

futuring



SOFTLOGIC LIFE INSURANCE PLC

INTERIM FINANCIAL STATEMENTS - FOR THE YEAR ENDED 31ST DECEMBER 2022

Softlogic Life's FY22 results grows to LKR 23 Bn GWP amidst tough macroeconomic challenges

- Top-line growth of 15%
- PAT amounted to Rs. 2.7 Bn, an increase of 27% with ROE of 25%, Recurring EPS 12.85
- PBT stands at Rs. 4 Bn
- Ranked as the second-largest in the life insurance market
- Company paid claims of Rs. 8.3 Bn

February 6th, 2023: Softlogic Life recorded a superior full year performance in a crisis-affected business landscape, posting Gross Written Premium (GWP) of Rs. 23,083 million for the year ended 31 December 2022 with an increase in top-line growth of 15% compared to the corresponding period of last year. The Company has stood firmly with its policyholders in the face of the tough macroeconomic conditions, paying claims of Rs 8,264 million for the period.

During the period in review, Softlogic Life's market share is at 16.87%, in comparison to 16.08% as of 31 December 2021. The market share increase continues to rank Softlogic Life as the second-largest in the life insurance market, overtaking much older players to establish strong growth momentum. Compared to the estimated Industry GWP growth, which was 9.6% during 2022, Softlogic Life recorded GWP growth of 15%.

The company reported a 10-year Compound Annual Growth Rate (CAGR) of 28% of GWP, while the industry 10-year GWP CAGR growth was at 14%. Softlogic Life also notes that its contribution to increasing insurance penetration in the country has increased during the period in review with 133,872 policies issued, insuring more than 1.5 million Sri Lankan lives.

Profit after tax (PAT) for the period in review rose to Rs. 2,683 million, an increase of 27% YoY. Profit before tax (PBT) grew by 36% compared to last year at growth of Rs. 1,065 million. The company's

operating expense ratio remained at 22% irrespective of the inflation hike during 2022 as a result of prudent and efficient expense management initiatives adopted. Furthermore, Softlogic Life maintained a healthy Capital Adequacy Ratio (CAR) of 287%, well above the regulatory CAR requirement of 120%.

The company recorded impressive Return on Equity of 25% and Earnings per share of LKR 7.15 after providing one off provision for impairment. Recurring Earning per share for the year 2022 increased to LKR 12.85 from LKR 5.61 per share.

Commenting on the financial performance of the Company, Ashok Pathirage, Chairman of Softlogic Life Insurance PLC, stated, "Despite numerous challenges in a tough business landscape, we have performed well to maintain our position as the second-largest life insurance company in Sri Lanka, growing our market share further to 16.87% by the end of 2022. These accomplishments were facilitated by the strategies we deployed and the strong execution of those strategies that have enabled the Company to sustain momentum in spite of the prevailing macro challenges."

Since its inception, Softlogic Life has been striving to improve the quality of life of Sri Lankans through relevant disruptive innovations and digitalization. Industry-first innovations such as one-day automated claims settlement, hospitalization claim settlement, 100% digitalized sales



Chairman
Softlogic Life Insurance PLC
Ashok Pathirage



Managing Director
Softlogic Life Insurance PLC
Iftikar Ahamed

platform, automatic policy issuance and mobile based micro products has helped the company to deliver a superior customer experience, which has been instrumental in enhancing its competitive position. Furthermore, the company's wins at prestigious financial award ceremonies such as CA Annual Report Awards / TAGS Awards, CMA Integrated Reporting Awards portrays the company's firm commitment to adhere to the highest standards in Transparency in financial reporting at all times beyond regulatory requirement. In 2022 Softlogic Life took home the Silver Award for Overall Excellence in Annual Financial Reporting for the second consecutive year, surpassing giant Sri Lankan conglomerates who have dominated top positions for years. The company has been honored with "Brand of The Year" two times at Effie Awards in 2019 & 2021 and received numerous Gold Awards at SLIM Brand Excellence Awards & SLIM Digi Awards.

While applauding their expertise in disruptive technologies and smart innovations, which has paved a path for state-of-the-art life insurance solutions for Sri Lankans, these industry awards commend the outstanding brand excellence and resilience Softlogic Life has displayed during a challenging year, ensuring consistency and true commitment for their policyholders countrywide amidst tough social and economic conditions.

