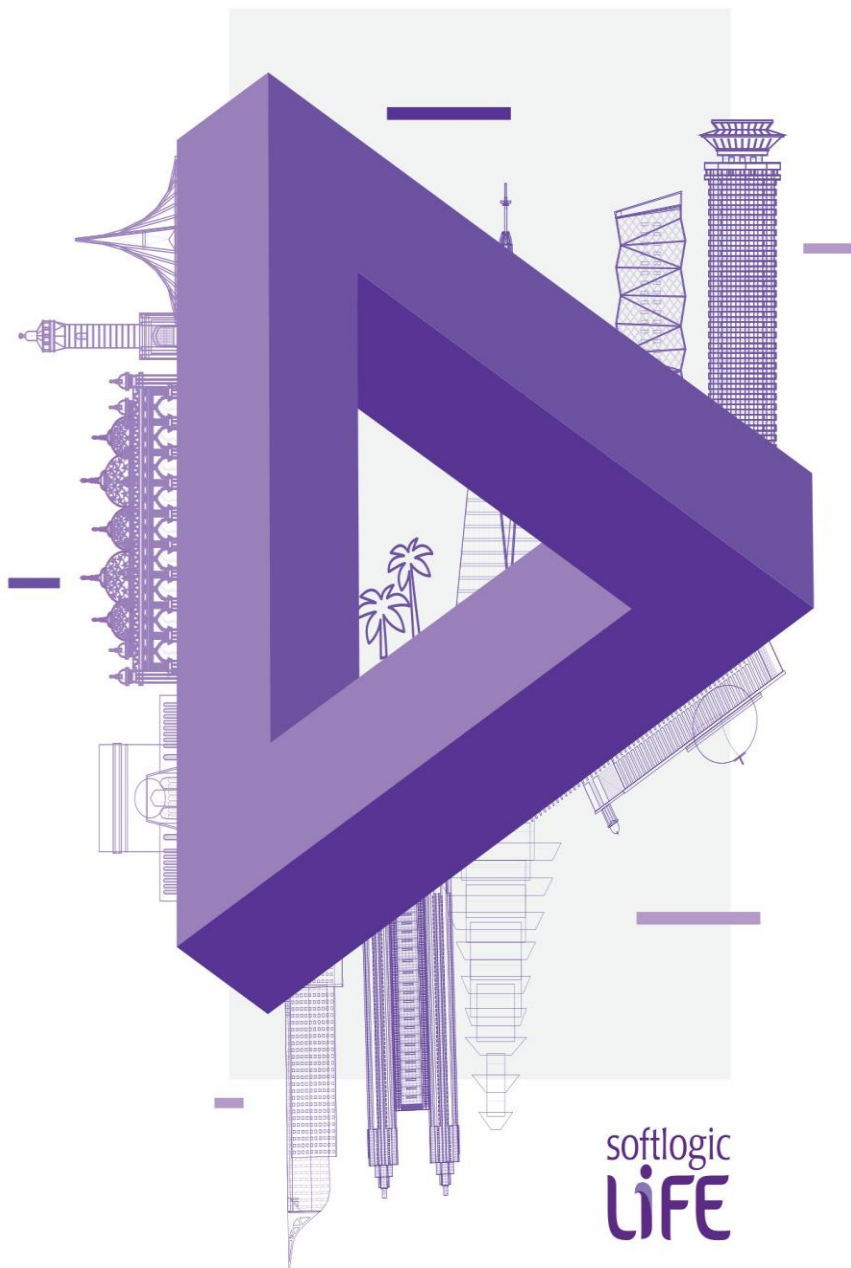


# Reimagining



softlogic  
**LIFE**

**INTERIM FINANCIAL STATEMENTS - FOR THE PERIOD ENDED 30TH JUNE 2023**

**SOFTLOGIC LIFE INSURANCE PLC**  
**INCOME STATEMENT**

For the six months ended 30 June	Note	2023 Rs. ' 000 Audited	2022 Rs. ' 000 Un-audited	Change %
Gross written premiums	5	12,472,192	11,403,781	9
Premiums ceded to reinsurers		(1,282,302)	(1,171,292)	9
<b>Net written premiums</b>		<b>11,189,890</b>	<b>10,232,489</b>	9
<b>Other revenue</b>				
Net finance income		3,465,154	1,986,454	74
Net realised gains		14,590	32,805	(56)
Net fair value Gain / (losses)		485,555	(168,275)	389
Other operating income		5,078	7,401	(31)
<b>Total other revenue</b>		<b>3,970,377</b>	<b>1,858,385</b>	114
<b>Total net revenue</b>	<b>6</b>	<b>15,160,267</b>	<b>12,090,874</b>	25
<b>Net benefits, claims and expenses</b>				
Net insurance benefits and claims paid		(6,416,183)	(3,617,186)	(77)
Net change in insurance claims outstanding		12,008	(23,988)	150
Change in insurance contracts liabilities		(838,965)	(3,588,870)	(77)
Underwriting and net acquisition cost (Net of reinsurance)		(2,680,923)	(2,589,333)	(4)
Other operating and administration expenses		(2,614,073)	(2,053,222)	(27)
Impairment provision on financial investments		(103,300)	(1,046,119)	90
Finance (cost) / gains	7	(988,927)	2,483,343	(140)
<b>Total benefits, claims and expenses</b>		<b>(13,630,363)</b>	<b>(10,435,375)</b>	31
<b>Profit before tax</b>	<b>8</b>	<b>1,529,904</b>	<b>1,655,499</b>	(8)
Income tax expenses	9	(522,855)	(463,528)	(13)
<b>Profit for the period</b>		<b>1,007,049</b>	<b>1,191,971</b>	(16)
