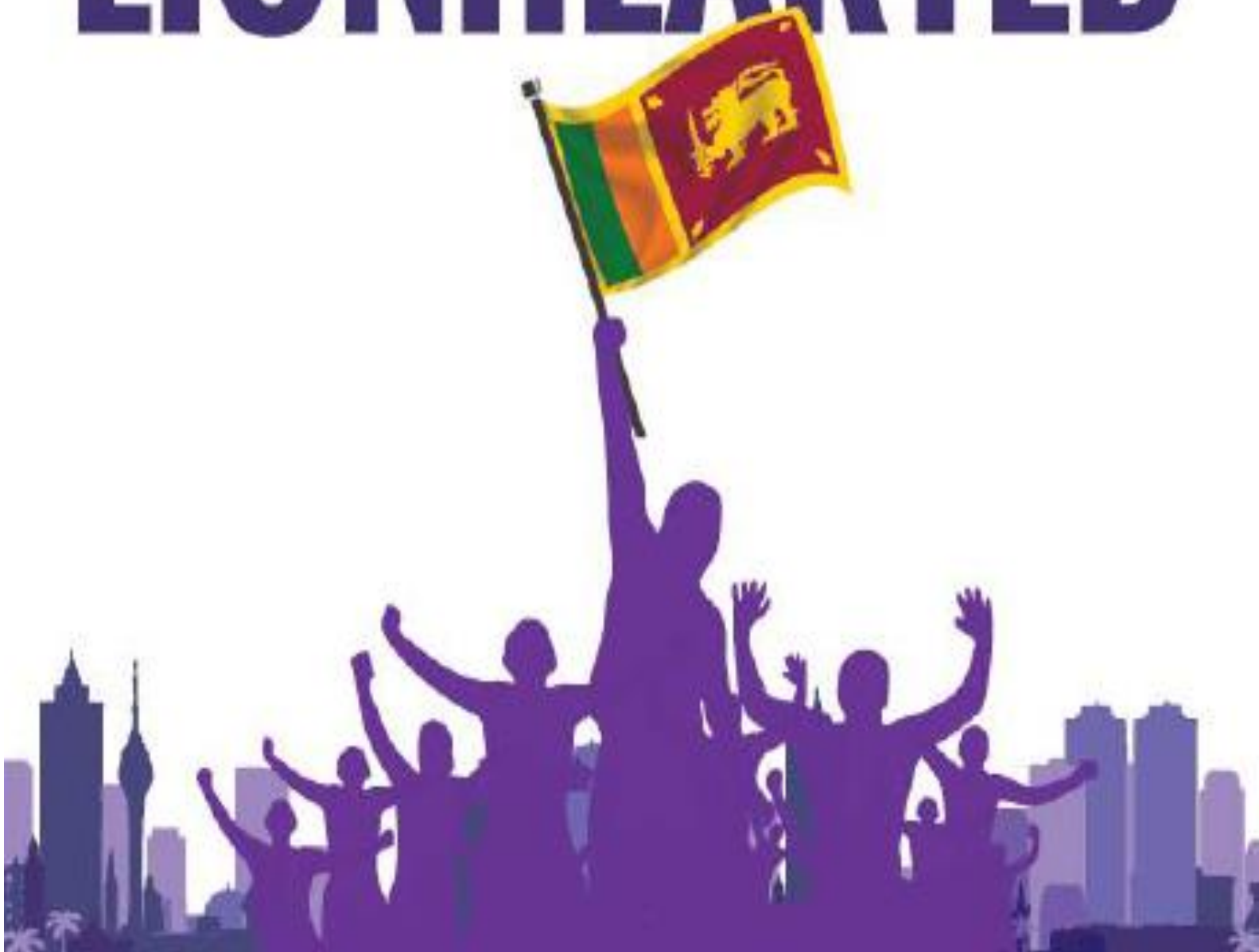




QUARTERLY FINANCIAL STATEMENTS - FOR THE PERIOD ENDED 31ST DECEMBER 2020
SOFTLOGIC LIFE INSURANCE PLC

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SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the year ended 31 December	Note	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited	Change %
Gross Written Premiums	5	15,660,116	12,531,283	25
Premiums Ceded to Reinsurers		(1,872,616)	(991,455)	89
Net Earned Premiums		13,787,500	11,539,828	19
Other Revenue				
Net Finance Income		1,634,453	1,218,776	34
Net Realised Gains		171,253	124,236	38
Net Fair Value Gains		464,044	231,597	100
Other Operating Income		6,364	9,505	(33)
Total Other Revenue		2,276,114	1,584,114	44
Total Net Revenue	6	16,063,614	13,123,942	22
Net Benefits, Claims and Expenses				
Net Insurance Benefits and Claims Paid		(3,545,807)	(2,885,729)	23
Net Change in Insurance Claims Outstanding		(20,990)	(110,383)	(81)
Change in Insurance Contracts Liabilities		(3,599,969)	(1,169,696)	208
Underwriting and Net Acquisition Cost (Net of Reinsurance)		(3,269,454)	(2,968,714)	10
Other Operating and Administration Expenses		(3,324,870)	(3,267,563)	2
Finance Cost		(172,177)	(118,299)	46
Total Benefits, Claims and Expenses		(13,933,267)	(10,520,384)	32
Profit Before Tax	7	2,130,347	2,603,558	(18)
Income Tax Expense	8	(608,864)	(430,715)	41
Profit for the Year		1,521,483	2,172,843	(30)
Profit Attributable To;				
Owners of the Company		1,521,483	2,172,843	
Non Controlling Interest		-	-	
		1,521,483	2,172,843	(30)
Earnings Per Share				
Basic Earnings Per Share (Rs.)	16	4.06	5.79	(30)
Diluted Earnings Per Share (Rs.)	16	4.06	5.79	(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 year ended 31 December	2020	2019	Change %
	Rs. ' 000 Un-audited	Rs. ' 000 Audited	
Profit for the Year	1,521,483	2,172,843	(30)
Other Comprehensive Income			
Items that will not be Reclassified to Income Statement			
Revaluation of Land and Buildings	-	44,272	
Remeasurement of Defined Benefit Asset / (Liability)	4,648	(17,084)	
Equity Investments in FVOCI - Net Change in Fair Value	(235,618)	(128,666)	
