

futuring



SOFTLOGIC LIFE INSURANCE PLC

INTERIM FINANCIAL STATEMENTS - FOR THE PERIOD ENDED 30TH JUNE 2022

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the six months ended 30 June	Note	2022 Rs. ' 000 Un- audited	2021 Rs. ' 000 Audited	Change %
Gross written premiums	5	11,403,781	9,183,475	24
Premiums ceded to reinsurers		(1,171,292)	(881,055)	33
Net written premiums		10,232,489	8,302,420	23
Other revenue				
Net finance income		1,986,454	1,125,076	77
Net realised gains		32,805	177,737	(82)
Net fair value losses		(168,275)	(19,579)	759
Other operating income		7,401	3,172	133
Total other revenue		1,858,385	1,286,406	44
Total net revenue	6	12,090,874	9,588,826	26
Net benefits, claims and expenses				
Net insurance benefits and claims paid		(3,617,186)	(2,359,237)	53
Net change in insurance claims outstanding		(23,988)	(15,171)	58
Change in insurance contracts liabilities		(3,588,870)	(2,102,553)	71
Underwriting and net acquisition cost (Net of reinsurance)		(2,589,333)	(1,955,188)	32
Other operating and administration expenses		(2,053,222)	(1,776,363)	16
Impairment (provision) / reversal on financial investments		(1,046,119)	64,144	1,731
Finance (cost) / gains	7	2,483,343	9,657	25,615
Total benefits, claims and expenses		(10,435,375)	(8,134,711)	28
Profit before tax	8	1,655,499	1,454,115	14
Income tax expenses	9	(463,528)	(533,996)	(13)
Profit for the period		1,191,971	920,119	30
Profit attributable to;				
Owners of the Company		1,191,971	920,119	30
Non controlling interest		-	-	
		1,191,971	920,119	30
Earnings per share				
Basic earnings per share (Rs.)	17	3.18	2.45	30
Diluted earnings per share (Rs.)	17	3.18	2.45	30

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	2022 Rs. ' 000 Un- audited	2021 Rs. ' 000 Audited	Change %
Profit for the period	1,191,971	920,119	30
Other comprehensive income			
Items that will not be reclassified to income statement			
Equity investments at FVOCI - net change in fair value	(518,645)	34,756	
Equity investments at FVOCI - net change in fair value - Life fund	(256,267)	(98,637)	
Related tax / deferred tax	-	-	
	(774,912)	(63,881)	1,113
Items that are or may be reclassified subsequently to income statement			
Debt investments at FVOCI - net change in fair value	(46,975)	(7,910)	
Debt investments at FVOCI - net change in fair value - Life fund	(428,117)	(59,846)	
Debt investments at FVOCI - reclassified to income statement	386	4,062	
Related tax / deferred tax	-	-	
	(474,706)	(63,694)	645
Total other comprehensive income for the period, net of tax	(1,249,618)	(127,575)	880
Total comprehensive income for the period, net of tax	(57,647)	792,544	(107)
Total comprehensive income attributable to:			
Owners of the Company	(57,647)	792,544	
Non - controlling interests	-	-	
	(57,647)	792,544	(107)

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

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 30 June	2022	2021	Change
	Rs. ' 000	Rs. ' 000	%
	Un- audited	Audited	
Gross written premiums	5,600,185	4,422,232	27
Premiums ceded to reinsurers	(658,766)	(440,664)	49
Net earned premiums	4,941,419	3,981,568	24
Other revenue			
Net finance income	1,249,129	549,668	127
Net realised gains	59,603	95,019	100
Net fair value losses	(40,898)	(8,046)	408
Other operating income	4,646	2,214	110
Total other revenue	1,272,480	638,855	99
Total net revenue	6,213,899	4,620,423	34
Net benefits, claims and expenses			
Net insurance benefits and claims paid	(1,892,874)	(1,159,849)	63
Net change in insurance claims outstanding	3,713	(18,054)	(121)
Change in insurance contracts liabilities	(1,893,271)	(977,378)	94
Underwriting and net acquisition cost (Net of reinsurance)	(1,259,895)	(899,348)	40
Other operating and administration expenses	(1,000,459)	(842,149)	19
Impairment provision on financial investments	(365,395)	(1,964)	18,505
Finance (cost) / gains	1,129,929	(85,300)	(1,425)
Total benefits, claims and expenses	(5,278,252)	(3,984,042)	32
Profit before tax	935,647	636,381	47
Income tax expenses	(245,442)	(132,464)	85
Profit for the period	690,205	503,917	37
Profit attributable to;			
Owners of the Company	690,205	503,917	37
Non controlling interest	-	-	
	690,205	503,917	37
Earnings per share			
Basic earnings per share (Rs.)	1.84	1.34	37
Diluted earnings per share (Rs.)	1.84	1.34	37

