



# **SOFTLOGIC HOLDINGS PLC**

**INTERIM FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2019**

# Softlogic Holdings PLC

## CONSOLIDATED INCOME STATEMENT

In Rs. '000	Un-audited 12 months to 31-03-2019	Audited 12 months to 31-03-2018	Change as a %	Un-audited 03 months to 31-03-2019	Un-audited 03 months to 31-03-2018	Change as a %
<b>Continuing operations</b>						
Revenue	75,143,722	66,018,915	13.82	21,559,636	16,595,115	29.92
Cost of sales	(47,488,015)	(42,346,048)	12.14	(13,516,844)	(10,553,460)	28.08
<b>Gross profit</b>	<b>27,655,707</b>	<b>23,672,867</b>	<b>16.82</b>	<b>8,042,792</b>	<b>6,041,655</b>	<b>33.12</b>
Other operating income	1,005,246	1,761,747	(42.94)	427,373	182,005	134.81
Distribution expenses	(3,541,670)	(3,114,739)	13.71	(1,052,283)	(607,895)	73.10
Administrative expenses	(16,682,362)	(14,013,166)	19.05	(4,804,253)	(4,216,705)	13.93
<b>Results from operating activities</b>	<b>8,436,921</b>	<b>8,306,709</b>	<b>1.57</b>	<b>2,613,629</b>	<b>1,399,060</b>	<b>86.81</b>
Finance income	1,374,854	1,103,805	24.56	503,186	224,337	124.30
Finance expenses	(7,125,118)	(5,959,866)	19.55	(2,499,335)	(1,588,632)	57.33
<b>Net finance cost</b>	<b>(5,750,264)</b>	<b>(4,856,061)</b>	<b>18.41</b>	<b>(1,996,149)</b>	<b>(1,364,295)</b>	<b>46.31</b>
Change in fair value of investment property	245,000	198,000	23.74	245,000	198,000	23.74
Share of profit of equity accounted investees	2,652	19,787	(86.60)	(1,016)	4,464	(122.76)
Change in insurance contract liabilities	(1,152,037)	(1,374,037)	(16.16)	302,940	(45,622)	(764.02)
Change in contract liability due to transfer of one-off surplus	-	798,004	(100.00)	-	798,004	(100.00)
<b>Profit before tax</b>	<b>1,782,272</b>	<b>3,092,402</b>	<b>(42.37)</b>	<b>1,164,404</b>	<b>989,611</b>	<b>17.66</b>
Tax expense	1,172,535	(814,359)	(243.98)	(309,167)	(342,525)	(9.74)
<b>Profit for the period</b>	<b>2,954,807</b>	<b>2,278,043</b>	<b>29.71</b>	<b>855,237</b>	<b>647,086</b>	<b>32.17</b>
<b>Attributable to:</b>						
Equity holders of the parent	101,542	204,200	(50.27)	26,710	124,739	(78.59)
Non-controlling interest	2,853,265	2,073,843	37.58	828,527	522,347	58.62
	<b>2,954,807</b>	<b>2,278,043</b>	<b>29.71</b>	<b>855,237</b>	<b>647,086</b>	<b>32.17</b>
<b>Earnings per share - Basic (Rs.)</b>	<b>0.09</b>	0.26	<b>(66.54)</b>	<b>0.02</b>	0.16	<b>(87.52)</b>
<b>Dividend per share - Rs.</b>	<b>0.50</b>	0.65	<b>(23.08)</b>	-	-	-

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In Rs. '000	Un-audited 12 months to 31-03-2019	Audited 12 months to 31-03-2018	Change as a %	Un-audited 03 months to 31-03-2019	Un-audited 03 months to 31-03-2018	Change as a %
<b>Profit for the period</b>	<b>2,954,807</b>	<b>2,278,043</b>	<b>29.71</b>	<b>855,237</b>	<b>647,086</b>	<b>32.17</b>
<b>Other comprehensive income</b>						
<b>Continuing operations</b>						
<b>Other comprehensive income to be reclassified to income statement in subsequent periods</b>						
Currency translation of foreign operations	(5,455)	(3,063)	78.09	2,529	1,158	118.39
Net change in fair value on derivative financial instruments	(481,699)	(34,266)	1,305.76	265,701	(37,336)	(811.65)
Net (loss) / gain on available-for-sale financial assets	(646,949)	463,171	(239.68)	(94,493)	(59,705)	58.27
Available-for-sale financial assets reclassified to income statement	17,343	17,641	(1.69)	8,312	10,791	(22.97)
Net other comprehensive income/ (loss) to be reclassified to income statement in subsequent periods	(1,116,760)	443,483	(351.82)	182,049	(85,092)	(313.94)
<b>Other comprehensive income not to be reclassified to income statement in subsequent periods</b>						
Revaluation of land and buildings	1,593,227	2,580,861	(38.27)	1,593,227	2,557,328	(37.70)
Re-measurement gain/ (loss) on employee benefit liabilities	49,158	(74,103)	(166.34)	52,233	(76,554)	(168.23)
Share of other comprehensive income of equity accounted investments (net of tax)	33	(80)	(141.25)	33	(80)	(141.25)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	(349,614)	(2,401,415)	(85.44)	(349,614)	(2,401,415)	(85.44)
Net other comprehensive income not to be reclassified to income statement in subsequent periods	1,292,804	105,263	1,128.17	1,295,879	79,279	1,534.58
<b>Other comprehensive income/ (loss) from continuing operations for the period, net of tax</b>	<b>176,044</b>	<b>548,746</b>	<b>(67.92)</b>	<b>1,477,928</b>	<b>(5,813)</b>	<b>(25,524.53)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>3,130,851</b>	<b>2,826,789</b>	<b>10.76</b>	<b>2,333,165</b>	<b>641,273</b>	<b>263.83</b>
<b>Attributable to:</b>						
Equity holders of the parent	364,372	450,413	(19.10)	1,261,116	156,033	708.24
Non-controlling interest	2,766,479	2,376,376	16.42	1,694,430	1,891,136	(10.40)
	<b>3,130,851</b>	<b>2,826,789</b>	<b>10.76</b>	<b>2,955,546</b>	<b>2,047,169</b>	<b>44.37</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Rs. '000	Un-audited as at 31-03-2019	Audited as at 31-03-2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	46,656,066	41,337,923
Lease rentals paid in advance	789,094	805,601
Investment property	1,695,261	1,238,300
Intangible assets	8,766,622	8,610,364
Investments in equity accounted investments	73,820	111,885
Non-current financial assets	14,076,854	10,564,380
Rental receivable on lease assets and hire purchase	1,527,797	1,042,759
Other non-current assets	3,215,786	928,503
Deferred tax assets	3,069,044	749,406
	<b>79,870,344</b>	<b>65,389,121</b>
<b>Current assets</b>		
Inventories	10,520,398	11,250,539
Trade and other receivables	14,968,002	11,838,130
Loans and advances	10,080,252	13,098,641
Rental receivable on lease assets and hire purchase	446,807	523,777
Amounts due from related parties	13,680	807
Other current assets	6,046,908	3,449,051
Short term investments	6,020,400	7,120,608
Cash in hand and at bank	2,593,558	6,151,833
	<b>50,690,005</b>	<b>53,433,386</b>
<b>Total assets</b>	<b>130,560,349</b>	<b>118,822,507</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Stated capital	12,119,235	8,195,383
Revenue reserves	(1,807,328)	(577,403)
Other components of equity	4,039,125	3,973,279
	<b>14,351,032</b>	<b>11,591,259</b>
Non-controlling interests	10,560,196	9,325,667
<b>Total equity</b>	<b>24,911,228</b>	<b>20,916,926</b>
<b>Non-current liabilities</b>		
Insurance contract liabilities	8,309,627	7,192,591
Interest bearing borrowings	25,175,419	25,729,331
Public deposits	4,604,779	3,237,633
Deferred tax liabilities	3,303,033	2,829,959
Employee benefit liabilities	1,100,158	1,012,888
Other deferred liabilities	123,205	127,635
Other non-current financial liabilities	103,052	122,502
	<b>42,719,273</b>	<b>40,252,539</b>
<b>Current liabilities</b>		
Trade and other payables	8,377,830	7,268,577
Amounts due to related parties	2,747	7,566
Income tax liabilities	322,023	348,372
Other current financial liabilities	22,915,475	23,607,505
Current portion of interest bearing borrowings	9,897,565	7,244,641
Other current liabilities	1,272,452	1,467,326
Public deposits	12,382,108	13,063,838
Bank overdrafts	7,759,648	4,645,217
	<b>62,929,848</b>	<b>57,653,042</b>
<b>Total equity and liabilities</b>	<b>130,560,349</b>	<b>118,822,507</b>