Equity Investments in FVOCI - Net Change in Fair Value - Life Fund	125,442	(195,536)	
Related Tax / Deferred Tax	-	-	
	(105,528)	(297,014)	(64)
Items that are or may be Reclassified Subsequently to Income Statement			
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income	31,221	14,509	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income - Life Fund	255,885	186,733	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income Reclassified to Income Statement	14,267	22,521	
Related Tax / Deferred Tax	-	-	
	301,373	223,763	35
Other Comprehensive Income/ (Loss), Net of Tax	195,845	(73,251)	(367)
Total Comprehensive Income for the Year, Net of Tax	1,717,328	2,099,592	(18)
Total Comprehensive Income Attributable To:			
Owners of the Company	1,717,328	2,099,592	
Non - Controlling Interests	-	-	
	1,717,328	2,099,592	(18)

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 31 December	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited	Change %
Gross Written Premiums	4,768,212	3,561,821	34
Premiums Ceded to Reinsurers	(476,438)	(286,798)	66
Net Earned Premiums	4,291,774	3,275,023	31
Other Revenue			
Net Finance Income	503,397	305,762	65
Net Realised Gains	22,862	24,602	(7)
Net Fair Value Gains	13,899	108,205	(87)
Other Operating Income	2,436	3,676	(34)
Total Other Revenue	542,594	442,245	23
Total Net Revenue	4,834,368	3,717,268	30
Net Benefits, Claims and Expenses			
Net Insurance Benefits and Claims Paid	(1,017,626)	(770,254)	32
Net Change in Insurance Claims Outstanding	(28,846)	(61,562)	(53)
Change in Insurance Contracts Liabilities	(593,346)	(706,699)	(16)
Underwriting and Net Acquisition Cost (Net of Reinsurance)	(839,749)	(825,738)	2
Other Operating and Administration Expenses	(973,652)	(880,379)	11
Finance Cost	(37,874)	(30,130)	26
Total Benefits, Claims and Expenses	(3,491,093)	(3,274,762)	7
Profit Before Tax	1,343,275	442,506	204
Income Tax Expense	(358,488)	171,673	(309)
Profit for the Period	984,787	614,179	60
Profit Attributable To;			
Owners of the Company	984,787	614,179	
Non Controlling Interest	-	-	
	984,787	614,179	60
Earnings Per Share			
Basic Earnings Per Share (Rs.)	2.63	1.64	60
Diluted Earnings Per Share (Rs.)	2.63	1.64	60