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	2022 Rs. ' 000 Un- audited	2021 Rs. ' 000 Audited	Change %
Profit for the Period	690,205	503,917	37
Other comprehensive income			
Items that will not be reclassified to income statement			
Equity investments at FVOCI - net change in fair value	(328,324)	11,485	
Equity investments at FVOCI - net change in fair value - life fund	(225,146)	36,169	
Related tax / deferred tax	-	-	
	(553,470)	47,654	(1,261)
Items that are or may be reclassified subsequently to income statement			
Debt investments at FVOCI - net change in fair value	(18,710)	(111)	
Debt investments at FVOCI - net change in fair value - life fund	(192,707)	(6,189)	
Debt investments at FVOCI - reclassified to income statement	201	684	
Related tax / deferred tax	-	-	
	(211,216)	(5,616)	3,661
Total other comprehensive income for the period, net of tax	(764,686)	42,038	(1,919)
Total comprehensive income for the period, net of tax	(74,481)	545,955	(114)
Total comprehensive income attributable to:			
Owners of the Company	(74,481)	545,955	
Non - controlling interests	-	-	
	(74,481)	545,955	(114)

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

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	30.06.2022 Rs. ' 000 Un- audited	31.12.2021 Rs. ' 000 Audited
Assets			
Intangible assets		2,913	1,356
Property, plant and equipment		587,093	617,745
Right of use assets		600,428	616,417
Deferred tax assets		194,850	675,164
Financial investments	10	40,678,721	34,217,429
Loans to life policyholders		229,653	224,198
Reinsurance receivables		391,600	231,587
Premium receivables		1,238,759	983,657
Receivables and other assets		1,071,706	993,325
Cash and cash equivalents		648,220	696,920
Total assets		45,643,943	39,257,798
Equity and liabilities			
Equity			
Stated capital		1,062,500	1,062,500
Retained earnings		10,595,555	10,453,584
Restricted regulatory reserve		798,004	798,004
Other reserves		(2,975,276)	(1,725,658)
Total equity		9,480,783	10,588,430
Liabilities			
Insurance contract liabilities	11	25,124,435	21,492,757
Employee benefit liabilities		212,392	192,629
Loans and borrowings		5,533,984	3,064,994
Reinsurance payables		2,411,728	1,040,255
Other liabilities		2,556,606	2,588,183
Bank overdraft		324,015	290,550
Total liabilities		36,163,160	28,669,368
Total equity and liabilities		45,643,943	39,257,798
Net asset per share (Rs.)		25.28	28.24

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.

Ashok Pathirage

Chairman

Sgd.

