



One Lankan

SOFTLOGIC LIFE INSURANCE PLC

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

Dear Shareholders

Softlogic Life Insurance PLC recorded a superior performance in a pandemic impacted business landscape, posting Gross Written Premium (GWP) of Rs. 20,053 million for the year ended 31 December 2021 with an increase in top-line growth of 28% compared to the corresponding period of the previous year. The increase in GWP of 4,393 million is the highest recorded by any Company in the Life Insurance Industry for the financial year. Profit after tax (PAT) for the financial year 2021 rose by Rs. 583 million, an increase of 38% YoY. The PAT includes Rs. 232 million one off deferred tax asset reversal due to the tax rate change from 28% to 24% announced at the beginning of 2021. Excluding this one-off item, the Company recorded PAT of 2,337 million. Profit before tax (PBT) grew by 39% compared to last year at Rs. 2,130 million.

Continuing its strong growth momentum following 25% growth in 2020 -the first year of the pandemic, 25% in 2019 -the year that was marred by the Easter attacks, the Company reported a 10-year Compound Annual Growth Rate (CAGR) of 29% of GWP, versus estimated industry 10-year GWP CAGR growth of 13.5%.

Amidst the challenges posed by the pandemic and disruptions to the usual way of life, the Company performed strongly being ranked as the third-largest life insurance company in Sri Lanka growing estimated market share further to 16% by the end of the year 2021.

The Company has immensely benefited from its diverse distribution channels and modern insurance products that now cover over 2 million Sri Lankan lives whilst using technology to the fullest to power its operations and deliver unparalleled service to policyholders.

The deferred tax adjusted Return on Equity was reported at 23.2% compared to 21.3% in the previous period and recurring return on equity is 25.8% for 2021. The Recurring Earning per share was Rs. 6.23 per share for 2021 compared with Rs. 4.06 per share in 2020. The Company's operating expense ratio decreased to 19%, where it stood at 22% a year ago due to prudent and efficient expense management initiatives adopted. As at 31 December 2021, Softlogic Life maintained a healthy Capital Adequacy Ratio (CAR) of 395%, well above the regulatory CAR requirement of 120%.

The financial investments of the Company grew by 25% from the figures reported at the financial year end 2020 and it was the main contributor to increase the total assets base of the Company by Rs.6,138 million during the period under review. Meanwhile, the Company's insurance contract liabilities recorded a growth of 23% from the level reported at the end of 2020.

The pandemic has been a true test for Softlogic Life to showcase resilience and the effectiveness of our strategies, responsiveness, and innovation. Most importantly our commitment to deliver on claims which is that "moment of truth" for any policyholder. The Company continues to track its claim settlements on a weekly basis thereby ensuring that more than 85% of claims are paid in one single day. The Company paid 6.4Billion gross claims that included 1.1Billion in COVID 19 related Health and Death claims during the year.

As a testimonial to accountability and transparency, the dynamic young company dominated CA Sri Lanka's 56th Annual Report Awards, with a sweeping win of six major awards including Silver Award for Overall Excellence in Annual Financial Reporting beating the country's giant conglomerates who have thus far dominated the top positions for years and years. Further the company clinched the Overall Gold Trophy for its Annual Report, themed 'One Lankan' including three more awards at CMA Integrated Reporting awards ceremony.

The insurance business has now been set up in a robust and scalable manner enabling this unique business model to be implemented in overseas markets that have immense potential. Initiatives in Bangladesh and the Far East are now being pursued.

Sgd.