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

**-sgd-**

Group Finance Director

The Board of directors is responsible for the preparation and presentation of these financial statements.

**-sgd-**

Chairman

**-sgd-**

Director

31 May 2019  
Colombo

# Softlogic Holdings PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### GROUP

In Rs. '000	Attributable to equity holders of parent											Non-controlling interest	Total equity
	Stated capital	Treasury shares	Restricted regulatory reserve	Revaluation reserve	Foreign currency translation reserve	Available-for-sale reserve	Statutory reserve fund	Other reserves	Cash flow hedge reserve	Revenue reserve	Total		
<b>As at 01 April 2017</b>	5,089,000	(55,921)	-	4,628,655	(43,262)	(718,502)	175,022	(491,235)	(144,727)	108,357	<b>8,547,387</b>	7,075,208	<b>15,622,595</b>
Profit for the period	-	-	-	-	-	-	-	-	-	204,200	<b>204,200</b>	2,073,843	<b>2,278,043</b>
Other Comprehensive income	-	-	-	146,010	(3,063)	187,615	-	-	(34,239)	(50,110)	<b>246,213</b>	302,533	<b>548,746</b>
<b>Total Comprehensive income</b>	-	-	-	146,010	(3,063)	187,615	-	-	(34,239)	154,090	<b>450,413</b>	2,376,376	<b>2,826,789</b>
Issue of shares	3,106,383	-	-	-	-	-	-	-	-	-	<b>3,106,383</b>	-	<b>3,106,383</b>
Transfer to reserve fund	-	-	-	-	-	-	40,041	-	-	(40,041)	-	-	-
Transfer of one-off surplus	-	-	309,613	-	-	-	-	-	-	(309,613)	-	-	-
Acquisition and disposal of treasury shares	-	55,921	-	-	-	-	-	-	-	13,169	<b>69,090</b>	20,773	<b>89,863</b>
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	11,211	<b>11,211</b>
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	(78,649)	-	-	<b>(78,649)</b>	457,747	<b>379,098</b>
Dividend paid	-	-	-	-	-	-	-	-	-	(503,365)	<b>(503,365)</b>	-	<b>(503,365)</b>
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(615,648)	<b>(615,648)</b>
<b>As at 31 March 2018</b>	<b>8,195,383</b>	-	<b>309,613</b>	<b>4,774,665</b>	<b>(46,325)</b>	<b>(530,887)</b>	<b>215,063</b>	<b>(569,884)</b>	<b>(178,966)</b>	<b>(577,403)</b>	<b>11,591,259</b>	<b>9,325,667</b>	<b>20,916,926</b>
Impact of adopting SLFRS 9	-	-	-	-	-	-	-	-	-	(721,108)	<b>(721,108)</b>	(272,220)	<b>(993,328)</b>
<b>Restated balance under SLFRS 9 as at 01 April 2018</b>	<b>8,195,383</b>	-	<b>309,613</b>	<b>4,774,665</b>	<b>(46,325)</b>	<b>(530,887)</b>	<b>215,063</b>	<b>(569,884)</b>	<b>(178,966)</b>	<b>(1,298,511)</b>	<b>10,870,151</b>	<b>9,053,447</b>	<b>19,923,598</b>
Profit for the period	-	-	-	-	-	-	-	-	-	101,542	<b>101,542</b>	2,853,265	<b>2,954,807</b>
Other comprehensive income	-	-	-	1,001,100	(5,455)	(277,490)	-	-	(481,288)	25,963	<b>262,830</b>	(86,786)	<b>176,044</b>
<b>Total Comprehensive income</b>	-	-	-	1,001,100	(5,455)	(277,490)	-	-	(481,288)	127,505	<b>364,372</b>	2,766,479	<b>3,130,851</b>
Issue of shares	3,923,852	-	-	-	-	-	-	-	-	-	<b>3,923,852</b>	-	<b>3,923,852</b>
Transfer to reserve fund	-	-	-	-	-	-	40,050	-	-	(40,050)	-	-	-
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	(37,538)	<b>(37,538)</b>
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	(211,071)	-	-	<b>(211,071)</b>	(393,759)	<b>(604,830)</b>
Dividend paid	-	-	-	-	-	-	-	-	-	(596,272)	<b>(596,272)</b>	-	<b>(596,272)</b>
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(828,433)	<b>(828,433)</b>
<b>As at 31 March 2019</b>	<b>12,119,235</b>	-	<b>309,613</b>	<b>5,775,765</b>	<b>(51,780)</b>	<b>(808,377)</b>	<b>255,113</b>	<b>(780,955)</b>	<b>(660,254)</b>	<b>(1,807,328)</b>	<b>14,351,032</b>	<b>10,560,196</b>	<b>24,911,228</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## CONSOLIDATED CASH FLOW STATEMENT

