



QUARTERLY FINANCIAL STATEMENTS - FOR THE PERIOD ENDED 30TH JUNE 2020
SOFTLOGIC LIFE INSURANCE PLC

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SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the six months ended 30 June	Note	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited	Change %
Gross Written Premiums	5	6,433,004	5,830,827	10
Premiums ceded to Reinsurers		(869,456)	(445,001)	95
Net Earned Premiums		5,563,548	5,385,826	3
Other Revenue				
Net Finance Income		760,187	639,154	19
Net Realised Gains		148,391	73,617	102
Net Fair value Gains		430,660	121,685	254
Other Operating Income		2,579	6,002	(57)
Total Other Revenue		1,341,817	840,458	60
Total Net Revenue	6	6,905,365	6,226,284	11
Net Benefits, Claims and Expenses				
Net Insurance Benefits and Claims		(1,489,733)	(1,373,005)	9
Change in Insurance Contracts Liabilities		(1,326,926)	(100,587)	1,219
Underwriting and Net Acquisition Cost (Net of Reinsurance)		(1,490,905)	(1,404,914)	6
Other Operating and Administration Expenses		(1,749,842)	(1,602,358)	9
Finance Cost		(87,041)	(60,687)	43
Total Benefits, Claims and Expenses		(6,144,447)	(4,541,551)	35
Profit Before Tax	7	760,918	1,684,733	(55)
Income Tax Expense	8	(227,690)	(476,058)	(52)
Profit for the Period		533,228	1,208,675	(56)
Profit Attributable To;				
Owners of the Company		533,228	1,208,675	
Non Controlling Interest		-	-	
		533,228	1,208,675	(56)
Earnings Per Share				
Basic Earnings Per Share (Rs.)	16	1.42	3.22	(56)
Diluted Earnings Per Share (Rs.)	16	1.42	3.22	(56)

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

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

For the six months ended 30 June	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited	Change %
Profit for the Period	533,228	1,208,675	(56)
Other Comprehensive Income			
Items that will not be reclassified to Income Statement			
Equity Investments in FVOCI - net change in fair value	(103,564)	(155,904)	
Equity Investments in FVOCI - net change in fair value - Life fund	(95,860)	(212,763)	
Related Tax / Deferred Tax	-	-	
	(199,424)	(368,667)	(46)
Items that are or may be reclassified to profit or loss			
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income	34,814	9,879	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income - Life Fund	301,254	141,819	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income Reclassified to Income Statement	7,374	13,235	
Related Tax / Deferred Tax	-	-	
	343,442	164,933	108
Other Comprehensive Income/ (Loss), Net of Tax	144,018	(203,734)	(171)
Total Comprehensive Income for the period, Net of Tax	677,246	1,004,941	(33)
Total comprehensive income attributable to:			
Owners of the Company	677,246	1,004,941	
Non - controlling interests	-	-	
	677,246	1,004,941	(33)

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 30 June	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited	Change %
Gross Written Premiums	2,951,455	2,952,481	(0)
Premiums ceded to Reinsurers	(429,565)	(228,180)	88
Net Earned Premiums	2,521,890	2,724,301	(7)
Other Revenue			
Net Finance Income	365,220	281,030	30
Net Realised Gains	137,825	26,684	417
Net Fair value Gains	284,527	208,650	36
Other Operating Income	1,544	2,301	(33)
Total Other Revenue	789,116	518,665	52
Total Net Revenue	3,311,006	3,242,966	2
Net Benefits, Claims and Expenses			
Net Insurance Benefits and Claims	(624,204)	(658,611)	(5)
Change in Insurance Contracts Liabilities	(712,843)	(406,120)	(76)
Underwriting and Net Acquisition Cost (Net of Reinsurance)	(811,735)	(726,926)	12
Other Operating and Administration Expenses	(982,325)	(773,151)	27
Finance Cost	(86,217)	(30,064)	187
Total Benefits, Claims and Expenses	(3,217,324)	(2,594,872)	24
Profit Before Tax	93,682	648,094	(86)
Income Tax Expense	(40,277)	(183,769)	(78)
Profit for the Period	53,405	464,325	(88)
Profit Attributable To;			
Owners of the Company	53,405	464,325	
Non Controlling Interest	-	-	
	53,405	464,325	(88)
Earnings Per Share			
Basic Earnings Per Share (Rs.)	0.14	1.24	(88)
Diluted Earnings Per Share (Rs.)	0.14	1.24	(88)

