223,647	234,462
Reinsurance receivables		403,218	323,288
Premium receivables		924,733	856,281
Receivables and other assets		1,355,992	834,388
Cash and cash equivalents		574,489	554,362
<b>Total assets</b>		<b>36,314,231</b>	<b>33,206,202</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital		1,062,500	1,062,500
Retained earnings		9,278,937	9,290,347
Restricted regulatory reserve		798,004	798,004
Other reserves		(1,348,150)	(1,214,604)
<b>Total equity</b>		<b>9,791,291</b>	<b>9,936,247</b>
<b>Liabilities</b>			
Insurance contract liabilities	10	19,596,968	17,483,705
Employee benefit liabilities		178,360	182,332
Loans and borrowings		3,055,548	2,852,245
Reinsurance payables		970,375	636,060
Other liabilities		2,055,537	1,890,223
Bank overdraft		666,152	225,390
<b>Total liabilities</b>		<b>26,522,940</b>	<b>23,269,955</b>
<b>Total equity and liabilities</b>		<b>36,314,231</b>	<b>33,206,202</b>
<b>Net asset per share (Rs.)</b>		<b>26.11</b>	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 August 2021

**Sgd.**  
**Director**

SOFTLOGIC LIFE INSURANCE PLC  
STATEMENT OF CHANGES IN EQUITY

	Stated	Retained	Restricted	Otherreserve		Total
	capital	earnings	regulatory	Fair value	Revaluation	
	Rs. ' 000	Rs. ' 000	Rs. ' 000	reserve	reserves	Rs. ' 000
				Rs. ' 000	Rs. ' 000	
<b>Balance as at 01 January 2020</b>	<b>1,062,500</b>	<b>7,764,216</b>	<b>798,004</b>	<b>(1,498,509)</b>	<b>92,708</b>	<b>8,218,919</b>
Profit for the period	-	533,228	-	-	-	533,228
<b>Other comprehensive income for the period</b>						
Equity investments at FVOCI - net change in fair value	-	-	-	(103,564)	-	(103,564)
Equity investments at FVOCI - net change in fair value - life fund	-	-	-	(95,860)	-	(95,860)
Debt investments at FVOCI - net change in fair value	-	-	-	34,814	-	34,814
Debt investments at FVOCI - net change in fair value - life fund	-	-	-	301,254	-	301,254
Debt investments at FVOCI - reclassified to income statement	-	-	-	7,374	-	7,374
<b>Total other comprehensive income, net of tax</b>	<b>-</b>	<b>533,228</b>	<b>-</b>	<b>144,018</b>	<b>-</b>	<b>144,018</b>
<b>Total comprehensive income for the period</b>	<b>1,062,500</b>	<b>8,297,444</b>	<b>798,004</b>	<b>(1,354,491)</b>	<b>92,708</b>	<b>677,246</b>
<b>Balance as at 30 June 2020</b>	<b>1,062,500</b>	<b>8,297,444</b>	<b>798,004</b>	<b>(1,354,491)</b>	<b>92,708</b>	<b>8,896,165</b>
Profit for the period	-	988,255	-	-	-	988,255
<b>Other Comprehensive Income for the Period</b>						
Equity investments at FVOCI - net change in fair value	-	-	-	(132,054)	-	(132,054)
Equity investments at FVOCI - net change in fair value - life fund	-	-	-	221,302	-	221,302
Debt investments at FVOCI - net change in fair value	-	-	-	(3,593)	-	(3,593)
Debt investments at FVOCI - net change in fair value - life fund	-	-	-	(45,369)	-	(45,369)
Debt investments at FVOCI - reclassified to income statement	-	-	-	6,893	-	6,893
Re-measurement gains / (losses) on defined benefit liabilities	-	4,648	-	-	-	4,648
<b>Total other comprehensive income, net of tax</b>	<b>-</b>	<b>4,648</b>	<b>-</b>	<b>47,179</b>	<b>-</b>	<b>51,827</b>
<b>Total comprehensive income for the period</b>	<b>1,062,500</b>	<b>992,903</b>	<b>-</b>	<b>47,179</b>	<b>-</b>	<b>1,040,082</b>
<b>Balance as at 31 December 2020</b>	<b>1,062,500</b>	<b>9,290,347</b>	<b>798,004</b>	<b>(1,307,312)</b>	<b>92,708</b>	<b>9,936,247</b>
Profit for the period	-	920,119	-	-	-	920,119
<b>Other comprehensive income for the period</b>						
Equity investments at FVOCI - net change in fair value	-	-	-	34,756	-	34,756
Equity investments at FVOCI - net change in fair value - life fund	-	-	-	(98,637)	-	(98,637)
Equity investments at FVOCI - reclassified to retained earnings	-	5,971	-	(5,971)	-	-
Debt investments at FVOCI - net change in fair value	-	-	-	(7,910)	-	(7,910)
Debt investments at FVOCI - net change in fair value - life fund	-	-	-	(59,846)	-	(59,846)
Debt investments at FVOCI - reclassified to income statement	-	-	-	4,062	-	4,062
<b>Total other comprehensive income, net of tax</b>	<b>-</b>	<b>5,971</b>	<b>-</b>	<b>(133,546)</b>	<b>-</b>	<b>(127,575)</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>926,090</b>	<b>-</b>	<b>(133,546)</b>	<b>-</b>	<b>792,544</b>
<b>Transaction with owners of the Company</b>						
<b>Contribution and distribution</b>						
Interim Dividend- 2020	-	(937,500)	-	-	-	(937,500)
<b>Total transaction with owners of the Company</b>	<b>-</b>	<b>(937,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(937,500)</b>
<b>Balance as at 30 June 2021</b>	<b>1,062,500</b>	<b>9,278,937</b>	<b>798,004</b>	<b>(1,440,858)</b>	<b>92,708</b>	<b>9,791,291</b>