In Rs. '000	Un-audited 12 months to 31-03-2019	Audited 12 months to 31-03-2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax from continuing operations	1,782,272	3,092,402
<b>Adjustments for:</b>		
Finance income	(1,374,854)	(1,103,805)
Finance cost	7,125,118	5,959,866
Change in fair value of investment property	(245,000)	(198,000)
Share of results of equity accounted investees	(2,652)	(19,787)
Gratuity provision and related cost	243,268	218,953
Provisions for/ write-off of impaired receivables	322,234	252,445
Provision for write-off of inventories	98,511	108,930
Provisions for/ write-off of loans and advances	30,144	102,829
Provisions for/ write-off of investments in lease and hire purchase	86,031	(18,091)
Depreciation of property, plant and equipment	2,514,847	2,284,583
Profit on sale of property, plant and equipment	(7,589)	(19,558)
Loss/ (profit) on sale of investments	377	(335,499)
Unrealised (profit)/ loss on foreign exchange	23,873	19,271
Amortisation/ impairment of intangible assets	347,602	358,068
Amortisation of prepaid lease rentals	16,506	1,116
Increase/ (decrease) in deferred income	(63,280)	(7,483)
Impairment & derecognition of property, plant & equipment	15,499	18,705
<b>Profit before working capital changes</b>	<b>10,912,907</b>	<b>10,714,945</b>
(Increase) / decrease in inventories	812,620	(2,255,849)
(Increase) / decrease in trade and other receivables	(3,640,353)	(3,125,663)
(Increase) / decrease in loans and advances	(6,617)	1,092,599
(Increase) / decrease in investments in lease and hire purchase	(494,099)	(720,680)
(Increase) / decrease in other current assets	(2,747,651)	(735,564)
(Increase) / decrease in amounts due from related parties	(12,873)	(474)
Increase / (decrease) in trade and other payables	829,358	295,561
Increase / (decrease) in amounts due to related parties	(4,819)	(10,000)
Increase / (decrease) in other current liabilities	(156,178)	(11,009)
Increase / (decrease) in public deposits	685,416	265,973
Increase / (decrease) in insurance contract liabilities	1,117,037	576,033
<b>Cash generated from/ (used in) operations</b>	<b>7,294,748</b>	<b>6,085,872</b>
Finance income received	1,209,463	947,843
Finance expenses paid	(6,700,782)	(5,899,483)
Dividend received	35,045	3,015
Tax paid	(952,963)	(1,265,120)
Gratuity paid	(118,809)	(87,901)
<b>Net cash flow from/ (used in) operating activities</b>	<b>766,702</b>	<b>(215,774)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase and construction of property, plant and equipment	(5,796,249)	(4,510,011)
Addition to investment property	(18,237)	(3,300)
Addition to intangible assets	(132,300)	(256,485)
(Increase)/ decrease in other non-current assets	(2,245,759)	(691,957)
(Purchase) / disposal of short term investments (net)	(63,490)	(1,125,217)
Dividends received	124,127	68,279
(Purchase) / disposal of non-current financial assets	(1,801,950)	991,812
Acquisition of subsidiaries (A)	(952,008)	(214,050)
Increase in interest in subsidiaries	(560,859)	(513,932)
Proceeds from disposal of controlling interest	-	794,836
Proceeds from sale of treasury shares (net)	-	89,863
Proceeds from sale of property, plant and equipment	41,819	59,385
<b>Net cash flow used in investing activities</b>	<b>(11,404,906)</b>	<b>(5,310,777)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	3,923,852	3,106,383
Dividend paid to non-controlling interest	(828,433)	(615,648)
Proceeds from long term borrowings	7,818,139	3,878,419
Repayment of long term borrowings	(6,725,004)	(6,697,977)
(Increase) / decrease in other non-current financial liabilities	703	84,339
Proceeds from / (repayment of) other current financial liabilities (net)	(692,031)	11,297,002
Dividend paid to equity holders of parent	(596,272)	(503,365)
<b>Net cash flow from financing activities</b>	<b>2,900,954</b>	<b>10,549,153</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,737,250)</b>	<b>5,022,602</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>5,888,960</b>	<b>866,428</b>
Effect of exchange rate changes	34	(70)
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>(1,848,256)</b>	<b>5,888,960</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
<b>Favourable balances</b>		
Cash in hand and at Bank	2,593,558	6,151,833
Short term investments	3,317,834	4,382,344
<b>Unfavourable balances</b>		
Bank overdrafts	(7,759,648)	(4,645,217)
<b>Cash and cash equivalents</b>	<b>(1,848,256)</b>	<b>5,888,960</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## CONSOLIDATED CASH FLOW STATEMENT

### (A) Obtaining control of subsidiaries

#### During FY 1819

- On 28 August 2018, Odel PLC, a subsidiary of Softlogic Holdings PLC acquired 100.00% ordinary shares of Cotton Collection (Pvt) Ltd and it became a subsidiary of the Group.

- On 2 November 2018, Asiri Hospital Holdings PLC, a subsidiary of Softlogic Holdings PLC acquired 100.00% ordinary shares of Asiri Hospital Galle (Pvt) Ltd (previously known as Hemas Southern Hospitals (Pvt) Ltd) and it became a subsidiary of the Group.

#### During FY 1718

In July 2017, Softlogic Retail (Pvt) Ltd, a subsidiary of Softlogic Holdings PLC acquired 66.51% ordinary shares of Suzuki Motors Lanka Ltd and it became a subsidiary of the Group.

The acquisition had the following effect on the Group's assets and liabilities.

In Rs. '000	2019	2018
<b>For the twelve months ended 31 March</b>		
Property, plant and equipment	<b>734,555</b>	106,052
Lease rentals paid in advance	-	3,884
Intangible assets	<b>1,971</b>	-
Non-current financial assets	-	27,655
Other non-current assets	<b>41,525</b>	-
Inventories	<b>180,992</b>	123,655
Trade and other receivables	<b>178,614</b>	98,250
Income tax refund due	<b>7,367</b>	7,328
Other current assets	-	31,775
Cash in hand and at bank	<b>38,524</b>	-
Interest bearing borrowings	<b>(240,163)</b>	(10,654)
Deferred tax liabilities	<b>(59,689)</b>	-
Employee benefit liabilities	<b>(20,490)</b>	(5,803)
Other non-current financial liabilities	-	(9,323)
Trade and other payables	<b>(256,026)</b>	-
Other current financial liabilities	-	(254,963)
Amounts Due to Related Parties	<b>(18,258)</b>	-
Income tax liabilities	<b>(222)</b>	-
Other current liabilities	-	(16,368)
Bank overdrafts	<b>(240,532)</b>	(50,100)
Net identifiable assets	<b>348,168</b>	51,388
Non controlling interest holding	<b>226,421</b>	18
Intangible recognised on acquisition	<b>364,294</b>	131,064
	<b>938,883</b>	182,470
Investment by Non controlling interest	<b>(188,883)</b>	(17,470)
	<b>750,000</b>	165,000
<b>Total purchase price paid</b>		
Cash consideration	<b>750,000</b>	165,000
Cash at bank and in hand acquired	<b>202,008</b>	50,100
	<b>952,008</b>	215,100