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

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

For the three months ended 30 June	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited	Change %
Profit for the Period	53,405	464,325	(88)
Other Comprehensive Income			
Items that will not be reclassified to Income Statement			
Equity Investments in FVOCI - net change in fair value	(6,118)	(39,778)	
Equity Investments in FVOCI - net change in fair value - Life fund	-	(53,802)	
Related Tax / Deferred Tax	-	-	
	(6,118)	(93,580)	(93)
Items that are or may be reclassified to profit or loss			
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income	27,047	121,873	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income - Life Fund	232,447	122,187	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income Reclassified to Income Statement	3,193	4,923	
Related Tax / Deferred Tax	-	-	
	262,687	248,983	6
Other Comprehensive Income/ (Loss), Net of Tax	256,569	155,403	65
Total Comprehensive Income for the period, Net of Tax	309,974	619,728	(50)
Total comprehensive income attributable to:			
Owners of the Company	309,974	619,728	
Non - controlling interests	-	-	
	309,974	619,728	(50)

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	30.06.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
Assets			
Intangible Assets		468	444
Property, Plant and Equipment		682,207	675,468
Right of Use Asset		422,726	408,044
Deferred Tax Asset		2,003,078	2,230,768
Financial Investments	9	20,202,774	14,910,744
Loans to Life Policyholders		232,994	224,672
Reinsurance Receivables		272,789	188,131
Premium Receivables		879,844	743,549
Receivables and Other Assets		1,022,788	923,961
Cash and Cash Equivalents		336,413	377,093
Total Assets		26,056,081	20,682,874
Equity and Liabilities			
Equity			
Stated Capital		1,062,500	1,062,500
Retained Earnings		8,297,444	7,764,216
Restricted Regulatory Reserve		798,004	798,004
Other Reserves		(1,261,783)	(1,405,801)
Total Equity		8,896,165	8,218,919
Liabilities			
Insurance Contract Liabilities	10	14,968,105	10,377,102
Employee Benefits		166,436	151,027
Reinsurance Payables		536,914	428,557
Other Liabilities		1,346,001	1,330,998
Bank Overdraft		142,460	176,271
Total Liabilities		17,159,916	12,463,955
Total Equity and Liabilities		26,056,081	20,682,874
Net Asset per Share		23.72	21.92

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 Withanage

Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.

Signed and on behalf of the Board;

Sgd.

Director

Colombo

13 August 2020

Sgd.

Director

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June	Stated	Retained	Restricted	Other Reserves			Total
	Capital	Earnings	Regulatory	Available for Sale Reserve	Fair Value	Revaluatio n reserves	Rs. ' 000
	Rs. ' 000	Rs. ' 000	Reserve		Reserve	Rs. ' 000	
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 01 January 2019 Before Adoption of SLFRS 9	1,062,500	6,275,417	798,004	(1,513,394)	-	48,436	6,670,963
Impact of Adoption of SLFRS 9							
Recognition of SLFRS 9 Expected Credit Loss Excluding Participating Fund	-	(20,766)	-	-	-	-	(20,766)
Transfer of AFS Reserve Build due to Reclassification of AFS Portfolio to FVTPL - Participating Fund	-	-	-	12,880	-	-	12,880
Transfer of AFS Reserve to Fair Value Reserve	-	-	-	1,500,514	(1,500,514)	-	-
Adjusted Balance as at 01st January 2019	1,062,500	6,254,651	798,004	-	(1,500,514)	48,436	6,663,077
Profit for the Period	-	1,208,675	-	-	-	-	1,208,675
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	9,879	-	9,879
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	141,819	-	141,819
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	13,235	-	13,235
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	(155,904)	-	(155,904)
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	(212,763)	-	(212,763)
Equity Investments in FVOCI - Reclassified to Retained Earnings	-	(58,975)	-	-	58,975	-	-
Total Other Comprehensive Income, Net of Tax	-	(58,975)	-	-	(144,759)	-	(203,734)
Total Comprehensive Income for the Period	-	1,149,700	-	-	(144,759)	-	1,004,941
Transaction With Owners of The Company							
Contribution and Distribution							
Interim Dividend - 2018	-	(543,750)	-	-	-	-	(543,750)
Balance as at 30 June 2019	1,062,500	6,860,601	798,004	-	(1,645,273)	48,436	7,124,268
Profit for the Period	-	964,168	-	-	-	-	964,168
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	4,630	-	4,630
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	44,914	-	44,914
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	9,286	-	9,286
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	27,238	-	27,238
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	17,227	-	17,227
Equity Investments in FVOCI - Reclassified to Retained Earnings	-	(43,469)	-	-	43,469	-	-
Losses on Remeasurement of Defined Benefit Liabilities	-	(17,084)	-	-	-	-	(17,084)
Gain on Revaluation of Land and Buildings	-	-	-	-	-	44,272	44,272
Total Other Comprehensive Income, Net of Tax	-	(60,553)	-	-	146,764	44,272	130,483
Total Comprehensive Income for the Period	1,062,500	903,615	-	-	146,764	44,272	1,094,651
Balance as at 31 December 2019	1,062,500	7,764,216	798,004	-	(1,498,509)	92,708	8,218,919
Profit for the Period	-	533,228	-	-	-	-	533,228
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	34,814	-	34,814
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	301,254	-	301,254
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	7,374	-	7,374
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	(103,564)	-	(103,564)
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	(95,860)	-	(95,860)
Total Other Comprehensive Income, Net of Tax	-	-	-	-	144,018	-	144,018
Total Comprehensive Income for the Period	-	533,228	-	-	144,018	-	677,246
Balance as at 30 June 2020	1,062,500	8,297,444	798,004	-	(1,354,491)	92,708	8,896,165