**SOFTLOGIC LIFE INSURANCE PLC**  
**STATEMENT OF CASH FLOWS**

For the six months ended 30 June	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Un-audited
<b>Cash flows from operating activities</b>		
Profit before taxation	1,454,115	760,918
<b>Adjustments for :</b>		
Depreciation of property, plant and equipment	68,378	72,974
Amortisation of intangible assets	73	83
Depreciation of right of use asset	119,024	72,710
Interest expenses on lease liabilities and loans and borrowings	145,120	30,216
Provision for employee benefit liabilities	18,141	16,031
Gain on property, plant and equipment	(126)	-
Net realised gains	(177,737)	(148,391)
Net fair value (gains) / losses	19,579	(430,660)
Net unrealised (gain) / losses on foreign currency transactions	(184,474)	45,732
Net amortisation of financial investments	(350,476)	(100,593)
Reversal for impairment losses of financial investments	(64,144)	(8,327)
	<b>1,047,473</b>	<b>310,693</b>
<b>Change in operating assets</b>		
Increase in loans to life policyholders	10,815	(8,322)
Increase in reinsurance receivables	(79,930)	(84,658)
Increase in premium receivables	(68,452)	(136,295)
Increase in receivables and other assets	(535,826)	(186,218)
	<b>(673,393)</b>	<b>(415,493)</b>
<b>Change in operating liabilities</b>		
Increase in insurance contract liabilities	2,113,263	4,591,003
Increase in reinsurance payables	334,315	108,357
Increase in other liabilities	217,133	54,638
	<b>2,664,711</b>	<b>4,753,998</b>
<b>Cash flows from operating activities</b>	<b>3,038,791</b>	<b>4,649,198</b>
Gratuity paid	(22,113)	(622)
Interest paid	(116,330)	-
<b>Net cash generated from operating activities</b>	<b>2,900,348</b>	<b>4,648,576</b>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities	(14,661,216)	(16,980,452)
Consideration received from disposal of investments	12,415,505	12,474,678
Acquisition of property, plant and equipment	(23,766)	(79,713)
Acquisition of intangible assets	(600)	(107)
Consideration received from disposal of property, plant and equipment	409	-
<b>Net cash used in investing activities</b>	<b>(2,269,668)</b>	<b>(4,585,594)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(937,500)	-
Payment of lease liabilities	(113,815)	(69,851)
<b>Net cash used in financing activities</b>	<b>(1,051,315)</b>	<b>(69,851)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(420,635)</b>	<b>(6,869)</b>
<b>Net cash and cash equivalents as at 1 January</b>	<b>328,972</b>	<b>200,822</b>
<b>Net cash and cash equivalents as at 30 June</b>	<b>(91,663)</b>	<b>193,953</b>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand and at bank	574,489	336,413
Bank overdrafts	(666,152)	(142,460)
<b>Total cash and cash equivalents as at 30 June</b>	<b>(91,663)</b>	<b>193,953</b>



