



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

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SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the nine months ended 30 September	Note	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited	Change %
Gross Written Premiums	5	10,891,904	8,969,462	21
Premiums ceded to Reinsurers		(1,396,178)	(704,657)	98
Net Earned Premiums		9,495,726	8,264,805	15
Other Revenue				
Net Finance Income		1,131,056	913,014	24
Net Realised Gains		148,391	99,634	49
Net Fair value Gains		450,145	123,392	265
Other Operating Income		3,928	5,829	(33)
Total Other Revenue		1,733,520	1,141,869	52
Total Net Revenue	6	11,229,246	9,406,674	19
Net Benefits, Claims and Expenses				
Net Insurance Benefits and Claims		(2,520,325)	(2,164,296)	16
Change in Insurance Contracts Liabilities		(3,006,623)	(462,997)	549
Underwriting and Net Acquisition Cost (Net of Reinsurance)		(2,429,705)	(2,142,976)	13
Other Operating and Administration Expenses		(2,351,218)	(2,387,185)	(2)
Finance Cost		(134,303)	(88,169)	52
Total Benefits, Claims and Expenses		(10,442,174)	(7,245,623)	44
Profit Before Tax	7	787,072	2,161,051	(64)
Income Tax Expense	8	(250,376)	(602,387)	(58)
Profit for the Period		536,696	1,558,664	(66)
Profit Attributable To;				
Owners of the Company		536,696	1,558,664	
Non Controlling Interest		-	-	
		536,696	1,558,664	(66)
Earnings Per Share				
Basic Earnings Per Share (Rs.)	16	1.43	4.16	(66)
Diluted Earnings Per Share (Rs.)	16	1.43	4.16	(66)

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 nine months ended 30 September	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited	Change %
Profit for the Period	536,696	1,558,664	(66)
Other Comprehensive Income			
Items that will not be reclassified to Income Statement			
Equity Investments in FVOCI - Net change in fair value	(124,540)	(82,822)	
Equity Investments in FVOCI - Net change in fair value - Life fund	(95,721)	(173,673)	
Related Tax / Deferred Tax	-	-	
	(220,261)	(256,495)	(14)
Items that are or may be reclassified to Income Statement			
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income	33,850	10,833	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income - Life Fund	280,452	136,483	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income Reclassified to Income Statement	10,738	18,023	
Related Tax / Deferred Tax	-	-	
	325,040	165,339	97
Other Comprehensive Income/ (Loss), Net of Tax	104,779	(91,156)	(215)
Total Comprehensive Income for the period, Net of Tax	641,475	1,467,508	(56)
Total comprehensive income attributable to:			
Owners of the Company	641,475	1,467,508	
Non - controlling interests	-	-	
	641,475	1,467,508	(56)

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 30 September	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited	Change %
Gross Written Premiums	4,458,900	3,138,635	42
Premiums ceded to Reinsurers	(526,722)	(259,656)	103
Net Earned Premiums	3,932,178	2,878,979	37
Other Revenue			
Net Finance Income	370,869	273,860	35
Net Realised Gains	-	26,017	(100)
Net Fair value Gains	19,485	1,707	1,041
Other Operating Income	1,349	(173)	880
Total Other Revenue	391,703	301,411	30
Total Net Revenue	4,323,881	3,180,390	36
Net Benefits, Claims and Expenses			
Net Insurance Benefits and Claims	(1,030,592)	(791,291)	30
Change in Insurance Contracts Liabilities	(1,679,697)	(362,410)	363
Underwriting and Net Acquisition Cost (Net of Reinsurance)	(938,800)	(738,062)	27
Other Operating and Administration Expenses	(601,376)	(784,827)	(23)
Finance Cost	(47,262)	(27,482)	72
Total Benefits, Claims and Expenses	(4,297,727)	(2,704,072)	59
Profit Before Tax	26,154	476,318	(95)
Income Tax Expense	(22,686)	(126,329)	(82)
Profit for the Period	3,468	349,989	(99)
Profit Attributable To;			
Owners of the Company	3,468	349,989	
Non Controlling Interest	-	-	
	3,468	349,989	(99)
Earnings Per Share			
Basic Earnings Per Share (Rs.)	0.01	0.93	(99)
Diluted Earnings Per Share (Rs.)	0.01	0.93	(99)