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the six months ended 30 June	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
Cash Flows From Operating Activities		
Profit before Taxation	760,918	1,684,733
Adjustments for :		
Depreciation of Property, Plant and Equipment	72,974	65,885
Amortisation of Intangible Assets	83	1,766
Depreciation of Right of Use of Assets	72,710	58,452
Interest Expenses on Lease Liabilities	30,216	27,887
Provision for Employee Benefits	16,031	15,621
Net Realised Gains	(148,391)	(73,617)
Net Fair Value Gains	(430,660)	(121,685)
Unrealised loss on Foreign Currency Transactions	45,732	-
Net Amortisation of Financial Investments	(100,593)	(126,054)
Impairment Provision / (Reversal) of Financial Investments	(8,327)	2,682
Profit before working capital changes	310,693	1,535,672
Change in Operating Assets	(415,493)	(857,591)
Change in Operating Liabilities	4,753,998	583,202
Cashflows from Operating Activities	4,649,198	1,261,283
Gratuity paid	(622)	(2,953)
Net Cash Generated from Operating Activities	4,648,576	1,258,330
Cash Flows From Investing Activities		
Acquisition of Financial Securities	(16,980,452)	(12,098,574)
Consideration Received from Disposal of Investments	12,474,678	11,583,452
Net Acquisition of Property, Plant and Equipment	(79,713)	(93,480)
Net Acquisition of Intangible Assets	(107)	-
Net Cash (used in) / Generated from Investing Activities	(4,585,594)	(608,602)
Cash Flows From Financing Activities		
Dividend Paid	-	(543,750)
Payment of Lease Liabilities	(69,851)	-
Net Cash (used in) / Generated from Financing Activities	(69,851)	(543,750)
Net Increase / (Decrease) in Cash and Cash Equivalents	C (6,869)	105,978
Net cash and cash equivalents as at the Beginning of the year	200,822	10,848
Net cash and cash equivalents as at the end of the period	193,953	116,826
Notes to the Cashflow Statement		
A. Change in Operating Assets		
Increase in Loans to Life Policyholders	(8,322)	(24,836)
Increase Reinsurance Receivables	(84,658)	(145,330)
Increase in Premium Receivables	(136,295)	(30,845)
Increase Receivables and Other Assets	(186,218)	(656,580)
	(415,493)	(857,591)
B. Change in Operating Liabilities		
Increase in Insurance Contract Liabilities	4,591,003	152,505
Increase in Reinsurance Payables	108,357	163,205
Increase / (Decrease) in Other Liabilities	54,638	267,492
	4,753,998	583,202
C. Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents	336,413	377,166
Bank overdrafts	(142,460)	(260,340)
Net Cash and Cash equivalents as at 30 June	193,953	116,826
Net cash and cash equivalents as at the Beginning of the period	200,822	10,848
Increase / (Decrease) in Cash and Cash Equivalents	C (6,869)	105,978