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

As at	Note	30.06.2021 Rs. ' 000 Audited	31.12.2020 Rs. ' 000 Audited
<b>Assets</b>			
Property, plant and equipment		254,856	258,544
Right of use assets		647,591	752,393
Financial investments		21,017,361	19,308,100
Loans to life policyholders		223,647	234,462
Reinsurance receivables		403,218	323,288
Premium receivables		924,733	856,281
Receivables and other assets		839,842	717,616
Cash and cash equivalents		571,908	435,723
<b>Total assets</b>		<b>24,883,156</b>	<b>22,886,407</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Other reserves		(216,966)	(56,497)
<b>Total equity</b>		<b>(216,966)</b>	<b>(56,497)</b>
<b>Liabilities</b>			
Insurance contract liabilities	<b>10</b>	19,596,968	17,483,705
Employee benefit liabilities		178,360	182,332
Reinsurance payables		970,375	636,060
Other liabilities		3,688,267	4,415,417
Bank overdraft		666,152	225,390
<b>Total liabilities</b>		<b>25,100,122</b>	<b>22,942,904</b>
<b>Total equity and liabilities</b>		<b>24,883,156</b>	<b>22,886,407</b>

**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 six months ended 30 June 2021 were authorised for issue by the Board of Directors on 11th August 2021.

**3 BASIS OF PREPARATION**

The interim condensed Financial Statements for the six months ended 30 June 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.

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.

**3.1 Fair value measurement and related fair value disclosures**

The fair values of all the financial assets and financial liabilities recognised during the period were not materially different from the transaction prices at the date of initial recognition. During the period there were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 categories as per the fair value hierarchy. The fair value changes on financial instruments in Level 3 category was properly recorded in the statement of other comprehensive income and there were no purchases and/or disposals during the period. As at the reporting date, fair value would not significantly change if one or more of the inputs of financial assets classified at level 3 were changed.

**4 AUDIT OF THE INTERIM CONDENCED FINANCIAL STATEMENTS**

Figures in the interim condensed Financial Statements for the period ended 30 June 2021 are audited.

**5 GROSS WRITTEN PREMIUM**

For the six months ended 30 June	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Un-audited
First Year Premium	1,944,427	1,526,428
Renewal Premium	4,380,846	3,293,958
Group Life Premium	1,238,311	832,125
Single Premium	1,619,891	780,493
<b>Total Gross Written Premium</b>	<b>9,183,475</b>	<b>6,433,004</b>

**SOFTLOGIC LIFE INSURANCE PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**6 TOTAL NET REVENUE**

For the six months ended 30 June	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Un-audited
Net Earned Premium	8,302,420	5,563,548
Other Revenue	1,286,406	1,341,817
<b>Total Net Revenue</b>	<b>9,588,826</b>	<b>6,905,365</b>

**7 PROFIT BEFORE TAXATION**

For the six months ended 30 June	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Un-audited
Profit Before Taxation	1,454,115	760,918
<b>Total</b>	<b>1,454,115</b>	<b>760,918</b>

The company transferred Rs.1,099 Mn from Non participating fund to shareholder fund as surplus transfer for the period ended 30th June 2021 (2020- 498.8 Mn). For the quarter ended 30 June 2021 - 486 Mn (2020 - Nil)

**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%)

Change in the income tax rate of a company from 28% to 24% has been approved and implemented to Act with effect from 1 January 2020. Accordingly, the income tax rate of 24% was applied for current tax and deferred tax computation and the Company reversed deferred tax assets of Rs.231.7 Mn for the period ended 30 June 2021.