Iftikar Ahamed

Managing Director

Colombo

12th August 2022

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 2021	1,062,500	9,290,347	798,004	(1,307,312)	92,708	9,936,247
Profit for the period	-	920,119	-	-	-	920,119
Other Comprehensive Income for the Period						
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
Total other comprehensive income, net of tax	-	5,971	-	(133,546)	-	(127,575)
Total comprehensive income for the period	-	926,090	-	(133,546)	-	792,544
Transaction with owners of the Company						
Contribution and distribution						
Interim dividend - 2020	-	(937,500)	-	-	-	(937,500)
Total transactions with owners of the Company	-	(937,500)	-	-	-	(937,500)
Balance as at 30 June 2021	1,062,500	9,278,937	798,004	(1,440,858)	92,708	9,791,291
Profit for the period	-	1,184,749	-	-	-	1,184,749
Other comprehensive income for the period						
Equity investments at FVOCI - net change in fair value	-	-	-	(162,359)	-	(162,359)
Equity investments at FVOCI - net change in fair value - Life fund	-	-	-	71,000	-	71,000
Debt investments at FVOCI - net change in fair value	-	-	-	(35,470)	-	(35,470)
Debt investments at FVOCI - net change in fair value - Life fund	-	-	-	(288,755)	-	(288,755)
Debt investments at FVOCI - reclassified to income statement	-	-	-	1,051	-	1,051
Re-measurement losses on defined benefit liabilities	-	(10,102)	-	-	-	(10,102)
Gain on revaluation of land and building	-	-	-	-	37,025	37,025
Total other comprehensive income, net of tax	-	(10,102)	-	(414,533)	37,025	(387,610)
Total comprehensive income for the period	-	1,174,647	-	(414,533)	37,025	797,139
Balance as at 31 December 2021	1,062,500	10,453,584	798,004	(1,855,391)	129,733	10,588,430
Profit for the period	-	1,191,971	-	-	-	1,191,971
Other comprehensive income for the period						
Equity investments at FVOCI - net change in fair value	-	-	-	(518,645)	-	(518,645)
Equity investments at FVOCI - net change in fair value - Life fund	-	-	-	(256,267)	-	(256,267)
Debt investments at FVOCI - net change in fair value	-	-	-	(46,975)	-	(46,975)
Debt investments at FVOCI - net change in fair value - Life fund	-	-	-	(428,117)	-	(428,117)
Debt investments at FVOCI - reclassified to income statement	-	-	-	386	-	386
Total other comprehensive income, net of tax	-	-	-	(1,249,618)	-	(1,249,618)
Total comprehensive income for the period	-	1,191,971	-	(1,249,618)	-	(57,647)
Transaction with owners of the Company						
Contribution and distribution						
Interim Dividend- 2021	-	(1,050,000)	-	-	-	(1,050,000)
Total transaction with owners of the Company	-	(1,050,000)	-	-	-	(1,050,000)
Balance as at 30 June 2022	1,062,500	10,595,555	798,004	(3,105,009)	129,733	9,480,783

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the six months ended 30 June	2022 Rs. ' 000 Un- audited	2021 Rs. ' 000 Audited
Cash flows from operating activities		
Profit before taxation	1,655,499	1,454,115
Adjustments for :		
Depreciation of property, plant and equipment	67,707	68,378
Amortisation of intangible assets	243	73
Depreciation of right of use asset	148,121	119,024
Interest expenses on lease liabilities and loans and borrowings	216,047	145,120
Provision for employee benefit liabilities	20,760	18,141
Gain on sale of property, plant and equipment	(137)	(126)
Net realised gains	(32,805)	(177,737)
Net fair value losses	168,275	19,579
Net unrealised (gain) on foreign currency transactions	(2,745,719)	(184,474)
Net amortisation of financial investments	(1,056,779)	(350,476)
Provision / (reversal) for impairment losses on financial investments	1,046,119	(64,144)
	(512,669)	1,047,473
Change in operating assets		
Decrease in loans to life policyholders	(5,455)	10,815
Increase in reinsurance receivables	(160,013)	(79,930)
(Increase) / Decrease in premium receivables	(255,102)	(68,452)
Increase in receivables and other assets	(193,727)	(535,826)
	(614,297)	(673,393)
Change in operating liabilities		
Increase in insurance contract liabilities	3,631,678	2,113,263
Increase in reinsurance payables	1,371,473	334,315
Increase / (Decrease) in other liabilities	(254,288)	217,133
	4,748,863	2,664,711
Net cash generated from operations	3,621,897	3,038,791
Gratuity paid	(997)	(22,113)
Interest Paid	(189,061)	(116,330)
Net cash generated from operating activities	3,431,839	2,900,348
Cash flows from investing activities		
Acquisition of investment securities	(23,405,029)	(14,661,216)
Proceeds from sale of investment securities	21,157,497	12,415,505
Acquisition of property, plant and equipment	(37,201)	(23,766)
Proceeds from the sale of property, plant and equipment	283	(600)
Acquisition of intangible assets	(1,800)	409
Net cash flows used in investing activities	(2,286,250)	(2,269,668)
Cash flows from financing activities		
Dividend paid to equity holders	(1,050,000)	(937,500)
Payment of lease liabilities	(177,754)	(113,815)
Net cash used in financing activities	(1,227,754)	(1,051,315)
Net increase / (Decrease) in cash and cash equivalents	(82,165)	(420,635)
Net cash and cash equivalents as at 1 January	406,370	328,972
Net cash and cash equivalents as at 30 June	324,205	(91,663)
Analysis of cash and cash equivalents		
Cash in hand and at bank	648,220	574,489
Bank overdrafts	(324,015)	(666,152)
Total cash and cash equivalents as at 30 June	324,205	(91,663)