Iftikar Ahamed, Managing Director of Softlogic Life

Insurance PLC, commented, "For the nation as well as the Company, this financial year has been a tough one. However, coupled with the execution of forward-looking business strategies and impressive customer-centric innovations, Softlogic Life has been able to withstand the challenges and deliver exceptional results in this adverse operating environment. We have seen renewal premium collection exceeding budget which is a phenomenal achievement in the current conditions whilst the combined first year and renewal premium already make our Company the market leader. Our unwavering focus on providing our customers protection benefits, the main stay being health covers, have made us the Insurer of choice for both Personal and Group business as well. We have come through an exceptional 10 year journey and are within sight of the pinnacle of the industry whilst delivering exceptional value to all our stakeholders. We look to the future as a team that has surmounted the unthinkable and come off with flying colours."

Softlogic Life Insurance PLC is a subsidiary of Softlogic Capital PLC and is part of the Softlogic Group, which is recognised as one of Sri Lanka's most diversified and fastest-growing conglomerates with interests in Healthcare, Retail, ICT, Leisure, Automobiles and Financial Services. Significant stakeholders in the company include global investors Leapfrog Investments.

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the year ended 31 December	Note	2022 Rs. ' 000 Un-audited	2021 Rs. ' 000 Audited	Change %
Gross written premiums	5	23,083,425	20,053,302	15
Premiums ceded to reinsurers		(2,678,803)	(1,857,795)	44
Net written premiums		20,404,622	18,195,507	12
Other revenue				
Net finance income		4,991,145	2,355,097	112
Net realised gains		169,908	392,206	(57)
Net fair value losses		(51,101)	7,560	(776)
Other operating income		10,239	20,766	(51)
Total other revenue		5,120,191	2,775,629	84
Total net revenue	6	25,524,813	20,971,136	22
Net benefits, claims and expenses				
Net insurance benefits and claims paid		(8,264,286)	(5,965,164)	39
Net change in insurance claims outstanding		(129,299)	63,096	(305)
Change in insurance contracts liabilities		(3,717,074)	(4,143,426)	(10)
Underwriting and net acquisition cost (Net of reinsurance)		(4,955,888)	(4,050,033)	22
Other operating and administration expenses		(4,356,879)	(3,763,906)	16
Impairment (provision) / reversal on financial investments		(2,138,790)	37,540	5,797
Finance (cost) / gains	7	2,067,787	(183,569)	(1,226)
Total benefits, claims and expenses		(21,494,429)	(18,005,462)	19
Profit before tax	8	4,030,384	2,965,674	36
Income tax expenses	9	(1,347,508)	(860,806)	57
Profit for the period		2,682,876	2,104,868	27
Profit attributable to;				
Owners of the Company		2,682,876	2,104,868	27
Non controlling interest		-	-	
		2,682,876	2,104,868	27
Earnings per share				
Basic earnings per share (Rs.)	17	7.15	5.61	27
Diluted earnings per share (Rs.)	17	7.15	5.61	27

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	2022 Rs. ' 000 Un-audited	2021 Rs. ' 000 Audited	Change %
Profit for the period	2,682,876	2,104,868	27
Other comprehensive income			
Items that will not be reclassified to income statement			
Equity investments at FVOCI - net change in fair value	(561,451)	(127,603)	
Equity investments at FVOCI - net change in fair value - Life fund	(275,695)	(27,637)	
Re-measurement gains / (losses) on defined benefit liabilities	26,215	(10,102)	
Revaluation of Land and Building	-	37,025	
Related tax / deferred tax	-	-	
	(810,931)	(128,317)	532
Items that are or may be reclassified subsequently to income statement			
Debt investments at FVOCI - net change in fair value	(51,689)	(43,380)	
Debt investments at FVOCI - net change in fair value - Life fund	(486,579)	(348,601)	
Debt investments at FVOCI - reclassified to income statement	817	5,113	
Related tax / deferred tax	-	-	
	(537,451)	(386,868)	39
Total other comprehensive income for the period, net of tax	(1,348,382)	(515,185)	162
Total comprehensive income for the period, net of tax	1,334,494	1,589,683	(16)
Total comprehensive income attributable to:			
Owners of the Company	1,334,494	1,589,683	
Non - controlling interests	-	-	
	1,334,494	1,589,683	(16)