For the six months ended 30 June	2021 Rs. ' 000 Audited	2020 Rs. ' 000 Un-audited
<b>Tax Recognised in Income Statement</b>		
Taxable Income	1,259,563	813,179
Utilisation of Tax credit on Brought Forward Tax Losses	(1,259,563)	(813,179)
<b>Income Tax Expense for the Period</b>	<b>-</b>	<b>-</b>
<b>Deferred Income Tax</b>		
Reversal of Deferred Tax Asset on Utilisation of b/f Tax losses	(302,295)	(227,690)
Reversal of Deferred Tax Asset on change in applicable tax rate	(231,701)	-
<b>Net Deferred Tax</b>	<b>(533,996)</b>	<b>(227,690)</b>
<b>Net Income Tax Expense</b>	<b>(533,996)</b>	<b>(227,690)</b>

**SOFTLOGIC LIFE INSURANCE PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**9 FINANCIAL INVESTMENTS**

As at	Note	30.06.2021 Rs. ' 000 Audited	31.12.2020 Rs. ' 000 Audited
Amortised Cost (AC)	9.1	19,727,354	19,213,703
Fair Value through Other Comprehensive Income (FVOCI)	9.2	3,800,402	4,050,055
Fair Value Through Profit or Loss (FVTPL)	9.3	6,951,933	4,104,034
<b>Total Financial Investments</b>		<b>30,479,689</b>	<b>27,367,792</b>
<b>9.1 Amortised Cost (AC)</b>			
Treasury Bonds		2,322,408	2,350,518
Sri Lanka Development Bonds		3,314,554	2,796,206
International Sovereign Bonds		3,053,754	2,723,500
Bank Deposits	9.1.a	130,159	1,654,837
Commercial Papers	9.1.b	1,798,696	1,990,258
Securitized Papers		299,753	-
Quoted Debentures		6,471,889	5,442,447
Overnight -Reverse Repo		2,336,141	2,255,937
		<b>19,727,354</b>	<b>19,213,703</b>
<b>9.1.a Bank Deposits</b>			
Licensed Commercial Banks		130,159	1,020,069
Licensed Specialised Banks		-	634,768
		<b>130,159</b>	<b>1,654,837</b>
<b>9.1.b Commercial Papers</b>			
First Capital Holdings PLC		756,221	337,295
Lanka Orix Leasing Company PLC		641,920	1,150,696
Softlogic Holding PLC		400,555	502,267
		<b>1,798,696</b>	<b>1,990,258</b>
<b>9.2 Fair Value through Other Comprehensive Income (FVOCI)</b>			
<b>Equity Securities</b>			
Quoted		2,012,374	2,182,609
Unquoted		272,650	281,428
Treasury Bonds		1,515,378	1,586,018
		<b>3,800,402</b>	<b>4,050,055</b>
<b>9.3 Fair Value Through Profit or Loss (FVTPL)</b>			
Equity Securities		270,724	-
Treasury Bonds		232,789	243,286
Treasury Bills		391,386	956,035
Unlisted Perpetual Debenture		747,416	515,381
Unit Trust		5,309,618	2,389,332
		<b>6,951,933</b>	<b>4,104,034</b>

**10 INSURANCE CONTRACT LIABILITIES**

As at	Note	30.06.2021 Rs. ' 000 Audited	31.12.2020 Rs. ' 000 Audited
Insurance Contract Liabilities		17,868,836	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		671,597	642,626
		<b>19,596,968</b>	<b>17,483,705</b>