Ashok Pathirage

Chairman

09th February 2022

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the year ended 31 December	Note	2021 Rs. ' 000 Un-audited	2020 Rs. ' 000 Audited	Change %
Gross written premiums	5	20,053,302	15,660,116	28
Premiums ceded to reinsurers		(1,857,795)	(1,872,616)	(1)
Net earned premiums		18,195,507	13,787,500	32
Other revenue				
Net finance income		2,355,097	1,634,453	44
Net realised gains		392,206	171,253	129
Net fair value gains		7,560	464,044	(98)
Other operating income		20,766	6,364	226
Total other revenue		2,775,629	2,276,114	22
Total net revenue	6	20,971,136	16,063,614	31
Net benefits, claims and expenses				
Net insurance benefits and claims paid		(5,965,164)	(3,545,807)	68
Net change in insurance claims outstanding		63,096	(20,990)	(401)
Change in insurance contracts liabilities		(4,143,426)	(3,599,969)	15
Underwriting and net acquisition cost (Net of reinsurance)		(4,050,033)	(3,269,454)	24
Other operating and administration expenses		(3,726,366)	(3,324,870)	12
Finance cost		(183,569)	(172,177)	7
Total benefits, claims and expenses		(18,005,462)	(13,933,267)	29
Profit before tax	7	2,965,674	2,130,347	39
Income tax expenses	8	(860,806)	(608,864)	41
Profit for the period		2,104,868	1,521,483	38
Profit attributable to;				
Owners of the Company		2,104,868	1,521,483	
Non controlling interest		-	-	
		2,104,868	1,521,483	38
Earnings per share				
Basic earnings per share (Rs.)	16	5.61	4.06	38
Diluted earnings per share (Rs.)	16	5.61	4.06	38

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 year ended 31 December	2021 Rs. ' 000 Un-audited	2020 Rs. ' 000 Audited	Change %
Profit for the period	2,104,868	1,521,483	38
Other comprehensive income			
Items that will not be reclassified to income statement			
Equity investments at FVOCI - net change in fair value	(127,603)	(235,618)	
Equity investments at FVOCI - net change in fair value - Life fund	(27,637)	125,442	
Re-measurement gains / (losses) on defined benefit liabilities	(10,102)	4,648	
Revaluation of Land and Building	37,025	-	
Related tax / deferred tax	-	-	
	(128,317)	(105,528)	22
Items that are or may be reclassified subsequently to income statement			
Debt investments at FVOCI - net change in fair value	(43,380)	31,221	
Debt investments at FVOCI - net change in fair value - Life fund	(348,601)	255,885	
Debt investments at FVOCI - reclassified to income statement	5,113	14,267	
Related tax / deferred tax	-	-	
	(386,868)	301,373	(228)
Total other comprehensive income for the period, net of tax	(515,185)	195,845	(363)
Total comprehensive income for the period, net of tax	1,589,683	1,717,328	(7)
Total comprehensive income attributable to:			
Owners of the Company	1,589,683	1,717,328	
Non - controlling interests	-	-	
	1,589,683	1,717,328	(7)

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

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 31 December	2021 Rs. ' 000 Un-audited	2020 Rs. ' 000 Audited	Change %
Gross written premiums	5,720,538	4,768,212	20
Premiums ceded to reinsurers	(491,519)	(476,438)	3
Net earned premiums	5,229,019	4,291,774	22
Other revenue			
Net finance income	660,125	503,397	31
Net realised gains	123,272	22,862	439
Net fair value gains	17,306	13,899	25
Other operating income	3,305	2,436	36
Total other revenue	804,008	542,594	48
Total net revenue	6,033,027	4,834,368	25
Net benefits, claims and expenses			
Net insurance benefits and claims paid	(1,915,434)	(1,017,626)	88
Net change in insurance claims outstanding	49,757	(28,846)	(272)
Change in insurance contracts liabilities	(1,097,777)	(593,346)	85
Underwriting and net acquisition cost (Net of reinsurance)	(969,275)	(839,749)	15
Other operating and administration expenses	(1,113,422)	(973,652)	14
Finance cost	(94,335)	(37,874)	149
Total benefits, claims and expenses	(5,140,486)	(3,491,093)	47
Profit before tax	892,541	1,343,275	(34)
Income tax expenses	(198,570)	(358,488)	(45)
Profit for the period	693,971	984,787	(30)
Profit attributable to;			
Owners of the Company	693,971	984,787	
Non controlling interest	-	-	
	693,971	984,787	(30)
Earnings per share			
Basic earnings per share (Rs.)	1.85	2.63	(30)
Diluted earnings per share (Rs.)	1.85	2.63	(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 three months ended 31 December	2021	2020	Change
	Rs. ' 000	Rs. ' 000	%
	Un-audited	Audited	
Profit for the Period	693,971	984,787	(30)
Other comprehensive income			
Items that will not be reclassified to income statement			
Equity investments at FVOCI - net change in fair value	(106,438)	(111,078)	
Equity investments at FVOCI - net change in fair value - Life fund	46,561	221,163	
Re-measurement gains / (losses) on defined benefit liabilities	(10,102)	4,648	
Revaluation of Land and Buildings	37,025	-	
Related tax / deferred tax	-	-	
	(32,954)	114,733	(129)
Items that are or may be reclassified subsequently to income statement			
Debt investments at FVOCI - net change in fair value	(15,510)	(2,629)	
Debt investments at FVOCI - net change in fair value - Life fund	(114,434)	(24,567)	
Debt investments at FVOCI - reclassified to income statement	339	3,529	
Related tax / deferred tax	-	-	
	(129,605)	(23,667)	448
Total other comprehensive income for the period, net of tax	(162,559)	91,066	(279)
Total comprehensive income for the period, net of tax	531,412	1,075,853	(51)
Total comprehensive income attributable to:			
Owners of the Company	531,412	1,075,853	
Non - controlling interests	-	-	
	531,412	1,075,853	(51)