# Softlogic Holdings PLC

## COMPANY INCOME STATEMENT

In Rs. '000	Un-audited 12 months to 31-03-2019	Audited 12 months to 31-03-2018	Change as a %	Un-audited 03 months to 31-03-2019	Un-audited 03 months to 31-03-2018	Change as a %
Revenue	645,766	649,823	(0.62)	163,568	161,097	1.53
Cost of sales	(240,599)	(216,633)	11.06	(61,821)	(57,034)	8.39
<b>Gross profit</b>	<b>405,167</b>	<b>433,190</b>	<b>(6.47)</b>	<b>101,747</b>	<b>104,063</b>	<b>(2.23)</b>
Dividend income	514,513	893,013	(42.38)	463,507	697,948	(33.59)
Other operating income	28,618	4,634,942	(99.38)	9,374	4,599,292	(99.80)
Administrative expenses	(442,305)	(523,053)	(15.44)	(85,072)	(199,590)	(57.38)
<b>Results from operating activities</b>	<b>505,993</b>	<b>5,438,092</b>	<b>(90.70)</b>	<b>489,556</b>	<b>5,201,713</b>	<b>(90.59)</b>
Finance income	1,502,906	1,122,857	33.85	459,520	329,543	39.44
Finance expenses	(2,626,434)	(2,695,998)	(2.58)	(765,928)	(752,310)	1.81
<b>Net finance cost</b>	<b>(1,123,528)</b>	<b>(1,573,141)</b>	<b>(28.58)</b>	<b>(306,408)</b>	<b>(422,767)</b>	<b>(27.52)</b>
Change in fair value of investment property	40,000	92,475	(56.75)	40,000	92,475	(56.75)
<b>Profit/ (loss) before tax</b>	<b>(577,535)</b>	<b>3,957,426</b>	<b>(114.59)</b>	<b>223,148</b>	<b>4,871,421</b>	<b>(95.42)</b>
Tax expense	(90,594)	(258,757)	(64.99)	(35,477)	(154,524)	(77.04)
<b>Profit/ (loss) for the period</b>	<b>(668,129)</b>	<b>3,698,669</b>	<b>(118.06)</b>	<b>187,671</b>	<b>4,716,897</b>	<b>(96.02)</b>

Note : Figures in brackets indicate deductions.



# Softlogic Holdings PLC

## STATEMENT OF COMPREHENSIVE INCOME

In Rs. '000	Un-audited 12 months to 31-03-2019	Audited 12 months to 31-03-2018	Change as a %	Un-audited 03 months to 31-03-2019	Un-audited 03 months to 31-03-2018	Change as a %
<b>Profit/ (loss) for the period</b>	<b>(668,129)</b>	<b>3,698,669</b>	<b>(118.06)</b>	<b>187,671</b>	<b>4,716,897</b>	<b>(96.02)</b>
<b>Other comprehensive income</b>						
<b>Other comprehensive income not to be reclassified to income statement in subsequent periods</b>						
Actuarial loss on retirement benefits	(3,474)	(10,219)	(66.00)	(3,474)	(10,219)	(66.00)
Net other comprehensive loss not to be reclassified to income statement in subsequent periods	(3,474)	(10,219)	(66.00)	(3,474)	(10,219)	(66.00)
Tax on other comprehensive income	973	2,861	(65.99)	973	2,861	(65.99)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(2,501)</b>	<b>(7,358)</b>	<b>(66.01)</b>	<b>(2,501)</b>	<b>(7,358)</b>	<b>(66.01)</b>
<b>Total comprehensive income/ (loss) for the period, net of tax</b>	<b>(670,630)</b>	<b>3,691,311</b>	<b>(118.17)</b>	<b>185,170</b>	<b>4,709,539</b>	<b>(96.07)</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## COMPANY STATEMENT OF FINANCIAL POSITION

In Rs. '000	Un-audited as at 31-03-2019	Audited as at 31-03-2018
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	170,963	208,459
Investment property	744,000	704,000
Intangible assets	686	593
Investments in subsidiaries	20,028,700	19,856,700
Investments in associates	11,000	11,000
Other non current financial assets	1,465,042	828,355
	<b>22,420,391</b>	<b>21,609,107</b>
<b>Current assets</b>		
Trade and other receivables	912,092	362,930
Amounts due from related parties	14,176,359	8,588,380
Other current assets	28,273	16,709
Short term investments	130,625	1,719,676
Cash in hand and at bank	18,294	2,916,160
	<b>15,265,643</b>	<b>13,603,855</b>
<b>Total assets</b>	<b>37,686,034</b>	<b>35,212,962</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Stated capital	12,119,235	8,195,383
Revenue reserves	3,870,881	5,193,136
<b>Total equity</b>	<b>15,990,116</b>	<b>13,388,519</b>
<b>Non-current liabilities</b>		
Interest bearing borrowings	6,817,717	7,453,907
Deferred tax liabilities	173,435	157,916
Employee benefit liabilities	81,109	68,252
Other deferred liabilities	75,676	111,712
Other non current financial liabilities	186,200	186,200
	<b>7,334,137</b>	<b>7,977,987</b>
<b>Current liabilities</b>		
Trade and other payables	108,896	44,415
Amounts due to related parties	16,671	17,877
Income tax liabilities	16,910	33,309
Other current financial liabilities	10,018,101	10,526,355
Current portion of interest bearing borrowings	3,944,272	2,984,531
Other current liabilities	82,229	86,221
Bank overdrafts	174,702	153,748
	<b>14,361,781</b>	<b>13,846,456</b>
<b>Total equity and liabilities</b>	<b>37,686,034</b>	<b>35,212,962</b>

I certify that the financial statements comply with the requirements of the Companies Act No. 7 of 2007.

**-sgd-**

Group Finance Director

The Board of directors is responsible for the preparation and presentation of these financial statements.

**-sgd-**

Chairman

**-sgd-**

Director

31 May 2019  
Colombo

# Softlogic Holdings PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY

### COMPANY

In Rs. '000	Stated capital	Revenue reserve	Total
<b>As at 01 April 2017</b>	5,089,000	2,008,175	<b>7,097,175</b>
Profit for the period	-	3,698,669	<b>3,698,669</b>
Other comprehensive income	-	(7,358)	<b>(7,358)</b>
<b>Total comprehensive income</b>	-	3,691,311	<b>3,691,311</b>
Dividend paid	-	(506,350)	<b>(506,350)</b>
Issue of shares	3,106,383	-	<b>3,106,383</b>
<b>As at 31 March 2018</b>	<b>8,195,383</b>	<b>5,193,136</b>	<b>13,388,519</b>
Impact of adopting SLFRS 9	-	(55,353)	<b>(55,353)</b>
<b>Restated balance under SLFRS 9 as at 01 April 2018</b>	<b>8,195,383</b>	<b>5,137,783</b>	<b>13,333,166</b>
Loss for the period	-	(668,129)	<b>(668,129)</b>
Other comprehensive income	-	(2,501)	<b>(2,501)</b>
<b>Total comprehensive income</b>	-	(670,630)	<b>(670,630)</b>
Issue of shares	3,923,852	-	<b>3,923,852</b>
Dividend paid	-	(596,272)	<b>(596,272)</b>
<b>As at 31 March 2019</b>	<b>12,119,235</b>	<b>3,870,881</b>	<b>15,990,116</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## COMPANY STATEMENT OF CASH FLOW