<b>Profit attributable to;</b>				
Owners of the Company		1,007,049	1,191,971	(16)
Non controlling interest		-	-	
		<b>1,007,049</b>	<b>1,191,971</b>	(16)
<b>Earnings per share</b>				
Basic earnings per share (Rs.)	17	2.69	3.18	(16)
Diluted earnings per share (Rs.)	17	2.69	3.18	(16)

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

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

For the six months ended 30 June	2023 Rs. ' 000 Audited	2022 Rs. ' 000 Un-audited	Change %
Profit for the period	1,007,049	1,191,971	(16)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to income statement</b>			
Equity investments at FVOCI - net change in fair value	329,276	(518,645)	
Equity investments at FVOCI - net change in fair value - Life fund	(18,398)	(256,267)	
Related tax / deferred tax	-	-	
	<b>310,878</b>	<b>(774,912)</b>	140
<b>Items that are or may be reclassified subsequently to income statement</b>			
Debt investments at FVOCI - net change in fair value	23,867	(46,975)	
Debt investments at FVOCI - net change in fair value - Life fund	219,683	(428,117)	
Debt investments at FVOCI - reclassified to income statement	465	386	
Related tax / deferred tax	-	-	
	<b>244,015</b>	<b>(474,706)</b>	151
<b>Total other comprehensive income for the period, net of tax</b>	<b>554,893</b>	<b>(1,249,618)</b>	144
<b>Total comprehensive income for the period, net of tax</b>	<b>1,561,942</b>	<b>(57,647)</b>	2,809
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	1,561,942	(57,647)	
Non - controlling interests	-	-	
	<b>1,561,942</b>	<b>(57,647)</b>	2,809