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

For the three months ended 31 December	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited	Change %
Profit for the Period	984,787	614,179	60
Other Comprehensive Income			
Items that will not be Reclassified to Income Statement			
Revaluation of Land and Buildings	-	44,272	
Remeasurement of Defined Benefit Asset / (Liability)	4648	(17,084)	
Equity Investments in FVOCI - Net Change in Fair Value	(111,078)	(45,844)	
Equity Investments in FVOCI - Net Change in Fair Value - Life Fund	221,163	(21,863)	
Related Tax / Deferred Tax	-	-	
	114,733	(40,519)	(383)
Items that are or may be Reclassified Subsequently to Income Statement			
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income	(2,629)	3,676	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income - Life Fund	(24,567)	50,249	
Net Change in Fair Value of Financial Investments at Fair Value Through Other Comprehensive Income Reclassified to Income Statement	3,529	4,498	
Related Tax / Deferred Tax	-	-	
	(23,667)	58,423	(141)
Other Comprehensive Income, Net of Tax	91,066	17,904	409
Total Comprehensive Income for the Period, Net of Tax	1,075,853	632,083	70
Total Comprehensive Income Attributable To:			
Owners of the Company	1,075,853	632,083	
Non - Controlling Interests	-	-	
	1,075,853	632,083	70

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	31.12.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
Assets			
Intangible Assets		404	444
Property, Plant and Equipment		660,928	675,468
Right of Use Asset		752,393	408,044
Deferred Tax Asset		1,621,904	2,230,768
Financial Investments	9	27,367,792	14,910,744
Loans to Life Policyholders		234,462	224,672
Reinsurance Receivables		323,288	188,131
Premium Receivables		856,281	743,549
Receivables and Other Assets		834,388	923,961
Cash and Cash Equivalents		554,362	377,093
Total Assets		33,206,202	20,682,874
Equity and Liabilities			
Equity			
Stated Capital		1,062,500	1,062,500
Retained Earnings		9,290,347	7,764,216
Restricted Regulatory Reserve		798,004	798,004
Other Reserves		(1,214,604)	(1,405,801)
Total Equity		9,936,247	8,218,919
Liabilities			
Insurance Contract Liabilities	10	17,483,705	10,377,102
Long Term Borrowings		2,852,245	-
Employee Benefits		182,332	151,027
Reinsurance Payables		636,060	428,557
Other Liabilities		1,890,223	1,330,998
Bank Overdraft		225,390	176,271
Total Liabilities		23,269,955	12,463,955
Total Equity and Liabilities		33,206,202	20,682,874
Net Asset per Share		26.50	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

12th February 2021

Sgd.

Director

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

	Stated Capital	Retained Earnings	Restricted Regulatory Reserve	Other Reserves		Total	
				Available for Sale Reserve	Fair Value Revaluation Reserve reserves		
	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 Year	-	2,172,843	-	-	-	-	2,172,843
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	14,509	-	14,509
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	186,733	-	186,733
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	22,521	-	22,521
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	(128,666)	-	(128,666)
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	(195,536)	-	(195,536)
Equity Investments in FVOCI - Reclassified to Retained Earnings	-	(102,444)	-	-	102,444	-	-
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	-	(119,528)	-	-	2,005	44,272	(73,251)
Total Comprehensive Income for the Period	1,062,500	2,053,315	-	-	2,005	44,272	2,099,592
Transaction With Owners of The Company							
Contribution and Distribution							
Interim Dividend - 2018	-	(543,750)	-	-	-	-	(543,750)
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 Year	-	1,521,483	-	-	-	-	1,521,483
Other Comprehensive Income for the Period							
FVOCI Financial Asset - Net Change in Fair Value	-	-	-	-	31,221	-	31,221
FVOCI Financial Asset - Net Change in Fair Value -Life Fund	-	-	-	-	255,885	-	255,885
FVOCI Financial Assets Reclassified to Income Statement	-	-	-	-	14,267	-	14,267
Equity Investments in FVOCI - Net Change in Fair Value	-	-	-	-	(235,618)	-	(235,618)
Equity Investments in FVOCI - Net Change in Fair Value -Life Fund	-	-	-	-	125,442	-	125,442
Gain on Remeasurement of Defined Benefit Liabilities	-	4,648	-	-	-	-	4,648
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