In Rs. '000	Un-audited 12 months to 31-03-2019	Audited 12 months to 31-03-2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/ (loss) before tax	(577,535)	3,957,426
<b>Adjustments for:</b>		
Finance income	(1,502,906)	(1,122,857)
Dividend income	(514,513)	(893,013)
Finance cost	2,626,434	2,695,998
Change in fair value of investment property	(40,000)	(92,475)
Gratuity provision and related costs	13,759	13,222
Provisions for/ write-off of impaired receivables	2,472	64,000
Provisions for/ write off of impaired investments	-	24,900
Depreciation of property, plant and equipment	36,051	36,039
Profit on sale of property, plant and equipment	(2,140)	(10,100)
Loss/ (profit) on sale of investments	10,575	(4,588,114)
Amortisation/ impairment of intangible assets	7,079	5,738
Increase / (decrease) in deferred income	(36,036)	(36,036)
<b>Profit before working capital changes</b>	<b>23,240</b>	<b>54,728</b>
(Increase) / decrease in trade and other receivable	(144,382)	90,394
(Increase) / decrease in other current assets	(21,074)	120
(Increase) / decrease in amount due from related parties	(5,587,037)	(3,495,009)
Increase / (decrease) in trade and other payables	64,481	20,282
Increase / (decrease) in amount due to related parties	(1,207)	(50,186)
Increase / (decrease) in other current liabilities	(3,992)	12,872
<b>Cash generated used in operations</b>	<b>(5,669,971)</b>	<b>(3,366,799)</b>
Finance income received	1,531,157	1,067,003
Finance expenses paid	(2,499,771)	(2,689,213)
Dividend received	50,965	893,013
Tax paid	(80,989)	(136,584)
Gratuity paid	(4,375)	(4,319)
<b>Net cash flow used in operating activities</b>	<b>(6,672,984)</b>	<b>(4,236,899)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>		
Purchase and construction of property, plant and equipment	(1,870)	(49,384)
Addition to investment property	-	(2,140)
Addition to intangible assets	(2,636)	(2,377)
(Purchase) / disposal of short term investments (net)	1,550,225	1,208
(Purchase) / disposal of other non current financial assets	(636,686)	(341,522)
Increase in interest in subsidiaries	(172,000)	(179,381)
Proceeds from sale of property, plant and equipment	5,455	16,241
<b>Net cash flow used in investing activities</b>	<b>742,488</b>	<b>(557,355)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	3,923,852	3,106,383
Proceeds from long term borrowings	2,500,000	1,866,930
Repayment of long term borrowings	(2,307,649)	(2,530,612)
Proceeds from / (repayment of) short term borrowings (net)	(508,255)	6,078,358
Dividend paid to equity holders of parent	(596,272)	(506,350)
<b>Net cash flow from financing activities</b>	<b>3,011,676</b>	<b>8,014,709</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,918,820)</b>	<b>3,220,455</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>2,762,412</b>	<b>(458,043)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>(156,408)</b>	<b>2,762,412</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
<b>Favourable balances</b>		
Cash in hand and at bank	18,294	2,916,160
<b>Unfavourable balances</b>		
Bank overdrafts	(174,702)	(153,748)
<b>Cash and cash equivalents</b>	<b>(156,408)</b>	<b>2,762,412</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### OPERATING SEGMENT INFORMATION

The following tables present revenue, profit information and other disclosures regarding Group's business segments.

REVENUE AND PROFIT In Rs. '000 For the year ended 31 March	Information Technology		Leisure & Property		Retail & Telecommunication		Automobiles		Financial Services		Healthcare Services		Others		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	<b>Continuing operations</b>															
Revenue																
Total revenue	4,729,679	4,147,724	3,298,678	2,718,660	39,839,827	37,574,985	3,203,701	1,336,977	13,692,609	11,068,797	13,884,945	12,412,747	678,287	677,335	79,327,726	69,937,225
Inter group	(690,909)	(518,788)	(170,380)	(133,237)	(2,117,274)	(2,138,192)	(67,525)	(66,561)	(62,033)	(7,884)	(410,263)	(387,569)	(665,620)	(666,079)	(4,184,004)	(3,918,310)
<b>Total external revenue</b>	<b>4,038,770</b>	<b>3,628,936</b>	<b>3,128,298</b>	<b>2,585,423</b>	<b>37,722,553</b>	<b>35,436,793</b>	<b>3,136,176</b>	<b>1,270,416</b>	<b>13,630,576</b>	<b>11,060,913</b>	<b>13,474,682</b>	<b>12,025,178</b>	<b>12,667</b>	<b>11,256</b>	<b>75,143,722</b>	<b>66,018,915</b>
Operating profit/ (loss)	326,172	381,825	65,760	(141,980)	3,231,180	3,096,034	169,679	(64,256)	1,753,358	1,787,616	3,195,072	3,425,945	(304,300)	(178,475)	8,436,921	8,306,709
Finance income	318	567	(721)	18,499	111,794	76,927	146	176	1,182,443	912,225	43,655	85,020	37,219	10,391	1,374,854	1,103,805
Finance cost	(158,135)	(83,675)	(917,281)	(548,155)	(3,361,742)	(2,425,020)	(204,852)	(126,187)	(522,736)	(265,351)	(825,399)	(869,483)	(1,134,973)	(1,641,995)	(7,125,118)	(5,959,866)
Change in fair value of investment property	-	-	-	-	245,000	198,000	-	-	-	-	-	-	-	-	245,000	198,000
Share of results of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(9,380)	(6,496)	12,032	26,283	2,652	19,787
Change in insurance contract liabilities	-	-	-	-	-	-	-	-	(1,152,037)	(1,374,037)	-	-	-	-	(1,152,037)	(1,374,037)
Change in contract liability due to transfer of one-off surplus	-	-	-	-	-	-	-	-	-	798,004	-	-	-	-	-	798,004
<b>Profit/ (loss) before taxation</b>	<b>168,355</b>	<b>298,717</b>	<b>(852,242)</b>	<b>(671,636)</b>	<b>226,232</b>	<b>945,941</b>	<b>(35,027)</b>	<b>(190,267)</b>	<b>1,261,028</b>	<b>1,858,457</b>	<b>2,403,948</b>	<b>2,634,986</b>	<b>(1,390,022)</b>	<b>(1,783,796)</b>	<b>1,782,272</b>	<b>3,092,402</b>
Tax expense	(36,730)	(44,946)	10,385	(193,752)	(113,418)	(179,506)	(17)	12,619	1,979,643	424,083	(578,327)	(696,506)	(89,001)	(136,351)	1,172,535	(814,359)
<b>Profit/ (loss) after taxation</b>	<b>131,625</b>	<b>253,771</b>	<b>(841,857)</b>	<b>(865,388)</b>	<b>112,814</b>	<b>766,435</b>	<b>(35,044)</b>	<b>(177,648)</b>	<b>3,240,671</b>	<b>2,282,540</b>	<b>1,825,621</b>	<b>1,938,480</b>	<b>(1,479,023)</b>	<b>(1,920,147)</b>	<b>2,954,807</b>	<b>2,278,043</b>
Depreciation of property, plant & equipment (PPE)	61,302	72,905	606,076	589,423	717,503	498,198	36,196	40,141	181,067	174,536	876,413	872,062	36,290	37,318	2,514,847	2,284,583
Amortisation of lease rentals paid in advance	-	-	-	119	79	-	-	-	-	-	1,037	1,037	-	-	1,156	1,116
Amortisation/ impairment of intangible assets	14,603	29,820	21,760	20,683	77,784	70,680	-	-	222,288	225,538	8,626	8,522	2,542	2,825	347,603	358,068
Retirement benefit obligations and related cost	18,868	20,403	8,827	10,006	62,256	44,418	1,660	2,349	43,882	30,726	93,706	97,692	14,068	13,359	243,267	218,953
Purchase and construction of PPE	41,377	29,111	123,019	359,009	2,049,238	1,226,742	1,665	23,644	186,122	231,150	3,377,374	2,619,809	2,304	36,545	5,794,099	4,526,010
Additions to intangible assets	91,357	98,343	2,962	17,421	35,346	138,152	-	-	-	191	-	-	2,635	2,378	132,300	256,485