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

**SOFTLOGIC LIFE INSURANCE PLC**  
**INCOME STATEMENT**

For the three months ended 30 June	2023 Rs. ' 000 Audited	2022 Rs. ' 000 Un-audited	Change %
Gross written premiums	6,487,574	5,600,185	16
Premiums ceded to reinsurers	(642,690)	(658,766)	2
<b>Net earned premiums</b>	<b>5,844,884</b>	<b>4,941,419</b>	<b>18</b>
<b>Other revenue</b>			
Net finance income	1,732,563	1,249,129	39
Net realised gains	14,551	59,603	(76)
Net fair value Gain / (losses)	278,319	(40,898)	781
Other operating income	2,516	4,646	(46)
<b>Total other revenue</b>	<b>2,027,949</b>	<b>1,272,480</b>	<b>59</b>
<b>Total net revenue</b>	<b>7,872,833</b>	<b>6,213,899</b>	<b>27</b>
<b>Net benefits, claims and expenses</b>			
Net insurance benefits and claims paid	(3,227,241)	(1,892,874)	(70)
Net change in insurance claims outstanding	(35,822)	3,713	(1,065)
Change in insurance contracts liabilities	(903,991)	(1,893,271)	52
Underwriting and net acquisition cost (Net of reinsurance)	(1,309,820)	(1,259,895)	(4)
Other operating and administration expenses	(1,352,838)	(1,000,459)	(35)
Impairment reversal /(provision) on financial investments	52,814	(365,395)	114
Finance (cost) / gains	(386,791)	1,129,929	(134)
<b>Total benefits, claims and expenses</b>	<b>(7,163,689)</b>	<b>(5,278,252)</b>	<b>36</b>
<b>Profit before tax</b>	<b>709,144</b>	<b>935,647</b>	<b>(24)</b>
Income tax expenses	(203,731)	(245,442)	17
<b>Profit for the period</b>	<b>505,413</b>	<b>690,205</b>	<b>(27)</b>
<b>Profit attributable to;</b>			
Owners of the Company	505,413	690,205	(27)
Non controlling interest	-	-	
	<b>505,413</b>	<b>690,205</b>	<b>(27)</b>
<b>Earnings per share</b>			
Basic earnings per share (Rs.)	1.35	1.84	(27)
Diluted earnings per share (Rs.)	1.35	1.84	(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 three months ended 30 June	2023 Rs. ' 000 Audited	2022 Rs. ' 000 Un-audited	Change %
Profit for the Period	505,413	690,205	(27)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to income statement</b>			
Equity investments at FVOCI - net change in fair value	122,412	(328,324)	
Equity investments at FVOCI - net change in fair value - life fund	(2,936)	(225,146)	
Related tax / deferred tax	-	-	
	<b>119,476</b>	<b>(553,470)</b>	<b>122</b>
<b>Items that are or may be reclassified subsequently to income statement</b>			
Debt investments at FVOCI - net change in fair value	23,803	(18,710)	
Debt investments at FVOCI - net change in fair value - life fund	202,188	(192,707)	
Debt investments at FVOCI - reclassified to income statement	244	201	
Related tax / deferred tax	-	-	
	<b>226,235</b>	<b>(211,216)</b>	<b>207</b>
<b>Total other comprehensive income for the period, net of tax</b>	<b>345,711</b>	<b>(764,686)</b>	<b>145</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>851,124</b>	<b>(74,481)</b>	<b>1,243</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	851,124	(74,481)	
Non - controlling interests	-	-	
	<b>851,124</b>	<b>(74,481)</b>	<b>1,243</b>

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

**SOFTLOGIC LIFE INSURANCE PLC**  
**STATEMENT OF FINANCIAL POSITION**

As at	Note	30.06.2023 Rs. ' 000 Audited	31.12.2022 Rs. ' 000 Audited
<b>Assets</b>			
Intangible assets		2,225	2,566
Property, plant and equipment		643,808	579,357
Right of use assets		567,046	556,915
Financial investments	<b>10</b>	41,992,814	42,599,855
Loans to life policyholders		285,965	265,060
Reinsurance receivables		555,287	568,379
Premium receivables		1,463,332	1,763,388
Receivables and other assets		1,151,780	1,172,879
Cash and cash equivalents		1,151,621	739,944
<b>Total assets</b>		<b>47,813,878</b>	<b>48,248,343</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Stated capital		1,062,500	1,062,500
Retained earnings		11,807,224	12,112,675
Restricted regulatory reserve		798,004	798,004
Other reserves		(2,545,362)	(3,100,255)
<b>Total equity</b>		<b>11,122,366</b>	<b>10,872,924</b>
<b>Liabilities</b>			
Insurance contract liabilities	<b>11</b>	26,194,257	25,338,502
Employee benefit liabilities		225,893	208,959
Loans and borrowings		4,772,946	5,643,918
Reinsurance payables		1,692,236	2,246,237
Other liabilities		3,380,587	3,629,485
Bank overdraft		425,593	308,318
<b>Total liabilities</b>		<b>36,691,512</b>	<b>37,375,419</b>
<b>Total equity and liabilities</b>		<b>47,813,878</b>	<b>48,248,343</b>
<b>Net asset per share (Rs.)</b>		<b>29.66</b>	28.99