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

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	31.12.2021 Rs. ' 000 Un-audited	31.12.2020 Rs. ' 000 Audited
Assets			
Intangible assets		1,356	404
Property, plant and equipment		617,745	660,928
Right of use assets		616,417	752,393
Deferred tax assets		761,098	1,621,904
Financial investments	9	34,217,429	27,367,792
Loans to life policyholders		224,198	234,462
Reinsurance receivables		231,587	323,288
Premium receivables		983,657	856,281
Receivables and other assets		993,325	834,388
Cash and cash equivalents		696,920	554,362
Total assets		39,343,732	33,206,202
Equity and liabilities			
Equity			
Stated capital		1,062,500	1,062,500
Retained earnings		10,453,584	9,290,347
Restricted regulatory reserve		798,004	798,004
Other reserves		(1,725,658)	(1,214,604)
Total equity		10,588,430	9,936,247
Liabilities			
Insurance contract liabilities	10	21,578,691	17,483,705
Employee benefit liabilities		192,629	182,332
Loans and borrowings		3,064,994	2,852,245
Reinsurance payables		1,040,255	636,060
Other liabilities		2,588,183	1,890,223
Bank overdraft		290,550	225,390
Total liabilities		28,755,302	23,269,955
Total equity and liabilities		39,343,732	33,206,202
Net asset per share (Rs.)		28.24	26.50

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

These Financial Statements are in compliance with the requirements of the Companies Act No 07 of 2007.

Sgd.

Nuwan Withanage

Chief Financial Officer

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

Approved and signed for and on behalf of the Board.

Sgd.

Director

Colombo

09th February 2022

Sgd.

Director

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

	Stated capital	Retained earnings	Restricted regulatory reserve	Otherreserve		Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Fair value reserve Rs. ' 000	Revaluation reserves Rs. ' 000	Rs. ' 000
Balance as at 01 January 2020	1,062,500	7,764,216	798,004	(1,498,509)	92,708	8,218,919
Profit for the period	-	1,521,483	-	-	-	1,521,483
Other Comprehensive Income for the Period						
Equity investments at FVOCI - net change in fair value	-	-	-	(235,618)	-	(235,618)
Equity investments at FVOCI - net change in fair value - Life fund	-	-	-	125,442	-	125,442
Re-measurement gains / (losses) on defined benefit liabilities	-	4,648	-	-	-	4,648
Debt investments at FVOCI - net change in fair value	-	-	-	31,221	-	31,221
Debt investments at FVOCI - net change in fair value - life fund	-	-	-	255,885	-	255,885
Debt investments at FVOCI - reclassified to income statement	-	-	-	14,267	-	14,267
Total other comprehensive income, net of tax	-	4,648	-	191,197	-	195,845
Total comprehensive income for the period	-	1,526,131	-	191,197	-	1,717,328
Balance as at 31 December 2020	1,062,500	9,290,347	798,004	(1,307,312)	92,708	9,936,247
Profit for the period	-	2,104,868	-	-	-	2,104,868
Other comprehensive income for the period						
Equity investments at FVOCI - net change in fair value	-	-	-	(127,603)	-	(127,603)
Equity investments at FVOCI - net change in fair value - Life fund	-	-	-	(27,637)	-	(27,637)
Equity investments at FVOCI -reclassified to retained earnings	-	5,971	-	(5,971)	-	-
Re-measurement gains / (losses) on defined benefit liabilities	-	(10,102)	-	-	-	(10,102)
Gain on Revaluation of Land and Building	-	-	-	-	37,025	37,025
Debt investments at FVOCI - net change in fair value	-	-	-	(43,380)	-	(43,380)
Debt investments at FVOCI - net change in fair value - Life fund	-	-	-	(348,601)	-	(348,601)
Debt investments at FVOCI - reclassified to income statement	-	-	-	5,113	-	5,113
Total other comprehensive income, net of tax	-	(4,131)	-	(548,079)	37,025	(515,185)
Total comprehensive income for the period	-	2,100,737	-	(548,079)	37,025	1,589,683
Transaction with owners of the Company						
Contribution and distribution						
Interim Dividend- 2020	-	(937,500)	-	-	-	(937,500)
Total transaction with owners of the Company	-	(937,500)	-	-	-	(937,500)
Balance as at 31 December 2021	1,062,500	10,453,584	798,004	(1,855,391)	129,733	10,588,430