REVENUE AND PROFIT In Rs. '000 For the three months ended 31 March	Information Technology		Leisure & Property		Retail & Telecommunication		Automobiles		Financial Services		Healthcare Services		Others		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	<b>Continuing operations</b>															
Revenue																
Total revenue	1,414,721	1,218,253	1,226,663	887,385	10,982,453	9,211,456	1,616,880	23,499	3,683,512	3,018,927	3,683,928	3,128,854	171,605	167,917	22,779,762	17,656,291
Inter group	(257,911)	(155,112)	(34,002)	(40,979)	(610,753)	(589,618)	(18,431)	(14,918)	(27,500)	2,798	(103,217)	(98,374)	(168,312)	(164,973)	(1,220,126)	(1,061,176)
<b>Total external revenue</b>	<b>1,156,810</b>	<b>1,063,141</b>	<b>1,192,661</b>	<b>846,406</b>	<b>10,371,700</b>	<b>8,621,838</b>	<b>1,598,449</b>	<b>8,581</b>	<b>3,656,012</b>	<b>3,021,725</b>	<b>3,580,711</b>	<b>3,030,480</b>	<b>3,293</b>	<b>2,944</b>	<b>21,559,636</b>	<b>16,595,115</b>
Operating profit/ (loss)	117,749	235,522	114,238	(116,091)	1,037,045	340,733	199,185	(56,154)	397,358	417,272	801,334	638,406	(53,280)	(60,628)	2,613,629	1,399,060
Finance income	58	87	(5,252)	16,351	23,671	6,656	23	62	460,981	140,300	24,563	51,929	(858)	8,952	503,186	224,337
Finance cost	(3,601)	(13,730)	(210,349)	(169,850)	(1,440,093)	(642,705)	(73,237)	(38,066)	(287,467)	(63,705)	(179,143)	(210,687)	(305,445)	(449,889)	(2,499,335)	(1,588,632)
Change in fair value of investment property	-	-	-	245,000	198,000	-	-	-	-	-	-	-	-	-	245,000	198,000
Share of results of equity accounted investments	-	-	-	-	-	-	-	-	-	-	1,600	(1,312)	(2,616)	5,776	(1,016)	4,464
Change in insurance contract liabilities	-	-	-	-	-	-	-	-	302,940	(45,622)	-	-	-	-	302,940	(45,622)
Change in contract liability due to transfer of one-off surplus	-	-	-	-	-	-	-	-	-	798,004	-	-	-	-	-	798,004
<b>Profit/ (loss) before taxation</b>	<b>114,206</b>	<b>221,879</b>	<b>(101,363)</b>	<b>(269,590)</b>	<b>(134,377)</b>	<b>(97,316)</b>	<b>125,971</b>	<b>(94,158)</b>	<b>873,812</b>	<b>1,246,249</b>	<b>648,354</b>	<b>478,336</b>	<b>(362,199)</b>	<b>(495,789)</b>	<b>1,164,404</b>	<b>989,611</b>
Tax expense	(23,995)	(35,805)	9,694	(193,810)	65,998	104,436	(17)	12,597	(188,158)	54,240	(147,370)	(271,235)	(25,319)	(12,948)	(309,167)	(342,525)
<b>Profit/ (loss) after taxation</b>	<b>90,211</b>	<b>186,074</b>	<b>(91,669)</b>	<b>(463,400)</b>	<b>(68,379)</b>	<b>7,120</b>	<b>125,954</b>	<b>(81,561)</b>	<b>685,654</b>	<b>1,300,489</b>	<b>500,984</b>	<b>207,101</b>	<b>(387,518)</b>	<b>(508,737)</b>	<b>855,237</b>	<b>647,086</b>
Depreciation of property, plant & equipment (PPE)	15,671	23,102	146,975	188,028	209,154	134,349	8,684	(23,476)	42,071	45,382	230,406	212,191	8,825	10,060	661,786	589,636
Amortisation of lease rentals paid in advance	-	-	-	30	30	-	-	-	-	-	259	259	-	-	289	289
Amortisation/ impairment of intangible assets	2,822	23,490	5,392	7,455	20,041	8,982	-	-	54,906	45,905	2,183	2,131	559	1,186	85,903	89,149
Retirement benefit obligations and related cost	7,639	9,543	2,954	3,973	21,203	6,548	170	774	23,645	10,249	24,326	35,361	4,322	5,903	84,259	72,351
Purchase and construction of PPE	16,910	-	27,212	30,250	473,170	80,898	11,803	-	58,627	61,023	1,088,667	1,188,565	723	1,467	1,677,112	1,362,203
Additions to intangible assets	28,695	15,263	2,962	1,874	136	119,837	-	-	-	-	-	-	-	1	31,793	136,975

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

Softlogic Holdings PLC, is a public limited company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange.

The interim financial statements of the Group and the Company for the year ended 31 March 2019 were authorised for issue by the Board of Directors on 31 May 2019.

### 2. BASIS OF PREPARATION

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting.

The presentation and classification of the financial statements of the previous period have been amended, where relevant, for better presentation and to be comparable with those of the current period.

The interim financial statements are presented in Sri Lankan Rupees.

### 3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018, except for the adoption of new standards effective as of 1 April 2018.

The Group applies, for the first time, SLFRS 15 : Revenue from Contracts with Customers and SLFRS 9 : Financial Instruments that require restatement of previous financial statements. As required by LKAS 34, the nature and effect of these changes are disclosed below.

#### **SLFRS 15 – Revenue from Contracts with Customers**

SLFRS 15 supersedes LKAS 11 Construction Contracts, LKAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted SLFRS 15 using the full retrospective method of adoption. Based on the assessment performed the Group concluded that SLFRS 15 does not have a material impact on Group's consolidated financial statements.

#### **SLFRS - 9 Financial Instruments**

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

With the exception of hedge accounting, which the Group applied prospectively, the Group has applied SLFRS 9 retrospectively, with the initial application date of 1 April 2018. The Group has taken an exception not to restate comparative information for prior periods with respect to classification and measurement requirements.

#### **Classification and measurement**

Under SLFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business models was made as of the date of initial application, 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (contd....)

#### Impairment

The adoption of SLFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing LKAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

SLFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVTPL.

#### Hedge accounting

The Group applied hedge accounting prospectively. At the date of the initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior periods, the Group has continued to designate the change in fair value of the entire forward contract in the Group's cash flow hedge relationships and, as such, the adoption of the hedge accounting requirements of SLFRS 9 had no significant impact on the Group's financial statements.