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  
08 August 2023

**SOFTLOGIC LIFE INSURANCE PLC**  
**STATEMENT OF CHANGES IN EQUITY**

	Stated capital	Retained earnings	Restricted regulatory reserve	Other reserve		Total
	Fair value reserve	Revaluation reserves				
	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000	Rs. ' 000
<b>Balance as at 01 January 2022</b>	<b>1,062,500</b>	<b>10,453,584</b>	<b>798,004</b>	<b>(1,855,391)</b>	<b>129,733</b>	<b>10,588,430</b>
Profit for the period	-	1,191,971	-	-	-	1,191,971
<b>Other Comprehensive Income for the Period</b>						
Equity investments at FVOCI - net change in fair value	-	-	-	(518,645)	-	(518,645)
Equity investments at FVOCI - net change in fair value - Life fund	-	-	-	(256,267)	-	(256,267)
Debt investments at FVOCI - net change in fair value	-	-	-	(46,975)	-	(46,975)
Debt investments at FVOCI - net change in fair value - Life fund	-	-	-	(428,117)	-	(428,117)
Debt investments at FVOCI - reclassified to income statement	-	-	-	386	-	386
<b>Total other comprehensive income, net of tax</b>	-	-	-	<b>(1,249,618)</b>	-	<b>(1,249,618)</b>
<b>Total comprehensive income for the period</b>	-	<b>1,191,971</b>	-	<b>(1,249,618)</b>	-	<b>(57,647)</b>
<b>Transaction with owners of the Company</b>						
<b>Contribution and distribution</b>						
Interim dividend - 2021	-	(1,050,000)	-	-	-	(1,050,000)
<b>Total transactions with owners of the Company</b>	-	<b>(1,050,000)</b>	-	-	-	<b>(1,050,000)</b>
<b>Balance as at 30 June 2022</b>	<b>1,062,500</b>	<b>10,595,555</b>	<b>798,004</b>	<b>(3,105,009)</b>	<b>129,733</b>	<b>9,480,783</b>
Profit for the period	-	1,490,905	-	-	-	1,490,905
<b>Other comprehensive income for the period</b>						
Equity investments at FVOCI - net change in fair value	-	-	-	(42,806)	-	(42,806)
Equity investments at FVOCI - net change in fair value - Life fund	-	-	-	(19,428)	-	(19,428)
Debt investments at FVOCI - net change in fair value	-	-	-	(4,714)	-	(4,714)
Debt investments at FVOCI - net change in fair value - Life fund	-	-	-	(58,462)	-	(58,462)
Debt investments at FVOCI - reclassified to income statement	-	-	-	431	-	431
Re-measurement gains on defined benefit liabilities	-	26,215	-	-	-	26,215
<b>Total other comprehensive income, net of tax</b>	-	<b>26,215</b>	-	<b>(124,979)</b>	-	<b>(98,764)</b>
<b>Total comprehensive income for the period</b>	-	<b>1,517,120</b>	-	<b>(124,979)</b>	-	<b>1,392,141</b>
<b>Balance as at 31 December 2022</b>	<b>1,062,500</b>	<b>12,112,675</b>	<b>798,004</b>	<b>(3,229,988)</b>	<b>129,733</b>	<b>10,872,924</b>
Profit for the period	-	1,007,049	-	-	-	1,007,049
<b>Other comprehensive income for the period</b>						
Equity investments at FVOCI - net change in fair value	-	-	-	329,276	-	329,276
Equity investments at FVOCI - net change in fair value - Life fund	-	-	-	(18,398)	-	(18,398)
Debt investments at FVOCI - net change in fair value	-	-	-	23,867	-	23,867
Debt investments at FVOCI - net change in fair value - Life fund	-	-	-	219,683	-	219,683
Debt investments at FVOCI - reclassified to income statement	-	-	-	465	-	465
<b>Total other comprehensive income, net of tax</b>	-	-	-	<b>554,893</b>	-	<b>554,893</b>
<b>Total comprehensive income for the period</b>	-	<b>1,007,049</b>	-	<b>554,893</b>	-	<b>1,561,942</b>
<b>Transaction with owners of the Company</b>						
<b>Contribution and distribution</b>						
Interim Dividend- 2022	-	(1,312,500)	-	-	-	(1,312,500)
<b>Total transaction with owners of the Company</b>	-	<b>(1,312,500)</b>	-	-	-	<b>(1,312,500)</b>
<b>Balance as at 30 June 2023</b>	<b>1,062,500</b>	<b>11,807,224</b>	<b>798,004</b>	<b>(2,675,095)</b>	<b>129,733</b>	<b>11,122,366</b>