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

For the three months ended 30 September	2020	2019	Change
	Rs. ' 000	Rs. ' 000	%
	Un-audited	Audited	
Profit for the Period	3,468	349,989	(99)
Other Comprehensive Income			
Items that will not be reclassified to Income Statement			
Equity Investments in FVOCI - Net change in fair value	(20,976)	73,082	
Equity Investments in FVOCI - Net change in fair value - Life fund	139	39,090	
Related Tax / Deferred Tax	-	-	
	(20,837)	112,172	(119)
Items that are or may be reclassified to Income Statement			
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income	(964)	954	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income - Life Fund	(20,802)	(5,336)	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income Reclassified to Income Statement	3,364	4,788	
Related Tax / Deferred Tax	-	-	
	(18,402)	406	(4,633)
Other Comprehensive Income/ (Loss), Net of Tax	(39,239)	112,578	(135)
Total Comprehensive Income for the period, Net of Tax	(35,771)	462,567	(108)
Total comprehensive income attributable to:			
Owners of the Company	(35,771)	462,567	
Non - controlling interests	-	-	
	(35,771)	462,567	(108)

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	30.09.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
Assets			
Intangible Assets		436	444
Property, Plant and Equipment		665,871	675,468
Right of Use Asset		801,752	408,044
Deferred Tax Asset		1,980,392	2,230,768
Financial Investments	9	22,239,017	14,910,744
Loans to Life Policyholders		230,907	224,672
Reinsurance Receivables		344,063	188,131
Premium Receivables		921,558	743,549
Receivables and Other Assets		980,104	923,961
Cash and Cash Equivalents		300,232	377,093
Total Assets		28,464,332	20,682,874
Equity and Liabilities			
Equity			
Stated Capital		1,062,500	1,062,500
Retained Earnings		8,300,912	7,764,216
Restricted Regulatory Reserve		798,004	798,004
Other Reserves		(1,301,022)	(1,405,801)
Total Equity		8,860,394	8,218,919
Liabilities			
Insurance Contract Liabilities	10	16,735,591	10,377,102
Employee Benefits		170,962	151,027
Reinsurance Payables		709,140	428,557
Other Liabilities		1,794,641	1,330,998
Bank Overdraft		193,604	176,271
Total Liabilities		19,603,938	12,463,955
Total Equity and Liabilities		28,464,332	20,682,874
Net Asset per Share		23.63	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

10 November 2020

Sgd.

Director

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September	Stated	Retained	Restricted	Other Reserves			Total
	Capital	Earnings	Regulatory	Available for Sale Reserve	Fair Value	Revaluation	Rs. ' 000
			Reserve		Reserve	reserves	
	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	-	1,558,664	-	-	-	-	1,558,664
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	10,833	-	10,833
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	136,483	-	136,483
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	18,023	-	18,023
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	(82,822)	-	(82,822)
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	(173,673)	-	(173,673)
Equity Investments in FVOCI - Reclassified to Retained Earnings	-	(100,186)	-	-	100,186	-	-
Total Other Comprehensive Income, Net of Tax	-	(100,186)	-	-	9,030	-	(91,156)
Total Comprehensive Income for the Period	-	1,458,478	-	-	9,030	-	1,467,508
Transaction With Owners of The Company							
Contribution and Distribution							
Interim Dividend - 2018	-	(543,750)	-	-	-	-	(543,750)
Balance as at 30 September 2019	1,062,500	7,169,379	798,004	-	(1,491,484)	48,436	7,586,835
Profit for the Period	-	614,179	-	-	-	-	614,179
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	3,676	-	3,676
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	50,250	-	50,250
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	4,498	-	4,498
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	(45,844)	-	(45,844)
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	(21,863)	-	(21,863)
Equity Investments in FVOCI - Reclassified to Retained Earnings	-	(2,258)	-	-	2,258	-	-
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	-	(19,342)	-	-	(7,025)	44,272	17,905
Total Comprehensive Income for the Period	1,062,500	594,837	-	-	(7,025)	44,272	632,084
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	-	536,696	-	-	-	-	536,696
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	33,850	-	33,850
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	280,452	-	280,452
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	10,738	-	10,738
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	(124,540)	-	(124,540)
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	(95,721)	-	(95,721)
Total Other Comprehensive Income, Net of Tax	-	-	-	-	104,779	-	104,779
Total Comprehensive Income for the Period	-	536,696	-	-	104,779	-	641,475
Balance as at 30 September 2020	1,062,500	8,300,912	798,004	-	(1,393,730)	92,708	8,860,394