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

SOFTLOGIC LIFE INSURANCE PLC
INCOME STATEMENT

For the three months ended 31 December	2022 Rs. ' 000 Un-audited	2021 Rs. ' 000 Audited	Change %
Gross written premiums	6,407,945	5,720,538	12
Premiums ceded to reinsurers	(770,285)	(491,519)	57
Net earned premiums	5,637,660	5,229,019	8
Other revenue			
Net finance income	1,603,285	660,125	143
Net realised gains	117,762	123,272	100
Net fair value losses	23,977	17,306	39
Other operating income	689	3,305	(79)
Total other revenue	1,745,713	804,008	117
Total net revenue	7,383,373	6,033,027	22
Net benefits, claims and expenses			
Net insurance benefits and claims paid	(2,488,428)	(1,915,434)	30
Net change in insurance claims outstanding	(117,851)	49,757	(337)
Change in insurance contracts liabilities	(254,431)	(1,097,777)	(77)
Underwriting and net acquisition cost (Net of reinsurance)	(1,152,640)	(969,275)	19
Other operating and administration expenses	(1,275,665)	(1,138,454)	12
Impairment (provision)/Reversal on financial investments	(589,582)	25,032	(2,455)
Finance cost	(228,725)	(94,335)	142
Total benefits, claims and expenses	(6,107,322)	(5,140,486)	19
Profit before tax	1,276,051	892,541	43
Income tax expenses	(547,994)	(198,570)	176
Profit for the period	728,057	693,971	5
Profit attributable to;			
Owners of the Company	728,057	693,971	5
Non controlling interest	-	-	
	728,057	693,971	5
Earnings per share			
Basic earnings per share (Rs.)	1.94	1.85	5
Diluted earnings per share (Rs.)	1.94	1.85	5

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	2022 Rs. ' 000 Un-audited	2021 Rs. ' 000 Audited	Change %
Profit for the Period	728,057	693,971	5
Other comprehensive income			
Items that will not be reclassified to income statement			
Equity investments at FVOCI - net change in fair value	(159,617)	(106,438)	
Equity investments at FVOCI - net change in fair value - life fund	(37,126)	46,561	
Re-measurement gains / (losses) on defined benefit liabilities	26,215	(10,102)	
Revaluation of Land and Buildings	-	37,025	
Related tax / deferred tax	-	-	
	(170,528)	(32,954)	417
Items that are or may be reclassified subsequently to income statement			
Debt investments at FVOCI - net change in fair value	(7,233)	(15,510)	
Debt investments at FVOCI - net change in fair value - life fund	(37,829)	(114,434)	
Debt investments at FVOCI - reclassified to income statement	216	339	
Related tax / deferred tax	-	-	
	(44,846)	(129,605)	(65)
Total other comprehensive income for the period, net of tax	(215,374)	(162,559)	32
Total comprehensive income for the period, net of tax	512,683	531,412	(4)
Total comprehensive income attributable to:			
Owners of the Company	512,683	531,412	
Non - controlling interests	-	-	
	512,683	531,412	(4)

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

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF FINANCIAL POSITION

As at	Note	31.12.2022 Rs. ' 000 Un-audited	31.12.2021 Rs. ' 000 Audited
Assets			
Intangible assets		2,566	1,356
Property, plant and equipment		579,357	617,745
Right of use assets		556,915	616,417
Deferred tax assets		-	675,164
Financial investments	10	42,599,855	34,217,429
Loans to life policyholders		265,060	224,198
Reinsurance receivables		568,379	231,587
Premium receivables		1,763,388	983,657
Receivables and other assets		1,172,879	993,325
Cash and cash equivalents		739,944	696,920
Total assets		48,248,343	39,257,798
Equity and liabilities			
Equity			
Stated capital		1,062,500	1,062,500
Retained earnings		12,112,675	10,453,584
Restricted regulatory reserve		798,004	798,004
Other reserves		(3,100,255)	(1,725,658)
Total equity		10,872,924	10,588,430
Liabilities			
Insurance contract liabilities	11	25,338,502	21,492,757
Employee benefit liabilities		208,959	192,629
Loans and borrowings		5,643,918	3,064,994
Reinsurance payables		2,246,237	1,040,255
Other liabilities		3,629,485	2,588,183
Bank overdraft		308,318	290,550
Total liabilities		37,375,419	28,669,368
Total equity and liabilities		48,248,343	39,257,798
Net asset per share (Rs.)		28.99	28.24

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

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

Sgd.