**SOFTLOGIC LIFE INSURANCE PLC**  
**STATEMENT OF CASH FLOWS**

For the six months ended 30 June	2023 Rs. ' 000 Audited	2022 Rs. ' 000 Audited
<b>Cash flows from operating activities</b>		
Profit before taxation	1,529,904	1,655,499
<b>Adjustments for :</b>		
Depreciation of property, plant and equipment	64,362	67,707
Amortisation of intangible assets	341	243
Depreciation of right of use asset	148,228	148,121
Interest expenses on lease liabilities and loans and borrowings	355,146	216,047
Provision for employee benefit liabilities	23,687	20,760
Gain on sale of property, plant and equipment	-	(137)
Net realised gains	(14,590)	(32,805)
Net fair value (Gains) / losses	(485,555)	168,275
Net unrealised loss / (gain) on foreign currency transactions	565,715	(2,745,719)
Net amortisation of financial investments	(1,034,284)	(1,056,779)
Provision / (reversal) for impairment losses on financial investments	103,300	1,046,119
	<b>1,256,254</b>	<b>(512,669)</b>
<b>Change in operating assets</b>		
Increase in loans to life policyholders	(20,905)	(5,455)
Decrease / (Increase) reinsurance receivables	13,092	(160,013)
(Increase) / Decrease in premium receivables	300,056	(255,102)
Increase in receivables and other assets	(121,895)	(193,727)
	<b>170,348</b>	<b>(614,297)</b>
<b>Change in operating liabilities</b>		
Increase in insurance contract liabilities	855,755	3,631,678
(Decrease) / Increase in reinsurance payables	(372,562)	1,371,473
Decrease in other liabilities	(236,434)	(254,288)
	<b>246,759</b>	<b>4,748,863</b>
<b>Net cash generated from operations</b>	<b>1,673,361</b>	<b>3,621,897</b>
Gratuity paid	(6,753)	(997)
Interest Paid	(290,650)	(189,061)
Tax Paid	(377,228)	-
<b>Net cash generated from operating activities</b>	<b>998,730</b>	<b>3,431,839</b>
<b>Cash flows from investing activities</b>		
Acquisition of investment securities	(21,504,877)	(23,405,029)
Proceeds from sale of investment securities	22,489,262	21,157,497
Acquisition of property, plant and equipment	(128,813)	(37,201)
Net Acquisition of ROU Asset	(48,194)	283
Proceeds from the sale of property, plant and equipment	-	(1,800)
<b>Net cash flows used in investing activities</b>	<b>807,378</b>	<b>(2,286,250)</b>
<b>Cash flows from financing activities</b>		
Dividend paid to equity holders	(1,312,500)	(1,050,000)
Payment of lease liabilities	(199,206)	(177,754)
<b>Net cash used in financing activities</b>	<b>(1,511,706)</b>	<b>(1,227,754)</b>
<b>Net increase / (Decrease) in cash and cash equivalents</b>	<b>294,402</b>	<b>(82,165)</b>
<b>Net cash and cash equivalents as at 1 January</b>	<b>431,626</b>	<b>406,370</b>
<b>Net cash and cash equivalents as at 30 June</b>	<b>726,028</b>	<b>324,205</b>
<b>Analysis of cash and cash equivalents</b>		
Cash in hand and at bank	1,151,621	648,220
Bank overdrafts	(425,593)	(324,015)
<b>Total cash and cash equivalents as at 30 June</b>	<b>726,028</b>	<b>324,205</b>



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

As at	Note	30.06.2023 Rs. ' 000 Audited	31.12.2022 Rs. ' 000 Audited
<b>Assets</b>			
Property, plant and equipment		272,488	277,674
Right of use assets		552,984	539,477
Financial investments		31,134,896	30,249,843
Loans to life policyholders		285,965	265,060
Reinsurance receivables		555,287	568,379
Premium receivables		1,463,332	1,763,388
Receivables and other assets		963,548	1,000,613
Cash and cash equivalents		1,147,611	734,634
<b>Total assets</b>		<b>36,376,111</b>	<b>35,399,068</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Other reserves		(940,240)	(1,141,990)
<b>Total equity</b>		<b>(940,240)</b>	<b>(1,141,990)</b>
<b>Liabilities</b>			
Insurance contract liabilities	11	26,194,257	25,338,502
Employee benefit liabilities		225,893	208,959
Reinsurance payables		1,692,236	2,246,237
Other liabilities		8,778,372	8,439,041
Bank overdraft		425,593	308,319
<b>Total liabilities</b>		<b>37,316,351</b>	<b>36,541,058</b>
<b>Total equity and liabilities</b>		<b>36,376,111</b>	<b>35,399,068</b>

**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 period ended 30 June 2023 were authorised for issue by the Board of Directors on 08 August 2023.