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the nine months ended 30 September	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
Cash Flows From Operating Activities		
Profit before Taxation	787,072	2,161,051
Adjustments for :		
Depreciation of Property, Plant and Equipment	105,736	106,923
Amortisation of Intangible Assets	115	1,864
Depreciation of Right of Use of Assets	134,332	91,638
Interest Expenses on Lease Liabilities	51,234	28,881
Provision for Employee Benefits	23,565	23,432
Net Realised Gains	(148,391)	(99,634)
Net Fair Value Gains	(450,145)	(123,392)
Unrealised loss on Foreign Currency Transactions	29,841	-
Net Amortisation of Financial Investments	(151,994)	(254,346)
Impairment Provision / (Reversal) of Financial Investments	31,877	(2,864)
Profit before working capital changes	413,242	1,933,553
Change in Operating Assets	(924,340)	(990,809)
Change in Operating Liabilities	7,190,525	1,150,798
Cashflows from Operating Activities	6,679,427	2,093,542
Gratuity paid	(3,630)	(4,194)
Net Cash Generated from Operating Activities	6,675,797	2,089,348
Cash Flows From Investing Activities		
Acquisition of Financial Securities	(25,735,612)	(19,965,121)
Consideration Received from Disposal of Investments	19,200,933	18,681,466
Net Acquisition of Property, Plant and Equipment	(96,139)	(109,325)
Net Acquisition of Intangible Assets	(107)	(334)
Net Cash (used in) / Generated from Investing Activities	(6,630,925)	(1,393,314)
Cash Flows From Financing Activities		
Dividend Paid	-	(543,750)
Payment of Lease Liabilities	(139,066)	-
Net Cash (used in) / Generated from Financing Activities	(139,066)	(543,750)
Net Increase / (Decrease) in Cash and Cash Equivalents	C (94,194)	152,284
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	106,628	163,132
Notes to the Cashflow Statement		
A. Change in Operating Assets		
Increase in Loans to Life Policyholders	(6,235)	(39,036)
Increase Reinsurance Receivables	(155,932)	(229,074)
Increase in Premium Receivables	(178,009)	(38,801)
Increase Receivables and Other Assets	(584,164)	(683,898)
	(924,340)	(990,809)
B. Change in Operating Liabilities		
Increase in Insurance Contract Liabilities	6,358,489	555,874
Increase in Reinsurance Payables	280,583	257,138
Increase in Other Liabilities	551,453	337,786
	7,190,525	1,150,798
C. Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents	300,232	343,256
Bank overdrafts	(193,604)	(180,124)
Net Cash and Cash equivalents as at 30 September	106,628	163,132
Net cash and cash equivalents as at the Beginning of the period	200,822	10,848
Increase / (Decrease) in Cash and Cash Equivalents	(94,194)	152,284

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

As at	Note	30.09.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
Assets			
Property, Plant and Equipment		260,417	266,000
Right of Use Asset		801,752	408,044
Financial Investments		17,074,829	10,328,503
Loans to Life Policyholders		230,907	224,672
Reinsurance Receivables		344,063	188,131
Premium Receivables		921,558	743,549
Receivables and Other Assets		821,336	688,969
Cash and Cash Equivalents		295,720	375,778
Total Assets		20,750,582	13,223,646
Equity and Liabilities			
Equity			
Other Reserves		(353,921)	(549,117)
Revaluation Reserve		92,709	92,709
Total Equity		(261,212)	(456,408)
Liabilities			
Insurance Contract Liabilities	10	16,735,591	10,377,102
Employee Benefits		170,962	151,027
Reinsurance Payables		709,140	428,557
Other Liabilities		3,205,463	2,547,097
Bank Overdraft		190,638	176,271
Total Liabilities		21,011,794	13,680,054
Total Equity and Liabilities		20,750,582	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 Nine months ended 30 September 2020 were authorised for issue by the Board of Directors on 10 November 2020.

3 BASIS OF PREPARATION

The Condensed Quarterly Financial Statements for the Nine months ended 30 September 2020 have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These Condensed Quarterly 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 preparing these Condensed Quarterly Financial Statements except for the following;

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 described 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 September 2020 are unaudited unless otherwise stated.

5 GROSS WRITTEN PREMIUM

For the nine months ended 30 September	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
First Year Premium	2,418,613	2,421,471
Renewal Premium	5,099,544	4,536,654
Group Life Premium	1,259,202	990,997
Single Premium	2,114,545	1,020,340
Total Gross Written Premium	10,891,904	8,969,462

6 TOTAL NET REVENUE

For the nine months ended 30 September	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
Net Earned Premium	9,495,726	8,264,805
Other Revenue	1,733,520	1,141,869
Total Net Revenue	11,229,246	9,406,674

7 PROFIT BEFORE TAXATION

For the nine months ended 30 September	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
Profit Before Taxation	787,072	2,161,051
Total	787,072	2,161,051

The company transferred Rs 498.8Mn from Non participating fund to shareholder fund as at 31st March 2020 and there was no valuation done for the periods ended 30th June 2020 and 30th September 2020. Results of said period will be reassessed on full year valuation which will be done as at 31st December 2020.