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the year ended 31 December	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
Cash Flows From Operating Activities		
Profit Before Taxation	2,130,347	2,603,558
Adjustments for :		
Depreciation of Property, Plant and Equipment	147,038	142,103
Amortisation of Intangible Assets	147	2,277
Depreciation of Right of Use of Assets	195,008	127,115
Interest Expenses on Lease Liabilities and other Borrowings	124,028	57,625
Provision for Employee Benefit Liabilities	40,834	32,709
Net Realised Gains	(171,253)	(124,236)
Net Fair Value Gains	(464,044)	(231,597)
Net Unrealised Gain on Foreign Currency Transactions	(25,088)	-
Net Amortisation of Financial Investments	(310,243)	(389,938)
Impairment Provision of Financial Investments	104,453	6,128
Profit Before Working Capital Changes	1,771,227	2,225,744
Change in Operating Assets	(707,464)	(592,076)
Change in Operating Liabilities	7,999,868	1,584,044
Cash Flows from Operating Activities	9,063,631	3,217,712
Gratuity paid	(4,881)	(6,170)
Net Cash Generated from Operating Activities	9,058,750	3,211,542
Cash Flows From Investing Activities		
Acquisition of Financial Securities	(28,726,008)	(10,872,562)
Consideration Received from Disposal of Investments	17,353,784	8,658,377
Net Acquisition of Property, Plant and Equipment	(132,499)	(154,240)
Net Acquisition of Intangible Assets	(106)	(632)
Net Cash (used in)/ Generated from Investing Activities	(11,504,829)	(2,369,057)
Cash Flows From Financing Activities		
Dividend Paid	-	(543,750)
Proceeds from Long Term Borrowings	2,772,300	-
Payment of Lease Liabilities	(198,071)	(108,761)
Net Cash (used in) / Generated from Financing Activities	2,574,229	(652,511)
Net Increase / (Decrease) in Cash and Cash Equivalents	C 128,150	189,974
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	328,972	200,822
Notes to the Cashflow Statement		
A. Change in Operating Assets		
Increase in Loans to Life Policyholders	(9,790)	(63,671)
Increase in Reinsurance Receivables	(135,157)	(33,329)
Increase in Premium Receivables	(112,732)	(236,115)
Increase in Receivables and Other Assets	(449,785)	(258,961)
	(707,464)	(592,076)
B. Change in Operating Liabilities		
Increase in Insurance Contract Liabilities	7,106,603	1,355,581
Increase in Reinsurance Payables	207,503	107,733
Increase in Other Liabilities	685,762	120,730
	7,999,868	1,584,044
C. Increase in Cash and Cash Equivalents		
Cash and Cash Equivalents	554,362	377,093
Bank overdrafts	(225,390)	(176,271)
Net Cash and Cash equivalents as at 31 December	328,972	200,822
Net Cash and Cash Equivalents as at the Beginning of the Period	200,822	10,848
Increase in Cash and Cash Equivalents	128,150	189,974

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

As at	Note	31.12.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
Assets			
Property, Plant and Equipment		258,544	266,000
Right of Use Asset		752,393	408,044
Financial Investments		19,308,100	10,328,503
Loans to Life Policyholders		234,462	224,672
Reinsurance Receivables		323,288	188,131
Premium Receivables		856,281	743,549
Receivables and Other Assets		717,616	688,969
Cash and Cash Equivalents		435,723	375,778
Total Assets		22,886,407	13,223,646
Equity and Liabilities			
Equity			
Other Reserves		(56,497)	(456,408)
Total Equity		(56,497)	(456,408)
Liabilities			
Insurance Contract Liabilities	10	17,483,705	10,377,102
Employee Benefits		182,332	151,027
Reinsurance Payables		636,060	428,557
Other Liabilities		4,415,417	2,547,097
Bank Overdraft		225,390	176,271
Total Liabilities		22,942,904	13,680,054
Total Equity and Liabilities		22,886,407	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 Twelve months ended 31 December 2020 were authorised for issue by the Board of Directors on 12th February 2021.