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the year ended 31 December	2021	2020
	Rs. ' 000	Rs. ' 000
	Un-audited	Audited
Cash flows from operating activities		
Profit before taxation	2,965,674	2,130,347
Adjustments for :		
Depreciation of property, plant and equipment	137,928	147,038
Amortisation of intangible assets	248	146
Depreciation of right of use asset	245,827	195,008
Interest expenses on lease liabilities and loans and borrowings	283,492	124,028
Provision for employee benefit liabilities	50,846	40,834
Gain on property, plant and equipment	(12,161)	-
Net realised gains	(392,206)	(171,253)
Net fair value gains	(7,560)	(464,044)
Net unrealised gain on foreign currency transactions	(193,910)	(18,272)
Net amortisation of financial investments	(837,057)	(363,338)
Impairment Provision / (Reversal) of Financial Investments	(37,540)	104,453
	2,203,581	1,724,947
Change in operating assets		
(Increase) / Decrease in loans to life policyholders	10,264	(9,790)
(Increase) / Decrease in reinsurance receivables	91,701	(135,157)
(Increase) / Decrease in premium receivables	(127,376)	(112,732)
(Increase) / Decrease in receivables and other assets	(269,420)	(428,817)
	(294,831)	(686,496)
Change in operating liabilities		
Increase / (Decrease) in insurance contract liabilities	4,094,986	7,106,603
Increase / (Decrease) in reinsurance payables	404,195	207,503
Increase / (Decrease) in other liabilities	846,818	685,762
	5,345,999	7,999,868
Cash flows from operating activities	7,254,749	9,038,319
Gratuity paid	(40,549)	(4,881)
Interest paid	(230,388)	-
Net cash generated from operating activities	6,983,812	9,033,438
Cash flows from investing activities		
Acquisition of investment securities	(32,522,481)	(28,726,008)
Consideration received from disposal of investments	26,847,462	17,379,095
Acquisition of property, plant and equipment	(58,041)	(132,498)
Acquisition of intangible assets	(1,200)	(106)
Consideration received from disposal of property, plant and equipment	12,482	-
Net cash used in investing activities	(5,721,778)	(11,479,517)
Cash flows from financing activities		
Dividend paid	(937,500)	-
Proceeds From Long Term Borrowings	-	2,772,300
Payment of lease liabilities	(247,136)	(198,071)
Net cash used in financing activities	(1,184,636)	2,574,229
Net increase / (Decrease) in cash and cash equivalents	77,398	128,150
Net cash and cash equivalents as at 1 January	328,972	200,822
Net cash and cash equivalents as at 31 December	406,370	328,972
Analysis of cash and cash equivalents		
Cash in hand and at bank	696,920	554,362
Bank overdrafts	(290,550)	(225,390)
Total cash and cash equivalents as at 31 December	406,370	328,972