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 nine months ended 30 September	2020	2019
	Rs. ' 000	Rs. ' 000
	Un-audited	Audited
Tax Recognised in Income Statement		
Taxable Income	894,200	2,151,382
Utilisation of Tax credit on Brought Forward Tax Losses	(894,200)	(2,151,382)
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	(250,376)	(602,387)
Net Deferred Tax	(250,376)	(602,387)
Net Income Tax Expense	(250,376)	(602,387)

9 FINANCIAL INVESTMENTS

As at	30.09.2020	31.12.2019
	Rs. ' 000	Rs. ' 000
	Un-audited	Audited
Amortised Cost (AC)	Note 9.1 13,627,739	6,569,590
Fair Value through Other Comprehensive Income (FVOCI)	Note 9.2 3,842,085	3,644,795
Fair Value Through Profit or Loss (FVTPL)	Note 9.3 4,769,193	4,696,359
Total Financial Investments	22,239,017	14,910,744

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

As at	30.09.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
9.1 Amortised Cost (AC)		
Treasury Bonds	-	252,029
Sri Lanka Development Bonds	2,740,320	-
Bank Deposits	2,446,738	445,123
Commercial Papers	1,352,788	1,098,987
Quoted Debentures	4,851,678	4,502,647
Overnight Reverse Repo	2,236,215	270,804
	13,627,739	6,569,590
9.1.a Bank Deposits		
Licensed Commercial Banks	1,822,694	286,559
Licensed Specialised Banks	624,044	158,564
	2,446,738	445,123
9.1.b Commercial Papers		
First Capital Holdings PLC	327,048	342,131
Lanka Orix Leasing Company PLC	522,732	756,856
Softlogic Holding PLC	503,008	-
	1,352,788	1,098,987
9.2 Fair Value through Other Comprehensive Income (FVOCI)		
Equity Securities		
Quoted	1,955,582	1,569,656
Unquoted	286,748	303,506
Treasury Bonds	1,599,755	1,771,633
	3,842,085	3,644,795
9.3 Fair Value Through Profit or Loss (FVTPL)		
Equity Securities	-	475,837
Treasury Bonds	2,420,428	2,188,847
Unit Trust	2,348,765	2,031,675
	4,769,193	4,696,359
10 INSURANCE CONTRACT LIABILITIES		
As at	30.09.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
Insurance Contract Liabilities	15,045,878	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	633,178	638,022
	16,735,591	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 September 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 September 2020

Asset Category	ISIN No	As at 30 September 2020	
		Face Value Rs.	Market Value Rs. ' 000
Government Securities			
Treasury Bond	LKB03044A010	100,000,000	161,724
	LKB01534I155	50,000,000	60,778
	LKB01534I155	50,000,000	60,778
	LKB01534I155	50,000,000	60,778
	LKB01534I155	50,000,000	60,778
Deposits			
National Savings Bank			101,940
Regional Development Bank			56,998
People's Bank			102,105
Sampath Bank PLC			153,787
Total Market Value of the Assets			819,666
Restricted Regulatory Reserve			798,004

10.3 Valuation of Life Insurance Fund -(Zeroed Basis of Negative Liabilities- Product Level) as at 30 September 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 Rs. 498.8Mn (2019 – 928 Mn). However, no transfer has been made from the life insurance fund to the Income Statement during the period 30th June 2020 (2019 Rs. 618 Mn) and 30th September 2020 (2019 - 387 Mn) which will be performed at the year-end full valuation as at 31st December 2020.

As at	Participating Fund Rs. ' 000	Non- Participating Fund Rs. ' 000	Total Rs. ' 000
Insurance Contract Liabilities	6,212,937	8,832,941	15,045,878
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
Total Life Fund	7,269,472	8,832,941	16,102,413

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.

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

11 CAPITAL COMMITMENTS AND CONTINGENCIES

11.1 Capital Commitments

The capital commitments approved and contracted as at the reporting date were Rs. 4.3 million.

11.2 Contingencies

The Contingent Liability of the Company as at 30 September 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 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.

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

The Company has filed an appeal to the Commissioner General of Inland Revenue on 08 April 2016 for the vat assessment issued for the quarter ending 31 March 2014 on the basis that the underlying computation includes items which are exempt /out of scope of the VAT Act. The Company is awaiting the CGIR determination.