Nuwan Withanage
Chief Financial Officer

The Board of Directors is responsible for the preparation and presentation of these Financial Statements.
Approved and signed for and on behalf of the Board.

Sgd.

Ashok Pathirage
Chairman

Sgd.

Iftikar Ahamed
Managing Director

Colombo
06th February 2023

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CHANGES IN EQUITY

	Stated capital	Retained earnings	Restricted regulatory reserve	Otherreserve		Total
	Fair value reserve	Revaluation reserves				
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
Balance as at 01 January 2021	1,062,500	9,290,347	798,004	(1,307,312)	92,708	9,936,247
Profit for the period	-	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 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 transactions 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
Profit for the period	-	2,682,876	-	-	-	2,682,876
Other comprehensive income for the period						
Equity investments at FVOCI - net change in fair value	-	-	-	(561,451)	-	(561,451)
Equity investments at FVOCI - net change in fair value - Life fund	-	-	-	(275,695)	-	(275,695)
Debt investments at FVOCI - net change in fair value	-	-	-	(51,689)	-	(51,689)
Debt investments at FVOCI - net change in fair value - Life fund	-	-	-	(486,579)	-	(486,579)
Debt investments at FVOCI - reclassified to income statement	-	-	-	817	-	817
Re-measurement gain on defined benefit liabilities	-	26,215	-	-	-	26,215
Total other comprehensive income, net of tax	-	26,215	-	(1,374,597)	-	(1,348,382)
Total comprehensive income for the period	-	2,709,091	-	(1,374,597)	-	1,334,494
Transaction with owners of the Company						
Contribution and distribution						
Interim Dividend- 2021	-	(1,050,000)	-	-	-	(1,050,000)
Total transaction with owners of the Company	-	(1,050,000)	-	-	-	(1,050,000)
Balance as at 31 December 2022	1,062,500	12,112,675	798,004	(3,229,988)	129,733	10,872,924

SOFTLOGIC LIFE INSURANCE PLC
STATEMENT OF CASH FLOWS

For the year ended 31 December	2022	2021
	Rs. ' 000	Rs. ' 000
	Un-audited	Audited
Cash flows from operating activities		
Profit before taxation	4,030,384	2,965,674
Adjustments for :		
Depreciation of property, plant and equipment	132,866	137,928
Amortisation of intangible assets	590	248
Depreciation of right of use asset	288,857	245,827
Interest expenses on lease liabilities and loans and borrowings	552,775	292,964
Provision for employee benefit liabilities	50,713	40,744
Gain on sale of property, plant and equipment	(2,265)	(12,161)
Net realised gains	(169,908)	(392,206)
Net fair value losses / (Gains)	51,101	(7,560)
Net unrealised (gain) on foreign currency transactions	(2,721,540)	(180,388)
Net amortisation of financial investments	(2,463,162)	(837,057)
Provision / (reversal) for impairment losses on financial investments	2,138,822	(37,540)
	1,889,233	2,216,473
Change in operating assets		
Decrease in loans to life policyholders	(40,862)	10,264
Increase in reinsurance receivables	(336,792)	91,701
(Increase) / Decrease in premium receivables	(779,731)	(127,376)
Increase in receivables and other assets	(179,554)	(269,420)
	(1,336,939)	(294,831)
Change in operating liabilities		
Increase in insurance contract liabilities	3,845,745	4,009,052
Increase in reinsurance payables	1,205,982	404,195
Increase / (Decrease) in other liabilities	(69,033)	919,860
	4,982,694	5,333,107
Net cash generated from operations	5,534,988	7,254,749
Gratuity paid	(8,170)	(40,549)
Interest Paid	(441,940)	(230,388)
Net cash generated from operating activities	5,084,878	6,983,812
Cash flows from investing activities		
Acquisition of investment securities	(44,374,187)	(32,522,481)
Proceeds from sale of investment securities	40,811,603	26,847,462
Acquisition of property, plant and equipment	(94,488)	(58,041)
Proceeds from the sale of property, plant and equipment	283	12,482
Acquisition of intangible assets	(1,800)	(1,200)
Net cash flows used in investing activities	(3,658,589)	(5,721,778)
Cash flows from financing activities		
Dividend paid to equity holders	(1,050,000)	(937,500)
Payment of lease liabilities	(351,033)	(247,136)
Net cash used in financing activities	(1,401,033)	(1,184,636)
Net increase / (Decrease) in cash and cash equivalents	25,256	77,398
Net cash and cash equivalents as at 1 January	406,370	328,972
Net cash and cash equivalents as at 31 December	431,626	406,370
Analysis of cash and cash equivalents		
Cash in hand and at bank	739,944	696,920
Bank overdrafts	(308,318)	(290,550)
Total cash and cash equivalents as at 31 December	431,626	406,370