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

As at	Note	31.12.2021 Rs. ' 000 Un-audited	31.12.2020 Rs. ' 000 Audited
Assets			
Property, plant and equipment		288,132	258,544
Right of use assets		592,229	752,393
Financial investments		23,508,035	19,308,100
Loans to life policyholders		224,198	234,462
Reinsurance receivables		231,587	323,288
Premium receivables		983,657	856,281
Receivables and other assets		843,125	717,616
Cash and cash equivalents		694,886	435,723
Total assets		27,365,849	22,886,407
Equity and liabilities			
Equity			
Other reserves		(406,748)	(56,497)
Total equity		(406,748)	(56,497)
Liabilities			
Insurance contract liabilities	10	21,578,691	17,483,705
Employee benefit liabilities		192,629	182,332
Reinsurance payables		1,040,255	636,060
Other liabilities		4,670,472	4,415,417
Bank overdraft		290,550	225,390
Total liabilities		27,772,597	22,942,904
Total equity and liabilities		27,365,849	22,886,407

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 REPORTING ENTITY

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

2 APPROVAL OF FINANCIAL STATEMENTS BY THE BOARD OF DIRECTORS

The interim condensed Financial Statements for the twelve months ended 31 December 2021 were authorised for issue by the Board of Directors on 09 February 2022.

3 BASIS OF PREPARATION

The interim condensed Financial Statements for the twelve months ended 31 December 2021 have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These interim condensed Financial Statements do not include all the information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2020. Further, the provisions of the Companies Act no.7 of 2007, the Regulation of the Insurance Industry Act No 43 of 2000 and Colombo Stock Exchange have been considered in preparing these interim condensed Financial Statements. The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2020 have been followed in preparing these interim condensed Financial Statements.

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

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

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

3.1 Fair value measurement and related fair value disclosures

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

4 AUDIT OF THE INTERIM CONDENCED FINANCIAL STATEMENTS

Figures in the interim condensed Financial Statements for the period ended 31 December 2021 are un-audited unless otherwise stated.

5 GROSS WRITTEN PREMIUM

For the year ended 31 December	2021	2020
	Rs. ' 000	Rs. ' 000
	Un-audited	Audited
First Year Premium	4,436,261	3,306,851
Renewal Premium	9,340,286	7,060,870
Group Life Premium	2,743,318	1,715,685
Single Premium	3,533,437	3,576,710
Total Gross Written Premium	20,053,302	15,660,116

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

6 TOTAL NET REVENUE

For the year ended 31 December	2021 Rs. ' 000 Un-audited	2020 Rs. ' 000 Audited
Net Earned Premium	18,195,507	13,787,500
Other Revenue	2,775,629	2,276,114
Total Net Revenue	20,971,136	16,063,614

7 PROFIT BEFORE TAXATION

For the year ended 31 December	2021 Rs. ' 000 Un-audited	2020 Rs. ' 000 Audited
Profit Before Taxation	2,965,674	2,130,347
Total	2,965,674	2,130,347

The Company transferred Rs.2,295 Mn from Non participating fund to shareholder fund as surplus transfer for the period ended 31st December 2021 (2020- 1,778.8 Mn). For the quarter ended 30 December 2021 - Rs. 727 Mn (2020 - 1,280 Mn)

8 INCOME TAX EXPENSE

The gains and profits from the Life Insurance Business are ascertained in terms of Section 67 of the Inland Revenue Act No. 24 of 2017. Accordingly, gains and profits on which tax is payable is the aggregate of;

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

Change in the income tax rate of a company from 28% to 24% has been approved and implemented to Act with effect from 1 January 2020. Accordingly, the income tax rate of 24% was applied for current tax and deferred tax computation and the Company reversed deferred tax assets of Rs.231.7 Mn for the period ended 31 December 2021.