**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.

<b>Movement of One-off Surplus After Transfer</b>	<b>Participating Fund</b>	<b>Non- Participating Fund</b>	<b>Total</b>
	<b>Rs. ' 000</b>	<b>Rs. ' 000</b>	<b>Rs. ' 000</b>
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
<b>Surplus Created due to Change in Valuation method from NPV to GPV- One off Surplus as at 1st January 2016</b>	<b>1,056,535</b>	<b>798,004</b>	<b>1,854,539</b>
Transfer of One-off Surplus from long term fund to Restricted Regulatory Reserve.	-	(798,004)	(798,004)
<b>Surplus created due to Change in Valuation Method - One-off Surplus as at 30th June 2021</b>	<b>1,056,535</b>	<b>-</b>	<b>1,056,535</b>

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 30 June 2021**

Asset Category	ISIN No	As at 30 June 2021	
		Face Value Rs.	Market Value Rs. ' 000
<b>Government Securities</b>			
Treasury Bond	LKB03044A010	100,000,000	154,442
	LKB01534I155	50,000,000	58,197
	LKB01534I155	50,000,000	58,197
	LKB01534I155	50,000,000	58,197
	LKB01534I155	50,000,000	58,197
	LKB01528I017	100,000,000	122,639
	LKB01529E014	50,000,000	64,890
	LKB01529E014	50,000,000	64,890
	LKB00322K152	200,000,000	201,576
<b>Total Market Value of the Assets</b>			<b>841,225</b>
<b>Restricted Regulatory Reserve</b>			<b>798,004</b>

**10.3**

**Valuation of Life Insurance Fund -(Zeroed Basis of Negative Liabilities- Product Level) as at 30 June 2021**

The valuation of life insurance fund as at 30 June 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 transfer as disclosed below.

For the quarter ended 30th June 2021 – Rs. 486 million (2020 - Nil)

For the six months period ended 30th June 2021 - Rs. 1,099 million (2020 - Rs. 498.8 million)

The financial statements as at 30 June 2021 were audited by Messrs. KPMG for surplus declaration purpose.

As at 30th June 2021	Participating	Non-	Total
	Fund	Participating	
	Rs. ' 000	Fund Rs. ' 000	Rs. ' 000
Insurance Contract Liabilities	7,122,661	10,746,175	17,868,836
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
<b>Total Life Fund</b>	<b>8,179,196</b>	<b>10,746,175</b>	<b>18,925,371</b>

**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. 11.2 million.

### **11.2 Contingencies**

The Contingent Liability of the Company as at 30 June 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.

#### **Assessment in Respect of Value Added Tax on Financial Services (VAT on FS)**

2) 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.

3) 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)**

4) 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)**

5) 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**

6) 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.

7) 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.

8) 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, 2015/16 and 2016/17 amounting to Rs. 485.5 Million along with penalty, in favor of the Commissioner General of Inland Revenue and the Company is in the process of hearing the appeals with Tax Appeals Commission.

9) The Department of Inland Revenue has raised assessments on Softlogic Life Insurance PLC for the year of assessment 2017/18, assessing the life insurance business to pay an income tax liability of 327.8 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.

**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 other than disclosed in Note 20.2 (a).

**13 COMPARATIVE INFORMATION**

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

**SOFTLOGIC LIFE INSURANCE PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**14 SHARE INFORMATION**

**14.1 Net Assets Per Share**

<b>As at</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
Net Assets Per Share (Rs.)	26.11	26.50
Net Asset per Share (Rs.) - Excluding One-off Surplus	23.98	24.37

**14.2 Market Price Per Share**

<b>For the quarter ended 30 June</b>	<b>2021</b>	<b>2020</b>
	<b>Rs</b>	<b>Rs</b>
Last traded price (Last trade date - 30th June 2021)	30.80	31.10
Highest traded price per share for the quarter	32.30	32.40
Lowest traded price per share for the quarter	29.40	20.00

**15 STATED CAPITAL**

<b>As at</b>	<b>30.06.2021</b>	<b>31.12.2020</b>
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)**