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

As at	Note	31.12.2022 Rs. ' 000 Un-audited	31.12.2021 Rs. ' 000 Audited
Assets			
Property, plant and equipment		277,674	288,132
Right of use assets		539,478	592,229
Financial investments		30,249,842	23,508,035
Loans to life policyholders		265,061	224,198
Reinsurance receivables		568,380	231,587
Premium receivables		1,763,388	983,657
Receivables and other assets		1,000,611	843,125
Cash and cash equivalents		734,634	694,886
Total assets		35,399,068	27,365,849
Equity and liabilities			
Equity			
Other reserves		(1,141,990)	(406,748)
Total equity		(1,141,990)	(406,748)
Liabilities			
Insurance contract liabilities	11	25,338,502	21,492,757
Employee benefit liabilities		208,959	192,629
Reinsurance payables		2,246,237	1,040,255
Other liabilities		8,439,042	4,756,406
Bank overdraft		308,318	290,550
Total liabilities		36,541,058	27,772,597
Total equity and liabilities		35,399,068	27,365,849

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 REPORTING ENTITY

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

2 APPROVAL OF FINANCIAL STATEMENTS BY THE BOARD OF DIRECTORS

The interim condensed Financial Statements for the year ended 31 December 2022 were authorised for issue by the Board of Directors on 06th February 2023.

3 BASIS OF PREPARATION

The interim condensed Financial Statements for the year ended 31 December 2022 have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These interim condensed Financial Statements do not include all the information and disclosures required in the Annual Financial Statements, and should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2021. Further, the provisions of the Companies Act no.7 of 2007, the Regulation of the Insurance Industry Act No 43 of 2000 and Colombo Stock Exchange have been considered in preparing these interim condensed Financial Statements. The same Accounting Policies and methods of computation as stated in the Annual Financial Statements - 2021 have been followed in preparing these interim condensed Financial Statements.

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

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

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

4 Fair value measurement and related fair value disclosures

During the period there were no transfers between Level 1 and Level 2 and no transfers into or out of Level 3 categories as per the fair value hierarchy. The fair value changes on financial instruments in Level 3 category was properly recorded in the statement of other comprehensive income. As at the reporting date, fair value would not significantly change if one or more of the inputs of financial assets classified at level 3 were changed.

5 GROSS WRITTEN PREMIUM

For the year ended 31 December	2022	2021
	Rs. ' 000	Rs. ' 000
	Un-audited	Audited
First Year Premium	5,226,525	4,436,261
Renewal Premium	11,334,841	9,340,286
Group Life Premium	4,755,029	2,743,318
Single Premium	1,767,030	3,533,437
Total Gross Written Premium	23,083,425	20,053,302

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

6 TOTAL NET REVENUE

For the year ended 31 December	2022 Rs. ' 000 Un-audited	2021 Rs. ' 000 Audited
Net written premiums	20,404,622	18,195,507
Other Revenue	5,120,191	2,775,629
Total Net Revenue	25,524,813	20,971,136

7 FINANCE COST

For the year ended 31 December	2022 Rs. ' 000 Un-audited	2021 Rs. ' 000 Audited
Interest expenses on lease liabilities and loans and borrowings	(552,775)	(292,964)
Net exchange gains / (losses)	2,721,540	180,388
Other fees & charges	(100,978)	(70,993)
Total Finance (Cost) / Gains	2,067,787	(183,569)

8 PROFIT BEFORE TAXATION

For the year ended 31 December	2022 Rs. ' 000 Un-audited	2021 Rs. ' 000 Audited
Profit Before Taxation	4,030,384	2,965,674
Total	4,030,384	2,965,674

The Company transferred Rs.4,378 Mn from Non participating fund to shareholder fund as surplus transfer for the period ended 31 December 2022(2021- 2,295 Mn). For the quarter ended 31 December 2022 - 1,545 (2021 - 727Mn).