**3 BASIS OF PREPARATION**

The interim condensed Financial Statements for the period ended 30 June 2023 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 2022. 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 - 2022 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**

<b>For the six months ended 30 June</b>	<b>2023</b>	<b>2022</b>
	<b>Rs. ' 000</b>	<b>Rs. ' 000</b>
	<b>Audited</b>	<b>Un-audited</b>
First Year Premium	3,139,548	2,358,593
Renewal Premium	6,315,765	5,384,546
Group Life Premium	2,683,537	2,067,481
Single Premium	333,342	1,593,161
<b>Total Gross Written Premium</b>	<b>12,472,192</b>	<b>11,403,781</b>

**SOFTLOGIC LIFE INSURANCE PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**6 TOTAL NET REVENUE**

For the six months ended 30 June	2023 Rs. ' 000 Audited	2022 Rs. ' 000 Un-audited
Net written premiums	11,189,890	10,232,489
Other Revenue	3,970,377	1,858,385
<b>Total Net Revenue</b>	<b>15,160,267</b>	<b>12,090,874</b>

**7 FINANCE COST**

For the six months ended 30 June	2023 Rs. ' 000 Audited	2022 Rs. ' 000 Un-audited
Interest expenses on lease liabilities and loans and borrowings	(355,146)	(216,047)
Net exchange (losses) / gains	(565,715)	2,745,719
Other finance cost	(68,066)	(46,329)
<b>Total Finance (Cost) / Gains</b>	<b>(988,927)</b>	<b>2,483,343</b>

**8 PROFIT BEFORE TAXATION**

For the six months ended 30 June	2023 Rs. ' 000 Audited	2022 Rs. ' 000 Un-audited
Profit Before Taxation	1,529,904	1,655,499
<b>Total</b>	<b>1,529,904</b>	<b>1,655,499</b>

The Company transferred Rs.1,137 Mn from Non participating fund to shareholder fund as surplus transfer for the six months ended 30 June 2023 (2022- 1,670 Mn).For the quarter ended 30 June 2023 - 407Mn (2022 - 825Mn).

**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 and the subsequent amendment thereto. 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	30%
Investment income of the shareholder fund less any expenses incurred in the production of such income	30%
Surplus distributed to a Life insurance policyholder who shares the profits of a person engaged in the business of life insurance	30%

Dividend paid out of profit recorded in shareholder fund 15%

For the six months ended 30 June	2023 Rs. ' 000 Audited	2022 Rs. ' 000 Un-audited
Current tax expenses	522,855	463,528
<b>Total</b>	<b>522,855</b>	<b>463,528</b>

**SOFTLOGIC LIFE INSURANCE PLC**  
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**10 FINANCIAL INVESTMENTS**

As at	Note	30.06.2023 Rs. ' 000 Audited	31.12.2022 Rs. ' 000 Audited
Amortised Cost (AC)	10.1	35,347,645	37,065,567
Fair Value through Other Comprehensive Income (FVOCI)	10.2	2,633,837	2,082,779
Fair Value Through Profit or Loss (FVTPL)	10.3	4,011,332	3,451,509
<b>Total Financial Investments</b>		<b>41,992,814</b>	<b>42,599,855</b>

**10.1 Amortised Cost (AC)**

Treasury Bonds		17,564,919	12,980,040
Treasury Bills		442,247	1,099,884
Sri Lanka Development Bonds		2,062,104	6,221,129
International Sovereign Bonds		4,094,163	4,830,774
Bank Deposits		770,636	522,007
Commercial Papers		1,417,669	2,368,757
Securitized Papers		693,294	790,246
Quoted Debentures		6,476,149	7,070,479
Unquoted Debentures		314,872	301,333
Reverse Repo		1,511,592	880,918
		<b>35,347,645</b>	<b>37,065,567</b>

**10.2 Fair Value through Other Comprehensive Income (FVOCI)**

Equity Securities			
Quoted		1,462,532	1,171,337
Unquoted		285,418	265,734
Treasury Bonds		885,887	645,708
		<b>2,633,837</b>	<b>2,082,779</b>

**10.3 Fair Value Through Profit or Loss (FVTPL)**

Treasury Bonds		210,804	90,974
Unlisted Perpetual Debenture		851,938	782,067
Unit Trust		2,864,674	2,578,400
Derivatives		83,916	68
		<b>4,011,332</b>	<b>3,451,509</b>

**11 INSURANCE CONTRACT LIABILITIES**

As at	Note	30.06.2023 Rs. ' 000 Audited	31.12.2022 Rs. ' 000 Audited
Insurance Contract Liabilities		24,311,563	23,412,163
Surplus Created due to Change in Valuation method from NPV to GPV	11.1 & 11.2	1,056,535	1,056,535
Claim Payables		826,159	869,804
		<b>26,194,257</b>	<b>25,338,502</b>

**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 20 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 31 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 29 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.