For the year ended 31 December	2021 Rs. ' 000 Un-audited	2020 Rs. ' 000 Audited
Tax Recognised in Income Statement		
Taxable Income	2,621,271	2,174,514
Utilisation of Tax credit on Brought Forward Tax Losses	(2,621,271)	(2,174,514)
Income Tax Expense for the Period	-	-
Deferred Income Tax		
Reversal of Deferred Tax Asset on Utilisation of b/f Tax losses	(629,105)	(608,864)
Reversal of Deferred Tax Asset on change in applicable tax rate	(231,701)	-
Net Deferred Tax	(860,806)	(608,864)
Net Income Tax Expense	(860,806)	(608,864)

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

9 FINANCIAL INVESTMENTS

As at	Note	31.12.2021 Rs. ' 000 Un-audited	31.12.2020 Rs. ' 000 Audited
Amortised Cost (AC)	9.1	25,600,336	19,213,703
Fair Value through Other Comprehensive Income (FVOCI)	9.2	3,382,909	4,050,055
Fair Value Through Profit or Loss (FVTPL)	9.3	5,234,184	4,104,034
Total Financial Investments		34,217,429	27,367,792
9.1 Amortised Cost (AC)			
Treasury Bonds		2,308,100	2,350,518
Sri Lanka Development Bonds		3,418,242	2,796,206
International Sovereign Bonds		3,175,861	2,723,500
Bank Deposits	9.1.a	4,360,432	1,654,837
Commercial Papers	9.1.b	975,266	1,990,258
Securitized Papers		713,964	-
Quoted Debentures		7,456,162	5,442,447
Unquoted Debentures		301,554	-
Overnight -Reverse Repo		2,890,755	2,255,937
		25,600,336	19,213,703
9.1.a Bank Deposits			
Licensed Commercial Banks		2,213,248	1,020,069
Licensed Specialised Banks		1,096,982	634,768
Licensed Finance Companies		1,050,202	-
		4,360,432	1,654,837
9.1.b Commercial Papers			
First Capital Holdings PLC		363,386	337,295
Lanka Orix Leasing Company PLC		211,051	1,150,696
Softlogic Holding PLC		400,829	502,267
		975,266	1,990,258
9.2 Fair Value through Other Comprehensive Income (FVOCI)			
Equity Securities			
Quoted		1,923,408	2,182,609
Unquoted		270,256	281,428
Treasury Bonds		1,189,245	1,586,018
		3,382,909	4,050,055
9.3 Fair Value Through Profit or Loss (FVTPL)			
Equity Securities		346,607	-
Treasury Bonds		182,487	243,286
Treasury Bills		-	956,035
Unlisted Perpetual Debenture		765,303	515,381
Unit Trust		3,939,787	2,389,332
		5,234,184	4,104,034
10 INSURANCE CONTRACT LIABILITIES			
As at	Note	31.12.2021 Rs. ' 000 Un-audited	31.12.2020 Rs. ' 000 Audited
Insurance Contract Liabilities		19,909,709	15,784,544
Surplus Created due to Change in Valuation method from NPV to GPV	10.1 & 10.2	1,056,535	1,056,535
Claim Payables		612,447	642,626
		21,578,691	17,483,705

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

10.1 Transfer of One-off Surplus from Policyholder Fund to Shareholder Fund

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued a Direction No 16 on 20th March 2018 on “Guidelines/ Directions for Identification and Treatment of One-off Surplus” and has instructed all Life Insurance Companies to comply with the new direction. Based on the new guidelines Life Insurance Companies are directed to transfer One-off surplus attributable to Policyholder Non-Participating Fund to Shareholder Fund as at the reporting year ended 31st December 2017. The transfer has been presented as a separate line item in the Income Statement as “Change in contract liability due to transfer of One-off surplus” and as a separate reserve in the Statement of Financial Position as “Restricted Regulatory Reserve” under Equity in accordance with above Direction. As required by the said Direction, the Company received the approval for this transfer on 29th March 2018.

Further distribution of One-off Surplus to shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the IRCSL and can only be released as dividends upon receiving approval from the IRCSL. The One-off Surplus in the shareholder fund will remain invested in government debt securities and deposits as disclosed in Note 10.2 as per the directions of the IRCSL”.

One-off surplus in respect of participating business is held within the Participating Fund as part of the unallocated valuation surplus and may only be transferred to the Shareholder Fund by means of bonuses to policyholders in line with Section 38 of the “Regulation of Insurance Industry Act.