9 INCOME TAX EXPENSE

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

Taxable Income Source	Applicable Tax Rate
Surplus distributed to shareholders from the Life Insurance policyholders fund as certified by the actuary	24% (w.e.f 1/10/2022 - 30%)
Investment income of the shareholder fund less any expenses incurred in the production of such income	24% (w.e.f 1/10/2022 - 30%)
Surplus distributed to a Life insurance policyholder who shares the profits of a person engaged in the business of life insurance	24% (w.e.f 1/10/2022 - 30%)

According to Inland revenue (Amendment) Act No 45 of 2022 the Company has changed its tax rates to 30% with effective from 1 October 2022.

For the year ended 31 December	2022 Rs. ' 000 Un-audited	2021 Rs. ' 000 Audited
Current tax expenses	1,347,508	860,806
Total	1,347,508	860,806

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

10 FINANCIAL INVESTMENTS

As at	Note	31.12.2022 Rs. ' 000 Un-audited	31.12.2021 Rs. ' 000 Audited
Amortised Cost (AC)	10.1	37,065,567	25,600,336
Fair Value through Other Comprehensive Income (FVOCI)	10.2	2,082,779	3,382,909
Fair Value Through Profit or Loss (FVTPL)	10.3	3,451,509	5,234,184
Total Financial Investments		42,599,855	34,217,429
10.1 Amortised Cost (AC)			
Treasury Bonds		12,980,040	2,308,100
Treasury Bills		1,099,884	-
Sri Lanka Development Bonds		6,221,129	3,418,242
International Sovereign Bonds		4,830,774	3,175,861
Bank Deposits		522,007	4,360,432
Commercial Papers		2,368,757	975,266
Securitized Papers		790,246	713,964
Quoted Debentures		7,070,479	7,456,162
Unquoted Debentures		301,333	301,554
Reverse Repo		880,918	2,890,755
		37,065,567	25,600,336
10.2 Fair Value through Other Comprehensive Income (FVOCI)			
Equity Securities			
Quoted		1,171,337	1,923,408
Unquoted		265,734	270,256
Treasury Bonds		645,708	1,189,245
		2,082,779	3,382,909
10.3 Fair Value Through Profit or Loss (FVTPL)			
Equity Securities		-	346,607
Treasury Bonds		90,974	182,487
Unlisted Perpetual Debenture		782,067	765,303
Unit Trust		2,578,400	3,939,787
Derivative Asset		68	-
		3,451,509	5,234,184
11 INSURANCE CONTRACT LIABILITIES			
As at	Note	31.12.2022 Rs. ' 000 Un-audited	31.12.2021 Rs. ' 000 Audited
Insurance Contract Liabilities		23,412,163	19,823,775
Surplus Created due to Change in Valuation method from NPV to GPV	11.1 & 11.2	1,056,535	1,056,535
Claim Payables		869,804	612,447
		25,338,502	21,492,757

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

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

Further distribution of One-off Surplus to shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the IRCSL and can only be released as dividends upon receiving approval from the IRCSL. The One-off Surplus in the shareholder fund will remain invested in government debt securities and deposits as disclosed in Note 11.2 as per the directions of the IRCSL”.