<b>Movement of One-off Surplus After Transfer</b>	<b>Participating Fund</b>	<b>Non- Participating Fund</b>	<b>Total</b>
	<b>Rs. ' 000</b>	<b>Rs. ' 000</b>	<b>Rs. ' 000</b>
Value of Insurance Contract Liability based on Independent Actuary-NPV as at 31 December 2015	3,866,780	2,472,575	6,339,355
Value of Insurance Contract Liability based on Independent Actuary-GPV as at 31 December 2015	2,810,245	1,674,571	4,484,816
<b>Surplus Created due to Change in Valuation method from NPV to GPV- One off Surplus as at 1 January 2016</b>	<b>1,056,535</b>	<b>798,004</b>	<b>1,854,539</b>
Transfer of One-off Surplus from long term fund to Restricted Regulatory Reserve.	-	(798,004)	(798,004)
<b>Surplus created due to Change in Valuation Method - One-off Surplus as at 30 June 2023</b>	<b>1,056,535</b>	<b>-</b>	<b>1,056,535</b>

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.

**11.2 Composition of Investments Supporting the Restricted Regulatory Reserve as at 30 June 2023**

Asset Category	ISIN No	As at 30 June 2023	
		Face Value Rs.	Market Value Rs. ' 000
<b>Government Securities</b>			
Treasury Bond	LKB00628A153	100,000,000	98,554
	LKB00628A153	110,000,000	108,410
	LKB00628A153	100,000,000	98,554
	LKB00628A153	100,000,000	98,554
	LKB00931E153	100,000,000	93,966
	LKB00931E153	100,000,000	93,966
	LKB00931E153	120,000,000	112,759
	LKB00931E153	100,000,000	93,966
	LKB00931E153	100,000,000	93,966
	LKB00931E153	100,000,000	93,966
	LKB01528I017	100,000,000	74,795
<b>Total Market Value of the Assets</b>			<b>1,061,456</b>
<b>Restricted Regulatory Reserve</b>			<b>798,004</b>

**11.3 Valuation of Life Insurance Fund -(Zeroed Basis of Negative Liabilities at Product Level) as at 30 June 2023**

The valuation of life insurance fund as at 30 June 2023 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 30 June 2023 – Rs. 407 Mn (2022 - 845Mn)

For the six months period ended 30 June 2023 - Rs. 1,137 Mn (2022 - Rs. 1,670 Mn)

The financial statements as at 30 June 2023 were audited by Messrs. KPMG for surplus declaration purpose.

**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. 9.06 million.

### **12.2 Contingencies**

The Contingent Liability of the Company as at 30 June 2023, relates to the followings;

#### **Assessment in Respect of Value Added Tax (VAT)**

1) VAT assessments has been issues for the company by the Department of Inland Revenue for the taxable period 2010 and was determined by the Tax Appeal Commissions on 22 August 2019. Out of total of 11 assessments, 08 assessments were determined in favor of Commissioner General of Inland Revenue (CGIR) 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 case to the Court of Appeal being dissatisfied with the determinations in favour of the CGI, the co transmitted such case to the Court of Appeal and 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 that were 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. The counsel for the respondent requested the permission of the Court to get further instructions from the respondent on appealing to the supreme court.

#### **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 appeals 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) An assessment has been issued by the Department of Inland Revenue under the Value Added Tax Act, in relation to the Y/A 2018/19 and 2019 /20 amounting to Rs. 72.6 Million and 147.7 Million respectively. The Company has filed an appeal in relation to the Y/A 2018/19 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 and filled an objection letter and the Company is awaiting the CGIR determination and the company has requested administration review for the assessment issued for the Y/A 2019/20

## **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 NBT 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) An assessment has been issued 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 and preference notice to appealing to TAC was made. The Company is awaiting the CGIR reason for determination.

6) An assessment has been issued by the Department of Inland Revenue under the Nation Building Tax, in relation to the Y/A 2019/20 amounting Rs.12.03 Mn. 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 NBT Act. Since it is a mandatory requirement in law to communicate the CGIR's decision on the request for administrative review in writing to the taxpayer, the company intend to make an appeal once the decision of the CGIR is served to the company

#### **Economic Service Charge (ESC)**

7) An assessment has been issued 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**

8) 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 the 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 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.