### 4. TAX EXPENSE

In Rs. '000	Group		Company	
	2019	2018	2019	2018
<b>Income statement</b>				
Current income tax	1,084,242	1,085,348	74,101	121,676
Deferred tax charge/ (reversal)	(2,256,777)	(270,989)	16,493	137,081
	<b>(1,172,535)</b>	<b>814,359</b>	<b>90,594</b>	<b>258,757</b>
<b>Other comprehensive Income</b>				
Deferred tax charge/ (reversal)	349,614	2,401,415	(973)	(2,861)
	<b>349,614</b>	<b>2,401,415</b>	<b>(973)</b>	<b>(2,861)</b>

#### Deferred tax asset - Softlogic Life Insurance PLC

With the introduction of the new tax base in terms of Section 67 of the Inland Revenue Act No. 24 of 2017, the gains and profits from the Life Insurance business of Softlogic Life Insurance PLC ('SLI') are liable for income tax at 28%. Therefore, during the twelve months ended 31 March 2019, SLI recognized a deferred tax asset amounting to Rs. 2.40 bn by recognizing available brought forward tax losses up to 31 March 2018.

### 5. CHANGE IN LIFE INSURANCE CONTRACT LIABILITIES

#### 5.1 Valuation of Life Insurance Fund

Transfer of a sum of Rs. 1,394.00 mn from the Non Participating Life Insurance Fund/ Insurance Contract Liabilities to the shareholders' fund for the year ended 31 March 2019; transfer of the amount of Rs. 928.00 mn declared as surplus for the quarter ended 31 March 2019, as approved by appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Willis Towers Watson India (Pvt) Ltd.

The Financial Statements of Softlogic Life Insurance PLC as at 31 March 2019 were audited by Messrs. KPMG, Chartered Accountants.

#### 5.2 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 the one-off surplus attributable to policyholder non-participating fund to shareholder fund in the reporting period 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 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 5.3 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 No. 43 of 2000". Please refer Note 5.3 for details of assets supporting the restricted regulatory reserve as at 31 December 2018.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 5. CHANGE IN LIFE INSURANCE CONTRACT LIABILITIES (contd....)

In Rs. '000	Participating fund	Non- participating fund	Total
Value of insurance contract liability based on Independent Actuary - NPV as at 31 December 2015	3,866,780	2,472,575	<b>6,339,355</b>
Value of insurance contract liability based on Independent Actuary - GPV as at 31 December 2015	2,810,245	1,674,571	<b>4,484,816</b>
<b>Surplus created due to change in valuation method from NPV to GPV One off surplus as at 01 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 as at 31 December 2017	-	(798,004)	<b>(798,004)</b>
<b>Surplus created due to change in valuation method from NPV to GPV One off surplus as at 31 March 2019</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 company develops appropriate policies and procedures for effective management of its business

### 5.3 Composition of investments supporting the Restricted Regulatory Reserve as at 31 March 2019

In Rs. '000	Face value	Market value as at 31 March 2019 Rs. '000
<b>Government Securities</b>		
Treasury Bonds - LKB03044A010	100,000,000	<b>117,193</b>
<b>Deposits</b>		
Seylan Bank PLC	175,000,000	<b>186,380</b>
Sampath Bank PLC	263,618,836	<b>287,599</b>
Sampath Bank PLC	125,000,000	<b>133,129</b>
Hatton National Bank PLC	110,658,219	<b>120,522</b>
<b>Total market value of the assets</b>		<b>844,823</b>



# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 6. SHARE INFORMATION

#### 6.1 Public share holdings

Percentage of shares held by the public and the number of public shareholders is as given below:

As at	31-03-2019
Public shareholding (%)	13.72
Public shareholders	10,660
Float adjusted market capitalization (Rs. Mn.)	2,618

Minimum public holding percentage - The company is in compliance with this under Option 4 of Listing Rule 7.13.1(a).

#### 6.2 Directors' share holdings

The number of shares held by the Board of Directors are as follows:

As at	31-03-2019
A K Pathirage - Chairman/ Managing Director	477,843,941
G W D H U Gunawardena	71,333,852
R J Perera	75,437,508
H K Kaimal	80,439,792
M P R Rassool	Nil
Dr S Selliah	2,480,000
W M P L De Alwis, PC	Nil
G L H Premaratne	Nil
Prof. A S Dharmasiri	Nil
A Russell-Davison	Nil
S Saraf	Nil
C K Gupta (alternate director to Mr. S Saraf)	Nil
	<b>707,535,093</b>

#### 6.3 Twenty largest shareholders of the company are as follows:

As at	Number of shares 31-03-2019	%
1 Mr. A K Pathirage	477,843,941	40.07
2 Samena Ceylon Holdings Ltd	247,432,455	20.75
3 Mr. H K Kaimal	80,439,792	6.75
4 Mr. R J Perera	75,437,508	6.33
5 Mr. G W D H U Gunawardena	71,333,852	5.98
6 Pemberton Asian Opportunities Fund	57,040,000	4.78
7 Samena Special Situations Fund III L.P.	53,653,654	4.50
8 Samena Special Situations Fund II L.P.	15,000,000	1.26
9 J. B. Cocoshell (Pvt) Ltd	8,068,054	0.68
10 Employees Provident Fund	7,230,500	0.61
11 Mrs. A Selliah	5,252,640	0.44
12 Mr. S J Fancy	4,960,000	0.42
13 Arunodhaya Industries (Private) Limited	4,757,864	0.40
14 Miss. S Subramaniam	4,712,000	0.40
15 Dr. K M P Karunaratne	4,649,968	0.39
16 Mrs. A Kailasapillai	4,512,000	0.38
17 Arunodhaya (Private) Limited	4,400,000	0.37
Arunodhaya Investments (Private) Limited	4,400,000	0.37
18 Mellon Bank N.A-Acadian Frontier Markets Equity Fund	3,837,906	0.32
19 Mr. K Aravinthan	3,801,018	0.32
20 Dr. S Selliah	2,480,000	0.21

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 7. STATED CAPITAL MOVEMENTS

#### 7.1 No of shares

	No of shares
As at 01 April 2018	961,728,395
No of shares issued during the period *	230,814,814
<b>As at 31 March 2019</b>	<b>1,192,543,209</b>

#### 7.2 Value of shares

	Rs. '000
As at 01 April 2018	8,195,383
Total value of shares issued during the period *	3,923,852
<b>As at 31 March 2019</b>	<b>12,119,235</b>

\* The issue and listing of 230,814,814 ordinary shares by way of a Rights Issue at a price of Rs. 17.00 per share was completed on 10 May 2018.

### 8. INVESTOR INFORMATION

#### 8.1 Market value of shares

**31-03-2019**

The market value of an ordinary share of Softlogic Holdings PLC was as follows.