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

Movement of One-off Surplus After Transfer	Participating Fund	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 2022	1,056,535	-	1,056,535

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

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

11.2 Composition of Investments Supporting the Restricted Regulatory Reserve as at 31 December 2022

Asset Category	ISIN No	As at 31 December 2022	
		Face Value Rs.	Market Value Rs. ' 000
Government Securities			
Treasury Bond	LKB00628A153	100,000,000	81,307
	LKB00628A153	110,000,000	89,437
	LKB00628A153	100,000,000	81,307
	LKB00628A153	100,000,000	81,307
	LKB00931E153	100,000,000	71,799
	LKB00931E153	100,000,000	71,799
	LKB00931E153	120,000,000	86,159
	LKB00931E153	100,000,000	71,799
	LKB00931E153	100,000,000	71,799
	LKB00931E153	100,000,000	71,799
	LKB01528I017	100,000,000	60,692
Total Market Value of the Assets			839,204
Restricted Regulatory Reserve			798,004

11.3

Valuation of Life Insurance Fund -(Zeroed Basis of Negative Liabilities at Product Level) as at 31 December 2022

The valuation of life insurance fund as at 31 December 2022 was made by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Willis Towers Watson India Private Limited, who approved to transfer from Non-Participating Life Insurance fund / insurance contract liabilities to the Shareholders fund as surplus transfer as disclosed below.

For the quarter ended 31 December 2022 – Rs. 1,545 million (2021 - 727 million)

For the year ended 31 December 2022 - Rs. 4,378 million (2021 - Rs. 2,295 million)

11.4 Liability Adequacy Test (LAT) - Life Insurance Contract Liabilities

Liability Adequacy Test (LAT) in respect of the Insurance Contract Liabilities as required by SLFRS 4 - Insurance Contracts are carried out annually.

12 CAPITAL COMMITMENTS AND CONTINGENCIES

12.1 Capital Commitments

The capital commitments approved and contracted as at the reporting date were Rs. 44.58 million.

12.2 Contingencies

The Contingent Liability of the Company as at 31 December 2022, relates to the followings;

Assessment in Respect of Value Added Tax (VAT)

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

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

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

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

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

3) The Company has been issued with an assessment by the Department of Inland Revenue under the Value Added Tax Act, in relation to the Y/A 2018/19 amounting to Rs. 72.6 Million. The Company has filed an appeal to the Commissioner General of Inland Revenue on the basis that the underlying computation includes items which are out of scope of the VAT Act. The Company is awaiting the CGIR determination.

12 CAPITAL COMMITMENTS AND CONTINGENCIES (Cont.)

12.2 Contingencies (Cont.)

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

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

5) The Company has been issued with an assessment by the Department of Inland Revenue under the Nation Building Tax Act, in relation to the Y/A 2018/19 amounting to Rs. 9.7 Million. The Company has filed an appeal to the Commissioner General of Inland Revenue on the basis that the underlying computation includes items which are out of scope of the NBT Act. The Company is awaiting the CGIR determination.

Economic Service Charge (ESC)

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

The Commissioner General of Inland Revenue issued its determination on the appeal filed by the Company relating to the assessment in favour of the the commissioner General of Inland Revenue. The company is in the process of hearing the appeals with Tax Appeals Commission, on the basis that the underlying computation includes items which are out of scope of the ESC Act and CGIR shall write off the ESC assessed.

Life Insurance Taxation

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

8)The Tax Appeals Commission issued its determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2011/12 and 2012/13 amounting to Rs.10.1 Million and Rs. 12.4 Million respectively, in favor of CGIR and The Company has transmitted this case to the Court of Appeal being dissatisfied with the said determination of Tax Appeals Commission and case is stated for the opinion of the Honorable Court of Appeal. The Company is awaiting the decision of the Court of appeal.

9) The Commissioner General of Inland Revenue issued its determination on the appeal filed by the Company relating to the assessment raised for the Y/A 2014/15, 2015/16, 2016/17 and 2017/18 amounting to Rs. 681.7 Million along with penalty, in favor of the Commissioner General of Inland Revenue. The Company is in the process of hearing the appeals with Tax Appeals Commission.

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

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

13 EVENTS AFTER THE REPORTING PERIOD

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

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

14 COMPARATIVE INFORMATION

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

15 SHARE INFORMATION

15.1 Net Assets Per Share

As at	31.12.2022 Rs.	31.12.2021 Rs.
Net Assets Per Share	28.99	28.24
Net Asset per Share - Excluding One-off Surplus	26.87	26.11

15.2 Market Price Per Share

For the quarter ended 31 December	2022 Rs	2021 Rs
Last traded price (Last trade date - 30th December 2022)	86.60	71.00
Highest traded price per share for the quarter	94.50	73.50
Lowest traded price per share for the quarter	44.00	29.50