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

As at	Note	30.06.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
Assets			
Property, Plant and Equipment		262,291	266,000
Right of Use Asset		422,726	408,044
Financial Investments		15,112,247	10,328,503
Loans to Life Policyholders		232,994	224,672
Reinsurance Receivables		272,789	188,131
Premium Receivables		879,844	743,549
Receivables and Other Assets		830,982	688,969
Cash and Cash Equivalents		334,235	375,778
Total Assets		18,348,108	13,223,646
Equity and Liabilities			
Equity			
Other Reserves		(336,566)	(549,117)
Revaluation Reserve		92,709	92,709
Total Equity		(243,857)	(456,408)
Liabilities			
Insurance Contract Liabilities	10	14,968,105	10,377,102
Employee Benefits		166,436	151,027
Reinsurance Payables		536,914	428,557
Other Liabilities		2,778,050	2,547,097
Bank Overdraft		142,460	176,271
Total Liabilities		18,591,965	13,680,054
Total Equity and Liabilities		18,348,108	13,223,646

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

The condensed Financial Statements for the Six months ended 30 June 2020 were authorised for issue by the Board of Directors on 13 August 2020.

3 BASIS OF PREPARATION

The Condensed Quarterly Financial Statements for the six months ended 30 June 2020 have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These 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 2019. 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 Condensed Quarterly Financial Statements. The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2019 have been followed in preparation of these Condensed Quarterly Financial Statements except for the following;

Fair value measurement of Financial Assets

The provision of SLFRS 13 – “Fair Value Measurement and CA guidelines permitted to apply alternative valuation techniques to determine the fair value of equity financial instruments in certain situations. Accordingly, internal model has been used by the company to determine the fair value of quoted equities. subsequent to the valuation model quoted equity shares have been transferred to Level 2 from Level 1 in the fair value hierarchy.

Reclassification of financial assets

CA guidelines permitted one off options to reclassification of equity instruments after initial recognition if the entity decides to change its business model as at 1 January 2020. Accordingly, the Company has reclassified equity instruments from FVTPL to FVOCI with effect from 1st January 2020. Subsequent to the reclassification, the gain or loss on disposal of equity shares are recognized in the statement of profit or loss and other comprehensive income. Already recognised fair value loss of Rs. 178 Mn. has been reversed in the Income Statement on reclassification for the period ended 31 March 2020.

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 discribed in above.

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

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

4 AUDIT OF THE CONDENCED QUATERLY FINANCIAL STATEMENTS

Figures in the Condensed Quarterly Financial Statements for the period ended 30 June 2020 are unaudited unless otherwise stated.

5 GROSS WRITTEN PREMIUM

For the six months ended 30 June	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
First Year Premium	1,526,428	1,563,219
Renewal Premium	3,293,958	2,961,546
Group Life Premium	832,125	685,737
Single Premium	780,493	620,325
Total Gross Written Premium	6,433,004	5,830,827

6 TOTAL NET REVENUE

For the six months ended 30 June	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
Net Earned Premium	5,563,548	5,385,826
Other Income	1,341,817	840,458
Total Net Revenue	6,905,365	6,226,284

7 PROFIT BEFORE TAXATION

For the six months ended 30 June	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
Profit Before Taxation	760,918	1,684,733
Total	760,918	1,684,733

For the period ended 30 June 2020, the company has transferred a surplus of Rs. 498.8 Mn from Non participating Fund to Shareholder fund. (2019-Rs. 1,546 Mn). For the quarter ended 30th June 2020 – Nil (2019 Rs. 618 million)

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

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	28%
Investment income of the shareholder fund less any expenses incurred in the production of such income	28%
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 28%)

For the six months ended 30 June	2020	2019
	Rs. ' 000	Rs. ' 000
	Un-audited	Audited
Tax Recognised in Income Statement		
Taxable Income	813,179	1,700,207
Utilisation of Tax credit on Brought Forward Tax Losses	(813,179)	(1,700,207)
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	(227,690)	(476,058)
Net Deferred Tax	(227,690)	(476,058)
Net Income Tax Expense	(227,690)	(476,058)

9 FINANCIAL INVESTMENTS

As at		30.06.2020	30.06.2020
		Rs. ' 000	Rs. ' 000
		Un-audited	Audited
Amortised Cost (AC)	Note 9.1	12,062,493	6,569,590
Fair Value through Other Comprehensive Income (FVOCI)	Note 9.2	3,897,220	3,644,795
Fair Value Through Profit or Loss (FVTPL)	Note 9.3	4,243,061	4,696,359
Total Financial Investments		20,202,774	14,910,744