3 BASIS OF PREPARATION

The Condensed Quarterly Financial Statements for the Twelve months ended 31 December 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 Investments - FVTPL to FVOCI

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 1st 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.

Modification to the Discount Rate used for Valuation of Insurance Contract liabilities

Insurance contract liabilities are long term and risk-free rate has been used by insurance companies to value its insurance liabilities. In the current market deep end bonds are relatively low and due the policy rate cut yield curve of longer tenure bonds have been dropped by 300 bps. It was noted that limited number of outstanding terms for long-dated government bonds may provide only a few observable points from which to base the long-end of the yield curve. By considering these CA Sri Lanka has issued a guideline on 15 October 2020 clarifying application of SLFRS 4 by permitting insurance entities to make professional judgement considering current estimates and assumptions and time value of money when determining appropriate discount factor by considering the characteristics of insurance cash flows for valuation of insurance contract liabilities. Based on the guideline the Company has reassessed the discount rate used for valuation as at 31st December 2020.

In line with the above changes to the valuation of insurance contract liabilities, the Company has decided to change the existing business model of held to sell treasury bond portfolio of both participating fund and non-participating fund to held to collect business model at market value with effect from 31 December 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 31 December 2020 are un-audited unless otherwise stated.

5 GROSS WRITTEN PREMIUM

For the year ended 31 December	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
First Year Premium	3,306,851	3,304,143
Renewal Premium	7,060,870	6,226,789
Group Life Premium	1,715,685	1,483,213
Single Premium	3,576,710	1,517,138
Total Gross Written Premium	15,660,116	12,531,283

6 TOTAL NET REVENUE

For the year ended 31 December	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
Net Earned Premium	13,787,500	11,539,828
Other Revenue	2,276,114	1,584,114
Total Net Revenue	16,063,614	13,123,942

7 PROFIT BEFORE TAXATION

For the year ended 31 December	2020 Rs. ' 000 Un-audited	2019 Rs. ' 000 Audited
Profit Before Taxation	2,130,347	2,603,558
Total	2,130,347	2,603,558

The company transferred Rs.1,778.8 Mn from Non participating fund to shareholder fund as surplus transfer for the year ended 31st December 2020 (2019- 2,279 Mn)

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%)

Proposed Changes to the Inland Revenue Act No. 24 of 2017” dated February 12, 2020 issued by the Department of Inland Revenue, Income Tax rates of Corporates has been revised to 24% from 28%, pending formal amendments to be made to the Inland Revenue Act.

The Company is of the view that any expected change in the tax rate has to be virtually certain in order to consider as substantively enacted. Therefore the Company considered applicable tax rate for the company for the year ended 31 December 2020 is 28% (2019 - 28%).

For the year ended 31 December	2020	2019
	Rs. ' 000	Rs. ' 000
	Un-audited	Audited
Tax Recognised in Income Statement		
Taxable Income	2,174,514	1,538,268
Utilisation of Tax credit on Brought Forward Tax Losses	(2,174,514)	(1,538,268)
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	(608,864)	(430,715)
Net Deferred Tax	(608,864)	(430,715)
Net Income Tax Expense	(608,864)	(430,715)

9 FINANCIAL INVESTMENTS

As at	Note	31.12.2020	31.12.2019
		Rs. ' 000	Rs. ' 000
		Un-audited	Audited
Amortised Cost (AC)	9.1	19,213,703	6,569,590
Fair Value through Other Comprehensive Income (FVOCI)	9.2	4,050,055	3,644,795
Fair Value Through Profit or Loss (FVTPL)	9.3	4,104,034	4,696,359
Total Financial Investments		27,367,792	14,910,744