Movement of One-off Surplus After Transfer	Participating Fund	Non-Participating Fund	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000
Value of Insurance Contract Liability based on Independent Actuary-NPV as at 31st December 2015	3,866,780	2,472,575	6,339,355
Value of Insurance Contract Liability based on Independent Actuary-GPV as at 31st December 2015	2,810,245	1,674,571	4,484,816
Surplus Created due to Change in Valuation method from NPV to GPV- One off Surplus as at 1st January 2016	1,056,535	798,004	1,854,539
Transfer of One-off Surplus from long term fund to Restricted Regulatory Reserve.	-	(798,004)	(798,004)
Surplus created due to Change in Valuation Method - One-off Surplus as at 31st December 2021	1,056,535	-	1,056,535

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

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

Asset Category	ISIN No	As at 31 December 2021	
		Face Value Rs.	Market Value Rs. ' 000
Government Securities			
Treasury Bond	LKB03044A010	100,000,000	118,930
	LKB01534I155	50,000,000	45,622
	LKB01534I155	50,000,000	45,622
	LKB01534I155	50,000,000	45,622
	LKB01534I155	50,000,000	45,622
	LKB01528I017	100,000,000	104,365
	LKB01529E014	50,000,000	55,091
	LKB01529E014	50,000,000	55,091
	LKB01529E014	50,000,000	55,091
	LKB00322K152	200,000,000	197,275
Deposits			
National Savings Bank			100,018
Total Market Value of the Assets			868,349
Restricted Regulatory Reserve			798,004

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

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

For the quarter ended 31 December 2021 – Rs. 727 million (2020 - 1,280 million)

For the twelve months period ended 31 December 2021 - Rs. 2,295 million (2020 - Rs. 1,778.8 million)

The Financial Statements as at 31 December 2021 were reviewed and confirmed by Messrs. KPMG for surplus declaration purpose.

As at 31 December 2021	Participating Fund Rs. ' 000	Non- Participating Fund Rs. ' 000	Total Rs. ' 000
Insurance Contract Liabilities	7,648,574	12,261,135	19,909,709
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
Total Life Fund	8,705,109	12,261,135	20,966,244

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 as at 31 December 2021 was carried out and no additional provision is required.

11 CAPITAL COMMITMENTS AND CONTINGENCIES

11.1 Capital Commitments

The capital commitments approved and contracted as at the reporting date were Rs. 16.6 million.

11.2 Contingencies

The contingent liability of the Company as at 31 December 2021, relates to the followings;

Assessment in Respect of Value Added Tax (VAT)

1) The Company has been issued with VAT assessments by the Department of Inland Revenue for the taxable period 2010 and was determined by the Tax Appeal Commissions on 22nd August 2019. Out of total 11 assessments, 08 assessments were determined in 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 and 2016/17 amounting to Rs. 68.7 Million and Rs. 28.0 Million respectively in favor of the Commissioner General of Inland Revenue and the Company is in the process of hearing the appeals with Tax Appeals Commission.

3) The Company has been issued with assessments by the Department of Inland Revenue under the Value Added Tax Act, in relation to the Y/A 2017/18 and 2018/19 amounting to Rs.102.4 Million and Rs. 72.6 Million respectively. 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

11 CAPITAL COMMITMENTS AND CONTINGENCIES (Cont.)

11.2 Contingencies (Cont.)

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

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

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

Economic Service Charge (ESC)

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

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

Life Insurance Taxation

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

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

8) The Commissioner General of Inland Revenue issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2011/12, 2014/15, 2015/16 and 2016/17 amounting to Rs. 485.5 Million along with penalty, in favor of the Commissioner General of Inland Revenue and the Company is in the process of hearing the appeals with Tax Appeals Commission.

9) The Department of Inland Revenue has raised assessments on Softlogic Life Insurance PLC for the year of assessment 2017/18 assessing the life insurance business to pay an income tax liability of 327.8 Million along with penalty (before deducting the available Tax credits) and the Company has lodged a valid appeal against the said assessments. The Company is awaiting the CGIR determination.