Closing price on (Rs.)	<b>16.00</b>
Highest price recorded for the three months ending (Rs.)	<b>21.30</b>
Lowest price recorded for the three months ending (Rs.)	<b>15.90</b>
Market Capitalisation (Rs. mn)	<b>19,080.69</b>

#### 8.2 Ratios

Net assets per share at the period end (Rs.)	<b>13.41</b>
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#### 8.3 Share trading information from 01 January 2019 to 31 March 2019

Number of shares traded	<b>4,005,185</b>
Value of shares traded (Rs. mn.)	<b>70.00</b>

### 9. CONTINGENCIES

#### CONTINGENT LIABILITIES

As at reporting date, there were no significant change in the nature of the contingencies and other commitments, which were disclosed in the annual report for the year ended 31 March 2018 other than the below.

#### Asiri Surgical Hospital PLC

A dispute has arisen with the Department of Inland Revenue on the tax exemption applicable as per the agreement between the subsidiary Asiri Surgical Hospital PLC and the Board of Investment (BOI) in 2000.

Since there is litigation in the Court of Appeal in CA (Writ) 386/2016 with regard to this matter, in accordance with Paragraph 92 of LKAS 37, the group is unable to provide further information on this and associated risks, in order not to impair the outcome and/ or prejudice the subsidiary's position in this matter. The aforesaid matter is coming up for argument on 31 May 2019 at the Court of Appeal.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 10. PRIVATE PLACEMENT AND RIGHTS ISSUE OF SHARES - SOFTLOGIC HOLDINGS PLC

#### Utilisation of funds raised through private placement and rights issue of shares

Total Funds raised through private placement in FY 1718 and rights issue in FY 1819 amounting to Rs. 3,106 mn and Rs. 3,924 mn respectively was fully utilised for the objectives stated in the circular to shareholders issued in respect of the above.

Objective number	Objective as per circular	Amount allocated as per circular in Rs.	Proposed date of utilisation as per circular	Amount allocated from proceeds in Rs. (A)	% of total proceeds	Amount utilised in Rs. (B)	% of utilised against allocation [(B)/(A)]	Clarification if not fully utilised including if not utilised where are the funds invested (e.g. whether lent to related parties)
<b>Utilisation of funds raised through private placement of shares</b>								
	Settlement of commercial papers	3,106,382,715	Within two months	3,106,382,715	-	3,106,382,715	100.00	NA
<b>Utilisation of funds raised through rights issue of shares</b>								
1	Settlement of commercial papers	Maximum of 3,923,851,838	Within three months	Maximum of 3,923,851,838	-	3,173,851,838	80.89	NA
2	Short term loan settlement - Seylan Bank PLC	Maximum of 3,923,851,838	Within three months	Maximum of 3,923,851,838	-	750,000,000	19.11	NA

### 11. CAPITAL COMMITMENTS

As at 31 March 2019, the group had capital commitments contracted but not provided in the financial statements amounting to Rs. 12,890 mn (31 March 2018 - 9,371 mn).

### 12. EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to the date of the statement of financial position, which require disclosure in the financial statements.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 13. RELATED PARTY TRANSACTIONS

#### 13.1 Transactions with related parties

In Rs. '000	Group		Company	
	12 months to 31-03-2019	12 months to 31-03-2018	12 months to 31-03-2019	12 months to 31-03-2018
<b>Subsidiaries</b>				
(Purchases) / sales of goods	-	-	(19,378)	(14,301)
(Receiving) / rendering of services	-	-	559,546	623,478
(Purchases) / sale of property plant & equipment	-	-	(1,378)	(37,733)
Loans given / (obtained)	-	-	2,580,671	3,024,616
Interest received / (paid)	-	-	1,148,937	829,547
Rent received / (paid)	-	-	55,303	56,900
Dividend received	-	-	479,712	889,998
Profit on disposal of shares	-	-	(10,575)	4,588,114
Guarantee charges received	-	-	140,393	181,887
Guarantees given / (obtained)	-	-	23,282,722	22,611,617
<b>Associates</b>				
(Purchases) / sale of property plant & equipment	16,651	11,296	-	-
(Receiving) / rendering of services	22,365	698	12,153	10,898
Interest received / (paid)	116	-	116	-
Dividend received	-	-	35,045	3,015
<b>Key management personnel</b>				
Loans given/ (received)	(1,794)	(2,294)	(1,992)	(1,992)
Guarantees given/ (received)	(410,000)	(510,000)	-	(100,000)
Loans given/ (customer deposits received)	(47,617)	(44,853)	-	-
(Purchases) / sale of goods	22,401	-	-	-
Advances given/ (received)	(232,318)	(160,455)	-	-
<b>Close family members of KMP</b>				
(Receiving) / rendering of services	-	-	-	-

#### 13.2 Terms and conditions of transactions with related parties

Transactions with related parties are carried out under relevant commercial terms and conditions.

Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms.

# Softlogic Holdings PLC

## CORPORATE INFORMATION

### Name of Company

Softlogic Holdings PLC

### Legal Form

Public Limited Liability Company.  
Incorporated in Sri Lanka on 25 February 1998 as a Private Limited Liability Company under the Companies Act No. 17 of 1982.  
Re-registered on 17 December 2007 as a Public Limited Liability Company under the Companies Act No. 07 of 2007.  
The status of the Company was changed to a Public Limited Company on 10 December 2008. Subsequent to the listing of shares on the Main Board of Colombo Stock Exchange, the name of the Company was changed to Softlogic Holdings PLC on 25 August 2011.

### Company Registration No

PV 1536 PB/PQ

### Registered Office of the Company

14, De Fonseka Place,  
Colombo 05  
Sri Lanka  
Tel : +94 11 5575 000  
Fax : +94 11 2595 441  
E-mail : info@softlogic.lk  
Web : www.softlogic.lk

### Directors

A K Pathirage - Chairman/ Managing Director  
G W D H U Gunawardena  
H K Kaimal  
R J Perera  
M P R Rasool  
Dr S Selliah  
W M P L De Alwis, PC  
G L H Premaratne  
Prof. A S Dharmasiri  
A Russell-Davison  
S Saraf  
C K Gupta (alternative director to Mr. S Saraf)  
J D N Kekulawala (appointed w.e.f. 09 January 2019)

### Audit Committee

J D N Kekulawala - Chairman  
Dr S Selliah  
Prof. A S Dharmasiri  
W M P L De Alwis, PC

### Related Party Transaction Committee

Dr S Selliah - Chairman  
H K Kaimal  
W M P L De Alwis, PC

### HR and Remuneration Committee

Prof. A S Dharmasiri - Chairman  
W M P L De Alwis, PC  
G L H Premaratne

### Secretaries

Softlogic Corporate Services (Pvt) Ltd  
14, De Fonseka Place,  
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### Investor Relations

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### Contact for Media

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Sri Lanka  
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Fax : +94 11 2595 441

### Bankers

Bank of Ceylon  
Cargills Bank Ltd  
Commercial Bank of Ceylon PLC  
Deutsche Bank AG, Colombo  
DFCC Bank PLC  
Hatton National Bank PLC  
Muslim Commercial Bank  
National Development Bank PLC  
Nations Trust Bank PLC  
Pan Asia Banking Corporation PLC  
People's Bank  
Sampath Bank PLC  
Seylan Bank PLC  
Union Bank of Colombo PLC

### Auditors

Ernst & Young  
Chartered Accountants  
201, De Saram Place,  
Colombo 10