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

As at	Note	31.12.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
9.1 Amortised Cost (AC)			
Treasury Bonds		2,350,518	252,029
Sri Lanka Development Bonds		2,796,206	-
International Sovereign Bonds		2,723,500	-
Bank Deposits	9.1.a	1,654,837	445,123
Commercial Papers	9.1.b	1,990,258	1,098,987
Quoted Debentures		5,442,447	4,502,647
Overnight -Reverse Repo		2,255,937	270,804
		19,213,703	6,569,590
9.1.a Bank Deposits			
Licensed Commercial Banks		1,020,069	286,559
Licensed Specialised Banks		634,768	158,564
		1,654,837	445,123
9.1.b Commercial Papers			
First Capital Holdings PLC		337,295	342,131
Lanka Orix Leasing Company PLC		1,150,696	756,856
Softlogic Holding PLC		502,267	-
		1,990,258	1,098,987
9.2 Fair Value through Other Comprehensive Income (FVOCI)			
Equity Securities			
Quoted		2,182,609	1,569,656
Unquoted		281,428	303,506
Treasury Bonds		1,586,018	1,771,633
		4,050,055	3,644,795
9.3 Fair Value Through Profit or Loss (FVTPL)			
Equity Securities		-	475,837
Treasury Bonds		243,286	2,188,847
Treasury Bills		956,035	-
Unlisted Perpetual Debenture		515,381	-
Unit Trust		2,389,332	2,031,675
		4,104,034	4,696,359
10 INSURANCE CONTRACT LIABILITIES			
As at	Note	31.12.2020 Rs. ' 000 Un-audited	31.12.2019 Rs. ' 000 Audited
Insurance Contract Liabilities		15,784,544	8,682,545
Surplus Created due to Change in Valuation method from NPV to GPV	10.1 & 10.2	1,056,535	1,056,535
Claim Payables/Unclaimed Benefits		642,626	638,022
		17,483,705	10,377,102

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 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 31st December 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 31 December 2020

Asset Category	ISIN No	As at 31 Deember 2020	
		Face Value Rs.	Market Value Rs. ' 000
Government Securities			
Treasury Bond	LKB03044A010	100,000,000	162,498
	LKB01534I155	50,000,000	60,821
	LKB01534I155	50,000,000	60,821
	LKB01534I155	50,000,000	60,821
	LKB01534I155	50,000,000	60,821
Deposits			
National Savings Bank			103,877
Regional Development Bank			166,949
Regional Development Bank			58,222
People's Bank			104,168
Total Market Value of the Assets			838,998
Restricted Regulatory Reserve			798,004

10.3

Valuation of Life Insurance Fund -(Zeroed Basis of Negative Liabilities- Product Level) as at 31 December 2020

The valuation of life insurance fund as at 31 December 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 of Rs. 498.8 Mn for the quarter ended 31 March 2020 and Rs.1,280 Mn for the quarter ended 31 December 2020 (For the year ended 31 December 2019 – 2,279 Mn). The financial statements as at 31 December 2020 were audited by Messrs. KPMG for surplus declaration purpose.

As at 31st December 2020	Participating Fund	Non- Participating Fund	Total
	Rs. ' 000	Rs. ' 000	Rs. ' 000
Insurance Contract Liabilities	6,529,867	9,254,677	15,784,544
Surplus Created due to Change in Valuation method from NPV to GPV	1,056,535	-	1,056,535
Total Life Fund	7,586,402	9,254,677	16,841,079

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 2020 was carried out and no additional provision is required.

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. 3.3 million.

11.2 Contingencies

The Contingent Liability of the Company as at 31 December 2020, relates to the followings;

Assessment in Respect of Value Added Tax (VAT)

1) The Company has been issued with VAT assessments by the Department of Inland Revenue for the taxable period 2010 and was determined by the Tax Appeal Commissions on 22nd August 2019. Out of total 11 assessments, 08 assessments were determined in favour of Commissioner General of Inland Revenue amounting to Rs. 46.5 Million including the penalty and 03 assessments were determined in favour of Softlogic Life Insurance PLC amounting to Rs. 24.8 Million including the penalty.

The Company transmitted the case to the Court of Appeal being dissatisfied with the determination which determined in favor of the Commissioner General of Inland Revenue and case is stated for the opinion of the Honourable Court of Appeal. The Total tax exposure of this appeal is Rs. 46.5 million including the penalty.