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

3) The Commissioner General of Inland Revenue issued it's determination on the appeal filed by the Company relating to the assessment raised for Y/A 2014/15 amounting to Rs. 68.7 Million , in favor of the Commissioner General of Inland Revenue and the Company is in the process of hearing the appeals with Tax Appeals Commission.

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

The Company has filed an appeal to the Commissioner General of Inland Revenue on 27 September 2019 and 25 February 2020 respectively on the basis that the underlying computation includes items which are out of scope of the VAT Act. The Company is awaiting the CGIR determination.

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

11 CAPITAL COMMITMENTS AND CONTINGENCIES (Cont.)

11.2 Contingencies (Cont.)

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

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

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

Economic Service Charge (ESC)

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

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

Life Insurance Taxation

7) The Tax Appeals Commission issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2010/11 amounting to Rs. 1,018,500/-, 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.

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

9) The Commissioner General of Inland Revenue issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2011/12, 2014/15 and 2015/16 amounting to Rs. 336.4 Million, in favor of the Commissioner General of Inland Revenue and the Company is in the process of hearing the appeals with Tax Appeals Commission.

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

Directors are of the view that it has followed due process and acted in accordance with the prevailing laws in its tax submission and therefore, the probability of company having to settle any of this tax assessments are very low.

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

12 EVENTS AFTER THE REPORTING PERIOD

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the Interim Financial Statements.

13 COMPARATIVE INFORMATION

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

14 SHARE INFORMATION

14.1 Net Assets Per Share

As at	30.09.2020	31.12.2019
Net Assets Per Share (Rs.)	23.63	21.92

14.2 Market Price Per Share

For the quarter ended 30 September	2020 Rs
Last traded price (Last trade date - 30th September 2020)	34.00
Highest traded price per share for the Quarter	37.50
Lowest traded price per share for the Quarter	28.00

15 STATED CAPITAL

As at	30.09.2020	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)

	30.09.2020	31.12.2019
Profit attributable to Ordinary Shareholders (Rs. 000)	536,696	1,558,664
Weighted Average No of shares as at 30 September	375,000,000	375,000,000
Basic / Diluted Earning per share (Rs.)	1.43	4.16

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	30.09.2020	
	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 Ssbt- Global Macro Portfolio	20,500,000	5.47
5 Pershing Llc S/A Averbach Grauson & Co.	3,282,079	0.88
6 Ssbt-Global Macro Capital Opportunities Portfolio	2,000,000	0.53
7 Mr. Goonetilleke Gajath Chrysantha	964,765	0.26
8 Mr. Ananda Rajapaksha Rathnayaka Sarath	861,255	0.23
9 Amaliya Private Limited	805,902	0.21
10 J.B Cocoshell (Pvt) Ltd	489,592	0.13
11 Mr. Madanayake Nirmal Anrudha	265,000	0.07
12 Deutsche Bank ag as Trustee to Capital Alliance Quantitative Equity Fund	226,000	0.06
13 Mr. Mather Sujendra Ranjanan	220,000	0.06
14 Mr. Vasudevan Subramaniam	213,274	0.06
15 Mr.Ekanayaka Nahimala Welegedara Senarath Bandara	210,000	0.06
16 Mr.Iddamalgodha Aasiri Manmohan	200,000	0.05
17 Mr Perera Illangage Shantha Prasad	191,873	0.05
18 Softlogic Holdings PLC	175,550	0.05
19 Hsbc Bank Plc-Mckinley Capital Measa Fund Oeic Limited	168,331	0.04
20 DFCC Bank plc/P.S.R.Casie Chitty	150,000	0.04
	367,224,381	97.93
Others	7,775,619	2.07
Total	375,000,000	100.00

18 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 30 September 2020 was 10.27 % (31 December 2019 - 10.27 %) and a number of public shareholders as at 30 September 2020 was 1,531. (31 December 2019 - 1,336) .

Float Adjusted Market Capitalisation

As at 30th September 2020 the Float Adjusted Market Capitalisation is Rs. 1,309,425,000/-

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

19 DIRECTORS' SHARE HOLDINGS

As at 30 September 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 nine months ended 30 September	2020	2019
	Rs.' 000	Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	607,142	-
Receiving of services	132,625	75,469
Expenses	666	724
Dividend Paid	-	270,127
Claims Paid	-	2
Interest Income	60,890	-
Net Premiums	6,858	6,004
Advances		28,265
Transactions with Companies under Common Control		
Investments	394,659	391,575
Purchases of property plant & equipment	20,023	24,614
Dividend received	-	11,646
Expenses	53,245	82,884
Claims Paid	6,210	5,792
Net Premiums	150,225	97,995
Transactions with other Related Entities		
Investments	-	10,182
Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)		
Professional Charges	-	656