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

As at	Note	30.06.2022 Rs. ' 000 Un- audited	31.12.2021 Rs. ' 000 Audited
Assets			
Property, plant and equipment		282,946	288,132
Right of use assets		579,616	592,229
Financial investments		28,321,862	23,508,035
Loans to life policyholders		229,653	224,198
Reinsurance receivables		391,600	231,587
Premium receivables		1,238,759	983,657
Receivables and other assets		924,117	843,125
Cash and cash equivalents		676,410	694,886
Total assets		32,644,963	27,365,849
Equity and liabilities			
Equity			
Other reserves		(1,090,746)	(406,748)
Total equity		(1,090,746)	(406,748)
Liabilities			
Insurance contract liabilities	11	25,124,435	21,492,757
Employee benefit liabilities		212,392	192,629
Reinsurance payables		2,411,728	1,040,255
Other liabilities		5,663,139	4,756,406
Bank overdraft		324,015	290,550
Total liabilities		33,735,709	27,772,597
Total equity and liabilities		32,644,963	27,365,849

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 2022 were authorised for issue by the Board of Directors on 12th August 2022.

3 BASIS OF PREPARATION

The interim condensed Financial Statements for the Six months ended 30 June 2022 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 2021. 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 - 2021 have been followed in preparing these interim condensed Financial Statements.

In preparing these condensed interim 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.

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

4 Fair value measurement and related fair value disclosures

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. 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.

5 GROSS WRITTEN PREMIUM

For the six months ended 30 June	2022	2021
	Rs. ' 000	Rs. ' 000
	Un- audited	Audited
First Year Premium	2,358,593	1,944,427
Renewal Premium	5,384,546	4,380,846
Group Life Premium	2,067,481	1,238,311
Single Premium	1,593,161	1,619,891
Total Gross Written Premium	11,403,781	9,183,475

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

6 TOTAL NET REVENUE

For the six months ended 30 June	2022 Rs. ' 000 Un- audited	2021 Rs. ' 000 Audited
Net written premiums	10,232,489	8,302,420
Other Revenue	1,858,385	1,286,406
Total Net Revenue	12,090,874	9,588,826

7 FINANCE COST

For the six months ended 30 June	2022 Rs. ' 000 Un- audited	2021 Rs. ' 000 Audited
Interest expenses on lease liabilities and loans and borrowings	(216,047)	(145,120)
Net exchange gains / (losses)	2,745,719	184,474
Other interest expenses	(46,329)	(29,697)
Total Finance (Cost) / Gains	2,483,343	9,657

8 PROFIT BEFORE TAXATION

For the six months ended 30 June	2022 Rs. ' 000 Un- audited	2021 Rs. ' 000 Audited
Profit Before Taxation	1,655,499	1,454,115
Total	1,655,499	1,454,115

The Company transferred Rs.1,670 Mn from Non participating fund to shareholder fund as surplus transfer for the period ended 30 June 2022(2021- 1,099 Mn). For the quarter ended 30 June 2022 - 825 (2021 - 486Mn).