16 STATED CAPITAL

As at	31.12.2022	31.12.2021
Stated Capital (Rs.' 000)	1,062,500	1,062,500
No of Ordinary Shares	375,000,000	375,000,000

17 BASIC & DILUTED EARNING PER SHARE (EPS)

For the year ended 31 December	2022	2021
Profit attributable to Ordinary Shareholders (Rs. 000)	2,682,876	2,104,868
Weighted Average No of shares as at 31 December	375,000,000	375,000,000
Basic / Diluted Earning per share (Rs.)	7.15	5.61

SOFTLOGIC LIFE INSURANCE PLC
NOTES TO THE INTERIM FINANCIAL STATEMENTS

18 TWENTY LARGEST SHAREHOLDERS

Name of Shareholder	31.12.2022	
	No. of Shares	%
1 Softlogic Capital PLC	193,945,760	51.72
2 Milford Ceylon (Pvt) Ltd	71,250,000	19.00
3 Dalvik Inclusion Private Limited	71,250,000	19.00
4 Mr. G.C Goonetilleke	979,765	0.26
5 Mr. W . Jenadasa	962,419	0.26
6 Mr. A.P.P.M. Abeyrathne	800,636	0.21
7 MR. L.A.J.F. Morais	758,750	0.20
8 Mrs. H.N.R Bharati	636,729	0.17
9 Mr. W.A.A.T.M Jayawickrama	503,144	0.13
10 Mr.J.M.I Jayaweera	413,427	0.11
11 Mr.A.N Lokukalutota	400,000	0.11
12 Mr. R.S.P. Samaranayake	375,001	0.10
13 J.B. Cocoshell (PVT) LTD	360,000	0.10
14 Merchant Bank of Sri Lanka & Finance PLC / E.M.G.S.B.Ekanayaka	352,000	0.09
15 Mr. H.A.D.J.R. Sandamal Hettiarachchige	300,000	0.08
16 Mr. A.W. Gunawardene	290,000	0.08
17 Mrs. W.M.D.M.G Andradi	289,831	0.08
18 Hatton National Bank PLC / Porage Don Thushantha Mahesh Kumara	288,030	0.08
19 Mr. H.M.D.D. Arunakumara	268,600	0.07
20 MR. S.S. Gamage	253,960	0.07
	344,678,052	91.92
Others	30,321,948	8.08
Total	375,000,000	100.00

19 PUBLIC SHAREHOLDING

The percentage of shares held by the public as at 31 December 2022 was 10.23% (31 December 2021 - 10.23%) and a number of public shareholders as at 31 December 2022 was 5,551. (31 December 2021 - 2,146).

Public Holding percentage - Ordinary Non-Voting Shares as at 31 December 2022 - Nil

Float Adjusted Market Capitalisation

Float Adjusted Market Capitalisation is Rs.3,323,491,500/- as at 31 December 2022.

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

20 DIRECTORS' SHARE HOLDINGS

As at 31 December Name of The Director	2022	
	No. of Shares	%
Mr. A. K. Pathirage (Chairman)	Nil	Nil
Mr. T. M. I. Ahamed (Managing Director / CEO)	Nil	Nil
Mr. H.K.Kaimal - Director	Nil	Nil
Ms. Fernanda Lima - Director	Nil	Nil
Mr.V. Govindasamy - Director	Nil	Nil
Mr. R . 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

21 RELATED PARTY DISCLOSURES

The nature of the related parties in the current period and terms and conditions of transactions with related parties are similar to those reported in the audited Financial Statements for the year ended 31 December 2021.

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

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

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

For the year ended 31 December	2022	2021
	Rs.' 000	Rs.' 000
Transactions with the Ultimate Parent & Parent		
Investments	511,610	501,305
Receiving of services	187,898	203,323
Expenses	7	-
Dividend Paid	543,540	484,991
Interest Income	112,842	54,788
Net Premiums	11,526	8,155
Insurance premium receivable	10,847	1,334
Transactions with Companies under Common Control		
Investments	561,666	690,043
Purchases of property plant & equipment	18,712	7,699
Dividend received	17,948	31,410
Expenses	243,663	157,896
Claims Paid	2,154	16,971
Net Premiums	177,227	209,967
Insurance premium receivable	235,386	234,659
Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)		
Net Premiums	1,790	2,207