10) 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.

11) An assessment has been issued 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 determination.

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

12) An assessment has been issued under the Income Tax Act by the Department of Inland Revenue in relation to the Y/A 2019, amounting to Rs. 1,114 Million including penalty and interest. The company has filed an appeal on 22 June 2023 to the Commissioner General of Inland Revenue and awaiting the determination.

## **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	30.06.2023 Rs.	31.12.2022 Rs.
Net Assets Per Share	29.66	28.99
Net Asset per Share - Excluding One-off Surplus	27.53	26.87

**15.2 Market Price Per Share**

For the quarter ended 30 June	2023 Rs	2022 Rs
Last traded price (Last trade date - 28th June 2023)	80.60	49.80
Highest traded price per share for the quarter	87.90	84.00
Lowest traded price per share for the quarter	63.60	27.00

**16 STATED CAPITAL**

As at	30.06.2023	31.12.2022
Stated Capital (Rs.' 000)	1,062,500	1,062,500
No of Ordinary Shares	375,000,000	375,000,000

**17 BASIC & DILUTED EARNING PER SHARE (EPS)**

For the six months ended 30 June	2023	2022
Profit attributable to Ordinary Shareholders (Rs. 000)	1,007,049	1,191,971
Weighted Average No of Shares as at 30 June	375,000,000	375,000,000
<b>Basic / Diluted EPS (Rs.)</b>	<b>2.69</b>	<b>3.18</b>

**SOFTLOGIC LIFE INSURANCE PLC**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**18 TWENTY LARGEST SHAREHOLDERS**

Name of Shareholder	30.06.2023	
	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 Commercial Bank Of Ceylon Plc/W. Jinadasa	1,231,734	0.33
5 Mr. G.C. Goonetilleke	979,765	0.26
6 MR. L.A.J.F. Morais	765,000	0.20
7 Mrs. H.N.R Bharati	626,729	0.17
8 Mr. A.P.P.M. Abeyrathne	519,647	0.14
9 Seylan Bank PLC/Karagoda Loku Gamage Udayananda	470,725	0.13
10 Mr. S.H. Jayasuriya	440,600	0.12
11 Mr. G.B.D. Tilakarathne	412,284	0.11
12 Mr.J.M.I Jayaweera	388,427	0.10
13 Mr. R.S.P. Samaranayake	374,991	0.10
14 Seylan Bank PLC/Shermal Hemaka Jayasuriya	362,503	0.10
15 Maskeliya Tea Exports Pvt Ltd	350,000	0.09
16 Mr. W.A.A.T.M Jayawickrama	325,000	0.09
17 Seylan Bank Plc/Aasiri Manmohan Iddamalgoda	300,000	0.08
18 Mr. M.K. De Livera	295,003	0.08
19 J.B. Cocoshell (Pvt) Ltd	292,953	0.08
20 Mrs. W.M.D.M.G. Andradi	289,831	0.08
	344,870,952	91.98
Others	30,129,048	8.02
<b>Total</b>	<b>375,000,000</b>	<b>100.00</b>

**19 PUBLIC SHAREHOLDING**

The percentage of shares held by the public as at 30 June 2023 was 10.23% (31 December 2022 - 10.23%) and a number of public shareholders as at 30 June 2023 was 4,781. (31 December 2022 - 5,551).

Public Holding percentage - Ordinary Non-Voting Shares as at 30 June 2023 - Nil

**Float Adjusted Market Capitalisation**

Float Adjusted Market Capitalisation is Rs.3,092,017,500/- as at 30 June 2023.

The Company is complied 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 30 June Name of The Director	2023	
	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

**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 2022.

**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.

<b>For the six months ended 30 June</b>	<b>2023</b>	<b>2022</b>
	<b>Rs.' 000</b>	<b>Rs.' 000</b>
<b>Transactions with the Ultimate Parent &amp; Parent</b>		
Investments	502,960	502,294
Receiving of services	92,012	91,478
Expenses	1,840	7
Dividend Paid	679,425	543,540
Interest Income	71,785	39,902
Net Premiums	264	748
<b>Transactions with Companies under Common Control</b>		
Investments	461,376	569,139
Purchases of property plant & equipment	16,499	9,725
Dividend received	-	17,948
Expenses	160,729	118,345
Claims Paid	-	2,154
Net Premiums	31,698	80,998
<b>Transactions, Arrangements and Agreements Involving KMP and their Close Family Members (CFM)</b>		
	Nil	Nil