9 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	24%

For the six months ended 30 June	2022 Rs. ' 000 Un- audited	2021 Rs. ' 000 Audited
Tax Recognised in Income Statement		
Taxable Income	1,931,367	1,259,563
Utilisation of Tax credit on Brought Forward Tax Losses	(1,931,367)	(1,259,563)
Income Tax Expense for the Period	-	-
Deferred Income Tax		
Reversal of Deferred Tax Asset on Utilisation of b/f Tax losses	(463,528)	(302,295)
Reversal of Deferred Tax Asset on change in applicable tax rate	-	(231,701)
Net Deferred Tax	(463,528)	(533,996)
Net Income Tax Expense	(463,528)	(533,996)

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

10 FINANCIAL INVESTMENTS

As at	Note	30.06.2022 Rs. ' 000 Un- audited	31.12.2021 Rs. ' 000 Audited
Amortised Cost (AC)	10.1	34,402,797	25,600,336
Fair Value through Other Comprehensive Income (FVOCI)	10.2	2,210,344	3,382,909
Fair Value Through Profit or Loss (FVTPL)	10.3	4,065,580	5,234,184
Total Financial Investments		40,678,721	34,217,429
10.1 Amortised Cost (AC)			
Treasury Bonds		8,163,401	2,308,100
Treasury Bills		2,844,588	-
Sri Lanka Development Bonds		6,057,802	3,418,242
International Sovereign Bonds		5,338,394	3,175,861
Bank Deposits		394,973	4,360,432
Commercial Papers		1,918,920	975,266
Securitized Papers		751,004	713,964
Quoted Debentures		7,430,418	7,456,162
Unquoted Debentures		314,920	301,554
Reverse Repo		1,188,377	2,890,755
		34,402,797	25,600,336
10.2 Fair Value through Other Comprehensive Income (FVOCI)			
Equity Securities			
Quoted		1,235,966	1,923,408
Unquoted		263,340	270,256
Treasury Bonds		711,038	1,189,245
		2,210,344	3,382,909
10.3 Fair Value Through Profit or Loss (FVTPL)			
Equity Securities		-	346,607
Treasury Bonds		109,081	182,487
Unlisted Perpetual Debenture		782,929	765,303
Unit Trust		3,173,570	3,939,787
		4,065,580	5,234,184
11 INSURANCE CONTRACT LIABILITIES			
As at	Note	30.06.2022 Rs. ' 000 Un- audited	31.12.2021 Rs. ' 000 Audited
Insurance Contract Liabilities		23,395,859	19,823,775
Surplus Created due to Change in Valuation method from NPV to GPV	11.1 & 11.2	1,056,535	1,056,535
Claim Payables		672,041	612,447
		25,124,435	21,492,757

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

11.1 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 11.2 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 Rs. ' 000	Non- Participating Fund Rs. ' 000	Total Rs. ' 000
Value of Insurance Contract Liability based on Independent Actuary-NPV as at 31st December 2015	3,866,780	2,472,575	6,339,355
Value of Insurance Contract Liability based on Independent Actuary-GPV as at 31st December 2015	2,810,245	1,674,571	4,484,816
Surplus Created due to Change in Valuation method from NPV to GPV- One off Surplus as at 1st January 2016	1,056,535	798,004	1,854,539
Transfer of One-off Surplus from long term fund to Restricted Regulatory Reserve.	-	(798,004)	(798,004)
Surplus created due to Change in Valuation Method - One-off Surplus as at 30th June 2022	1,056,535	-	1,056,535

The distribution of One-off surplus to Shareholders as dividends shall remain restricted until the Company develops appropriate policies and procedures for effective management of its business.