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

As at	30.06.2020 Rs. ' 000 Un-audited	30.06.2020 Rs. ' 000 Audited
9.1 Amortised Cost (AC)		
Treasury Bonds	255,699	252,029
Sri Lanka Development Bonds	2,798,810	-
Bank Deposits	1,746,535	445,123
Commercial Papers	1,327,695	1,098,987
Quoted Debentures	4,410,876	4,502,647
Overnight Reverse Repo	1,522,878	270,804
	12,062,493	6,569,590
9.1.a Bank Deposits		
Licensed Commercial Banks	315,857	286,559
Licensed Specialised Banks	1,430,678	158,564
	1,746,535	445,123
9.1.b Commercial Papers		
First Capital Holdings PLC	317,116	342,131
Lanka Orix Leasing Company PLC	507,137	756,856
Softlogic Holding PLC	503,442	-
	1,327,695	1,098,987
9.2 Fair Value through Other Comprehensive Income (FVOCI)		
Equity Securities		
Quoted	1,968,222	1,569,656
Unquoted	292,334	303,506
Treasury Bonds	1,636,664	1,771,633
	3,897,220	3,644,795
9.3 Fair Value Through Profit or Loss (FVTPL)		
Equity Securities	-	475,837
Treasury Bonds	2,448,040	2,188,847
Unit Trust	1,795,021	2,031,675
	4,243,061	4,696,359
10 INSURANCE CONTRACT LIABILITIES		
As at	30.06.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
Insurance Contract Liabilities	13,162,419	8,682,545
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	1,056,535
Claim Payables/Unclaimed Benefits	749,151	638,022
	14,968,105	10,377,102

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued a Direction No 16 on 20th March 2018 on “Guidelines/ Directions for Identification and Treatment of One-off Surplus” and has instructed all Life Insurance Companies to comply with the new direction. Based on the new guidelines Life Insurance Companies are directed to transfer One-off surplus attributable to Policyholder Non-Participating Fund to 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 as at 31 December 2017/2018/2019	-	(798,004)	(798,004)
Surplus created due to Change in Valuation Method - One-off Surplus as at 30th June 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 30 June 2020

Asset Category	ISIN No	Face Value	Market Value as at 30 June 2020
		Rs.	Rs. ' 000
Government Securities			
Treasury Bond	LKB03044A010	100,000,000	166,124
	LKB01534I155	50,000,000	63,565
	LKB01534I155	50,000,000	63,565
	LKB01534I155	50,000,000	63,565
	LKB01534I155	50,000,000	63,565
Deposits			
National Savings Bank			100,039
Regional Development Bank			55,804
People's Bank			100,085
Sampath Bank PLC			150,847
Total Market Value of the Assets			827,159
Restricted Regulatory Reserve			798,004

10.3 Valuation of Life Insurance Fund -(Zeroed Basis of Negative Liabilities- Product Level) as at 30 June 2020

The valuation of life insurance fund as at 31 March 2020 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 2020 – Nil (2019 Rs. 618 million)

For the six months period ended 30th June 2020 - Rs. 498.8 million (2019 - Rs. 1,546 million)

As at	Participating Fund	Non-Participating Fund	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000
Insurance Contract Liabilities	5,942,499	7,219,920	13,162,419
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
Total Life Fund	6,999,034	7,219,920	14,218,954

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. 13,7 million.

11 CAPITAL COMMITMENTS AND CONTINGENCIES (Cont.)

11.2 Contingencies

The Contingent Liability of the Company as at 30 June 2020, 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 Honorable 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 Honorable 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 Company has been issued with assessments by the Department of Inland Revenue on 10 July 2018, 06 August 2019 and 03 February 2020 under the Value Added Tax Act, in relation to the taxable period ending 31 December 2014, 31 December 2016 and 31 December 2017 amounting to Rs. 68.7 Million, Rs. 28 Million and Rs.102.4 Million respectively.

The Company has filed an appeal to the Commissioner General of Inland Revenue on 24 August 2018, 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.

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.

SOFTLOGIC LIFE INSURANCE PLC

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11 CAPITAL COMMITMENTS AND CONTINGENCIES (Cont.)

11.2 Contingencies (Cont.)

Life Insurance Taxation

5) 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 Honorable Court of Appeal. The Company is awaiting the hearing from the Court of appeal.

6) 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, 2012/13, 2014/15 and 2015/16 amounting to Rs. 348.8 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.