	<b>30.06.2021</b>	<b>30.06.2020</b>
Profit attributable to Ordinary Shareholders (Rs. 000)	920,119	533,228
Weighted Average No of shares as at 30 June	375,000,000	375,000,000
<b>Basic / Diluted Earning per share (Rs.)</b>	<b>2.45</b>	<b>1.42</b>

**SOFTLOGIC LIFE INSURANCE PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**17 TWENTY LARGEST SHAREHOLDERS**

Name of Shareholder	30.06.2021	
	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	2,108,122	0.56
7 Mr Perera Illangage Shantha Prasad	1,042,679	0.28
8 Seylan Bank PLC / Andaradeniya estate (Pvt) Ltd	1,000,000	0.27
9 Mr. Goonetilleke Gajath Chrysantha	979,765	0.26
10 Amaliya Private Limited	805,902	0.21
11 Commercial Bank of Ceylon PLC	750,000	0.20
12 Mr. De mel ashantha lakdasa francis	600,000	0.16
13 Sanasa General Insurance Company Ltd	600,000	0.16
14 Deutsche Bank AG- National Equity Fund	583,318	0.16
15 Phoenix ventures Private Limited	560,000	0.15
16 Deutsche Bank AG- Capital alliance quantitative equity fund	542,755	0.14
17 Thread Capital (Private) Limited	520,183	0.14
18 Seylan Bank PLC/ W.D.N.H.Perera	515,000	0.14
19 Seylan Bank PLC/ Senthilverl Holding (Pvt) Ltd	505,370	0.13
20 Keystone Private limited	500,000	0.13
	356,215,933	94.99
Others	18,784,067	5.01
<b>Total</b>	<b>375,000,000</b>	<b>100.00</b>

**18 PUBLIC SHAREHOLDING**

The percentage of shares held by the public as at 30 June 2021 was 10.27 % ( 30 June 2020 - 10.27 %) and a number of public shareholders as at 30 June 2021 was 2,522. (30 June 2020 -1,375).

**Float Adjusted Market Capitalisation**

Float Adjusted Market Capitalisation is Rs. 1,186,185,000/- as at 30th June 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 30 June Name of The Director	2021	
	No. of Shares	%
Mr. A. K. Pathirage (Chairman)	Nil	Nil
Mr. S. Rajapakse- (Deputy Chairman) (Retired w.e.f. 30.06.2021)	Nil	Nil
Mr. T. M. I. Ahamed (Managing Director / CEO)	Nil	Nil
Mr. M. R. Abeywardena - Director (Retired w.e.f. 30.06.2021)	Nil	Nil
Mr. H.K.Kaimal - Director	Nil	Nil
Ms. Fernanda Lima - 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 six months ended 30 June	2021 Rs.' 000	2020 Rs.' 000
<b>Transactions with the Ultimate Parent &amp; Parent</b>		
Investments	500,795	603,848
Receiving of services	119,222	76,554
Dividend Paid	484,991	-
Interest Income	28,713	22,540
Net Premiums	676	336
<b>Transactions with Companies under Common Control</b>		
Investments	576,730	381,146
Purchases of property plant & equipment	1,211	12,098
Dividend received	11,966	-
Expenses	41,784	37,892
Claims Paid	121	-
Net Premiums	66,036	56,312
<b>Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)</b>		
Professional Charges	-	-

**20.2 Appointment, resignation and deceased of Directors to the Board**

Following Directors have been appointed to the Board of Directors.

Name	Directorship	With effect from
Mr. P. L. P. Withana*	Independent Non-Executive Director	1st July 2021
Mr. S. W. Mohottala*	Independent Non-Executive Director	1st July 2021

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

Following Directors have been retired from the Board of Directors after completing their term of nine (9) years of service as an Independent Non-Executive Directors.

Name	Directorship	with effect from
Mr. Sujeewa Rajapakse	Independent Non-Executive Director	30th June 2021
M. Ray Abeywardena	Independent Non-Executive Director	30th June 2021

Following Director passed away on the 31 May 2021

Name	Directorship
Mr. H.C.Hettiarachchi	Independent Non-Executive Director