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

11.2 Composition of Investments Supporting the Restricted Regulatory Reserve as at 30 June 2022

Asset Category	ISIN No	As at 30 June 2022	
		Face Value Rs.	Market Value Rs. ' 000
Government Securities			
Treasury Bond	LKB03044A010	100,000,000	71,797
	LKB01534I155	50,000,000	27,270
	LKB01528I017	100,000,000	68,758
	LKB01529E014	50,000,000	35,461
	LKB01529E014	50,000,000	35,461
	LKB01529E014	50,000,000	35,461
	LKB00322K152	200,000,000	191,053
	LKB00628A153	110,000,000	106,015
	LKB00628A153	100,000,000	96,378
	LKB00628A153	100,000,000	96,378
Total Market Value of the Assets			942,220
Restricted Regulatory Reserve			798,004

11.3

Valuation of Life Insurance Fund -(Zeroed Basis of Negative Liabilities at Product Level) as at 30 June 2022

The valuation of life insurance fund as at 30 June 2022 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 31 June 2022 – Rs. 825 million (2021 - 486 million)

For the six months period ended 30th June 2022 - Rs. 1,670 million (2021 - Rs. 1,099 million)

11.4 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.

12 CAPITAL COMMITMENTS AND CONTINGENCIES

12.1 Capital Commitments

The capital commitments approved and contracted as at the reporting date were Rs. 1.6 million.

12.2 Contingencies

The Contingent Liability of the Company as at 30 June 2022, 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 favor of Commissioner General of Inland Revenue amounting to Rs. 46.5 Million including the penalty and 03 assessments were determined in favor 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.

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

2) The Commissioner General of Inland Revenue issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2014/15, 2016/17 and 2017/18 under the Value Added Tax Act amounting to Rs. 68.7 Million, Rs. 28.0 Million and Rs. 102.4 Million respectively, in favor of the Commissioner General of Inland Revenue. The Company is in the process of hearing the appeals with Tax Appeals Commission, on the basis that the underlying computation includes items which are out of scope of the VAT Act.

3) The Company has been issued with an assessment by the Department of Inland Revenue under the Value Added Tax Act, in relation to the Y/A 2018/19 amounting to Rs. 72.6 Million. The Company has filed an appeal to the Commissioner General of Inland Revenue 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

12 CAPITAL COMMITMENTS AND CONTINGENCIES (Cont.)

12.2 Contingencies (Cont.)

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

4) The Commissioner General of Inland Revenue issued its determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2017/18 under the Nation Building Tax Act amounting to Rs. 13.7 Million, in favor of the Commissioner General of Inland Revenue. The Company is in the process of hearing the appeals with Tax Appeals Commission, on the basis that the underlying computation includes items which are out of scope of the NBT Act.

5) The Company has been issued with an assessment by the Department of Inland Revenue under the Nation Building Tax Act, in relation to the Y/A 2018/19 amounting to Rs. 9.7 Million. The Company has filed an appeal to the Commissioner General of Inland Revenue 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 the 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 decision of 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 the Y/A 2011/12 and 2012/13 amounting to Rs.10.1 Million and Rs. 12.4 Million respectively, 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 Honorable Court of Appeal. The Company is awaiting the decision of 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 the Y/A 2014/15, 2015/16, 2016/17 and 2017/18 amounting to Rs. 681.7 Million along with penalty, in favor of the Commissioner General of Inland Revenue. The Company is in the process of hearing the appeals with Tax Appeals Commission.

10) The Company has been issued with an assessment under the Income Tax act by the Department of Inland Revenue in relation to the year of assessment 2018, amounting to Rs. 533.4 Million including penalty and interest. The Company has filed an appeal to the Commissioner General of Inland Revenue and 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.

13 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 the followings.

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

14 COMPARATIVE INFORMATION

The presentation and classification in the financial statements are amended where appropriate to ensure comparability with the current period.