7) 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 Board of 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 12.1

12.1 Disclosure on Impacts of COVID -19

The company has evaluated implications to financial statements due to the COVID 19 outbreak considering the key areas in the financial statements as at 30 June 2020 as disclosed below.

The Board of Directors has assessed potential impairment loss of financial and non-financial assets as at the reporting date. Based on the assessment, the board of directors conclude that no additional impairment provision is required to be made in the Financial Statements as at the reporting date in respect of COVID – 19 Pandemic other than the disclosed in following;

Based on the CSE notice made on 27th May 2020 by Kotagala Plantation PLC it was noted that the debenture investment in Kotagala Plantation PLC was considered as default and the company has recognised full impairment loss of Rs. 92.7 million in the Income Statement.

The Board of Directors also have made an assessment of the Company's ability to continue as a going concern under the prevailing situation after considering all available information and internal analysis the board of directors conclude that the Company has enough resources and ability to continue in business for the foreseeable future. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern due to COVID - 19 outbreak. In addition to that, the company has been taken several actions, risk mitigation strategies and other developments in order to minimise the adverse impacts from COVID – 19.

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO 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	30.06.2020	31.12.2019
Net Assets Per Share (Rs.)	23.72	21.92

14.2 Market Price Per Share

For the quarter ended 30 June	2020 Rs
Last traded price (Last trade date - 30th June 2020)	31.10
Highest traded price per share for the Quarter	32.40
Lowest traded price per share for the Quarter	20.00

15 STATED CAPITAL

As at	30.06.2020	31.12.2019
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)

	30.06.2020	31.12.2019
Profit attributable to Ordinary Shareholders (Rs. 000)	533,228	1,208,675
Weighted Average No of shares as at 30 June	375,000,000	375,000,000
Basic / Diluted Earning per share (Rs.)	1.42	3.22

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	30.06.2020	
	No. of Shares	%
1 Softlogic Capital Plc	193,800,760	51.68
2 Milford Ceylon (pvt) Ltd	71,250,000	19.00
3 Dalvik Inclusion Private Limited	71,250,000	19.00
4 Ssb- Global Macro Portfolio	23,762,288	6.34
5 Pershing Llc S/A Averbach Grauson & Co.	3,282,079	0.88
6 Ssb-Global Macro Capital Opportunities Portfolio	2,152,000	0.57
7 Mr. Goonetilleke Gajath Chrysantha	905,000	0.24
8 Mr. Ananda Rajapaksha Rathnayaka Sarath	861,255	0.23
9 Amaliya Private Limited	805,902	0.21
10 Mr.Mather Sujendra Ranjanan	220,000	0.06
11 Mr. Ekanayaka Nahimala Welegedara Senarath Bandara	210,000	0.06
12 Softlogic Holdings Plc	175,550	0.05
13 Hsbc Bank Plc-Mckinley Capital Measa Fund Oeic Limited	168,331	0.04
14 Mr. Vasudevan Subramaniam	155,100	0.04
15 People's Merchant Finance Plc/P.T.S De Silva	152,657	0.04
16 Mr Perera Illangage Shantha Prasad	151,000	0.04
17 Elgin Investments Limited	150,000	0.04
18 Mr.Sharda Vikas	150,000	0.04
19 Mr. Rambukwella Ravindra Earl	139,600	0.04
20 Mr Balasuriya Henasi Geeth	132,600	0.04
	369,874,122	98.64
Others	5,125,878	1.36
Total	375,000,000	100.00

18 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 30 June 2020 was 10.27 % (31 December 2019 - 10.27 %) and a number of public shareholders as at 30 June 2020 was 1,375. (31 December 2019 - 1,336) .

Float Adjusted Market Capitalisation

As at 30th June 2020 the Float Adjusted Market Capitalisation is Rs. 1,197,738,750/-

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	2020	
	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 2019.

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	2020 Rs.' 000	2019 Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	603,848	-
Receiving of services	76,554	47,422
Expenses	-	7
Dividend Paid	-	270,127
Claims Paid	-	2
Interest Income	22,540	-
Net Premiums	336	256
Transactions with Companies under Common Control		
Investments	381,146	406,878
Purchases of property plant & equipment	12,098	18,626
Dividend received	-	11,646
Expenses	37,892	56,392
Claims Paid	-	5,792
Net Premiums	56,312	27,376
Transactions with other Related Entities		
Investments	-	11,616
Trasactions,Arrangements and Agreements Involving KMP and their Close Family Members (CFM)		
Professional Charges	-	464