The Commissioner General of Inland Revenue, transmitted the case to the Court of Appeal being dissatisfied with the determination which determined in favor of Softlogic Life Insurance PLC and case is stated for the opinion of the Honourable Court of Appeal. The Total tax exposure of this appeal is Rs. 24.8 million including the penalty.

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. 679,000/- , in favor of the Softlogic Life Insurance PLC and The Commissioner General of Inland Revenue has transmitted this case to the Court of Appeal being dissatisfied with the said determination of Tax Appeals Commission and case is stated for the opinion of the Honourable Court of Appeal. The Company is awaiting the hearing from the Court of appeal.

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 Honourable 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 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	31.12.2020	31.12.2019
Net Assets Per Share (Rs.)	26.50	21.92
Net Asset per Share (Rs.) - Excluding One-off Surplus	24.37	19.79

14.2 Market Price Per Share

For the quarter ended 31 December	2020 Rs	2019 Rs
Last traded price (Last trade date - 31st December 2020)	34.80	37.50
Highest traded price per share for the quarter	37.20	42.80
Lowest traded price per share for the quarter	29.00	37.00

15 STATED CAPITAL

As at	31.12.2020	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)

	31.12.2020	31.12.2019
Profit attributable to Ordinary Shareholders (Rs. 000)	1,521,483	2,172,843
Weighted Average No of shares as at 31 December	375,000,000	375,000,000
Basic / Diluted Earning per share (Rs.)	4.06	5.79

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

17 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	31.12.2020	
	No. of Shares	%
1 Softlogic Capital PLC	193,820,760	51.69
2 Milford Ceylon (pvt) Ltd	71,250,000	19.00
3 Dalvik Inclusion Private Limited	71,250,000	19.00
4 Sampath Bank PLC / Dr. T . Senthilverl	5,000,000	1.33
5 Pershing Llc S/A Averbach Grauson & Co.	3,282,079	0.88
6 J.B Cocoshell (Pvt) Ltd	2,017,217	0.54
7 Seylan Bank PLC / ARRC Capital (Pvt) Ltd	2,000,000	0.53
8 People's leasing & Finance PLC / B.S.Navarathna	1,000,000	0.27
9 Seylan Bank PLC / Andaradeniya estate (Pvt) Ltd	1,000,000	0.27
10 Mr. Goonetilleke Gajath Chrysantha	964,765	0.26
11 Mr. Madanayake Nirmal Anrudha	955,138	0.25
12 Mr. Ananda Rajapaksha Rathnayaka Sarath	861,255	0.23
13 Amaliya Private Limited	805,902	0.21
14 Seylan Bank PLC/ W.D.N.H.Perera	600,000	0.16
15 Sanasa General Insurance Company Ltd	600,000	0.16
16 Deutsche Bank AG- National equity fund	583,318	0.16
17 Mr. De mel ashantha lakdasa francis	571,606	0.15
18 Phoenix ventures Private limited	560,000	0.15
19 Perera and sons bakers Pvt limited	520,000	0.14
20 Mr Perera Illangage Shantha Prasad	339,000	0.09
	357,981,040	95.47
Others	17,018,960	4.53
Total	375,000,000	100.00

18 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 December 2020 was 10.27 %(31 December 2019 - 10.27 %) and a number of public shareholders as at 31 December 2020 was 2,146. (31 December 2019 - 1,336) .

Float Adjusted Market Capitalisation

As at 31st December 2020 the Float Adjusted Market Capitalisation is Rs. 1,340,235,000/-

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 31 December 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 Twelve months ended 31 December	2020	2019
	Rs.' 000	Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	602,547	100,477
Receiving of services	194,225	103,199
Expenses	666	28,989
Dividend Paid	-	270,127
Claims Paid	-	2
Interest Income	77,323	-
Net Premiums	14,052	6,336
Insurance Premium Receivable	473	280
Transactions with Companies under Common Control		
Investments	699,562	399,904
Insurance Premium Receivable	119,955	64,820
Purchases of property plant & equipment	20,342	26,681
Dividend received	11,966	11,646
Expenses	76,336	121,091
Claims Paid	7,985	5,792
Net Premiums	263,606	133,386
Transactions with other Related Entities		
Investments	-	-
Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)		
Professional Charges	-	656
Net Premiums	2,121	4,606
Insurance premium receivable	2,121	2,650