15 SHARE INFORMATION

15.1 Net Assets Per Share

As at	30.06.2022	31.12.2021
	Rs.	Rs.
Net Assets Per Share	25.28	28.24
Net Asset per Share - Excluding One-off Surplus	23.15	26.11

15.2 Market Price Per Share

For the quarter ended 30 June	2022	2021
	Rs	Rs
Last traded price (Last trade date - 30th June 2022)	49.80	30.80
Highest traded price per share for the quarter	84.00	32.30
Lowest traded price per share for the quarter	27.00	29.40

16 STATED CAPITAL

As at	30.06.2022	31.12.2021
Stated Capital (Rs.' 000)	1,062,500	1,062,500
No of Ordinary Shares	375,000,000	375,000,000

17 BASIC & DILUTED EARNING PER SHARE (EPS)

For the six months ended 30 June	2022	2021
Profit attributable to Ordinary Shareholders (Rs. 000)	1,191,971	920,119
Weighted Average No of shares as at 30 June	375,000,000	375,000,000
Basic / Diluted Earning per share (Rs.)	3.18	2.45

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

18 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	30.06.2022	
	No. of Shares	%
1 Softlogic Capital PLC	193,945,760	51.72
2 Milford Ceylon (Pvt) Ltd	71,250,000	19.00
3 Dalvik Inclusion Private Limited	71,250,000	19.00
4 Mr. G.C Goonetilleke	979,765	0.26
5 Mr. A.P.P.M. Abeyrathne	938,784	0.25
6 MR. L.A.J.F. Morais	758,205	0.20
7 Mr. W.A.A.T.M Jayawickrama	754,455	0.20
7 MR. W. Jinadasa	739,493	0.20
8 Mrs. H.N.R Bharati	636,729	0.17
9 Mr.J.M.I Jayaweera	485,560	0.13
10 Mr.A.N Lokukalutota	417,000	0.11
11 Mr. R.S.P. Samaranayake	375,001	0.10
12 Hatton National Bank PLC / Porage Don Thushantha Mahesh Kumara	355,748	0.09
13 Merchant Bank of Sri Lanka & Finance PLC / E.M.G.S.B.Ekanayaka	352,000	0.09
14 Mr. J.H.M.L. Fernando	319,517	0.09
15 MR. G.B.D. Tilakarathna	309,692	0.08
16 Mrs. W.M.D.M.G Andradi	289,831	0.08
17 DFCC Bank PLC / K.G Geekiyayana	263,520	0.07
18 MR. S.S. Gamage	253,700	0.07
19 MR. V.M. Vellasamy	205,483	0.05
20 Sampath bank PLC/MR. H.W.K. Hettiarachchi	202,000	0.05
	345,082,243	92.01
Others	29,917,757	7.99
Total	375,000,000	100.00

19 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 30 June 2022 was 10.23% (31 March 2022 - 10.23%) and a number of public shareholders as at 30 June 2022 was 5,706. (31 March 2022 - 5,249).

Public Holding percentage - Ordinary Non-Voting Shares as at 30 June 2022 - Nil

Float Adjusted Market Capitalisation

Float Adjusted Market Capitalisation is Rs.1,911,199,500/- as at 30 June 2022.

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

20 DIRECTORS' SHARE HOLDINGS

As at 30 June Name of The Director	2022	
	No. of Shares	%
Mr. A. K. Pathirage (Chairman)	Nil	Nil
Mr. T. M. I. Ahamed (Managing Director / CEO)	Nil	Nil
Mr. H.K.Kaimal - Director	Nil	Nil
Ms. Fernanda Lima - Director	Nil	Nil
Mr.V. Govindasamy - Director	Nil	Nil
Mr. R . Snyder - Director	Nil	Nil
Mr. P.L.P. Withana - Director	Nil	Nil
Mr. S.W. Mohottala - Director	Nil	Nil

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

21 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 2021.

21.1 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	2022	2021
	Rs.' 000	Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	502,294	500,795
Receiving of services	91,478	119,222
Expenses	7	-
Dividend Paid	543,540	484,991
Interest Income	39,902	28,713
Net Premiums	748	676
Transactions with Companies under Common Control		
Investments	569,139	576,730
Purchases of property plant & equipment	9,725	1,211
Dividend received	17,948	11,966
Expenses	118,345	41,784
Claims Paid	2,154	121
Net Premiums	80,998	66,036
Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)	-	-