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

12 EVENTS AFTER THE REPORTING PERIOD

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

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

13 SHARE INFORMATION

13.1 Net Assets Per Share

As at	31.12.2021	31.12.2020
Net Assets Per Share (Rs.)	28.24	26.50
Net Asset per Share (Rs.) - Excluding One-off Surplus	26.11	24.37

13.2 Market Price Per Share

For the quarter ended 31 December	2021 Rs	2020 Rs
Last traded price (Last trade date - 31st December 2021)	71.00	34.80
Highest traded price per share for the quarter	73.50	37.20
Lowest traded price per share for the quarter	29.50	29.00

14 STATED CAPITAL

As at	31.12.2021	31.12.2020
Stated Capital (Rs.' 000)	1,062,500	1,062,500
No of Ordinary Shares	375,000,000	375,000,000

15 BASIC & DILUTED EARNING PER SHARE (EPS)

	31.12.2021	31.12.2020
Profit attributable to Ordinary Shareholders (Rs. 000)	2,104,868	1,521,483
Weighted Average No of shares as at 31 December	375,000,000	375,000,000
Basic / Diluted Earning per share (Rs.)	5.61	4.06

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	31.12.2021	
	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 Pershing Llc S/A Averbach Grauson & Co.	3,282,079	0.88
5 Mr. J.H.M.L. Fernando	988,893	0.26
6 Mr. G.C Goonetilleke	979,765	0.26
7 Mr I.S.P Perera	911,826	0.24
8 Mr. A.P.P.M. Abeyrathne	893,034	0.24
9 Mr. W.A.A.T.M Jayawickrama	782,100	0.21
10 Commercial Bank of Ceylon PLC	750,000	0.20
11 Hatton National Bank PLC/Porage Don Thushantha Mahesh Kumara	687,156	0.18
12 Mrs. H.N.R Bharati	622,881	0.17
13 Miss.H.J.K.U Wijerame	605,000	0.16
14 Deutsche Bank AG- National Equity Fund	583,318	0.16
15 Mr. G.B.D Tilakarathne	558,077	0.15
16 Mr. D.H.J.P Chamith Kumara	542,102	0.14
17 Mrs. W.M.D.M.G Andradi	482,622	0.13
18 Mr. S. Vasudevan	451,300	0.12
19 Mr. V.S.P. Wickramesooriya	403,049	0.11
20 Mr. H.M.D.D. Arunakumara	400,493	0.11
	350,369,455	93.44
Others	24,630,545	6.56
Total	375,000,000	100.00

18 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 December 2021 was 10.23 % (31 December 2020 - 10.27 %) and a number of public shareholders as at 31 December 2021 was 2,795. (31 December 2020 -2,146).

Public Holding percentage - Ordinary Non-Voting Shares as at 31 December 2021 - Nil

Float Adjusted Market Capitalisation

Float Adjusted Market Capitalisation is Rs. 2,724,802,500/- as at 31st December 2021.

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

19 DIRECTORS' SHARE HOLDINGS

As at 31 December Name of The Director	2021	
	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 . Snyders - 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

20 RELATED PARTY DISCLOSURES

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

20.1 Transactions with Key Management Personnel of the Company or its parent

According to Sri Lanka Accounting Standard (LKAS) 24 Related Party Disclosure, Key Management Personnel (KMP) are those having authority and responsibility for planning, directing and controlling the activities of the entity. Accordingly, the Directors (including Executive and Non-Executive Directors) and their immediate family members have been classified as Key Management Personnel of the Company.

Immediate family member is defined as spouse or dependent. A dependent is defined as anyone who depends on the respective KMP for his/her financial needs.

For the year ended 31 December	2021	2020
	Rs.' 000	Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	501,305	602,547
Receiving of services	203,323	194,225
Expenses	-	666
Dividend Paid	484,991	-
Interest Income	54,788	77,323
Net Premiums	8,155	14,052
Insurance Premium Receivable	-	473
Transactions with Companies under Common Control		
Investments	690,043	699,562
Insurance Premium Receivable	-	119,955
Purchases of property plant & equipment	7,699	20,342
Dividend received	31,410	11,966
Expenses	157,896	76,336
Claims Paid	16,971	7,985
Net Premiums	209,967	263,606
Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)		
Net Premiums	-	2,121
Insurance premium receivable	-	2,121