
SOFTLOGIC CAPITAL PLC

(PB 779 PQ)

Interim Financial Statements
Period ended 31st March 2019



SOFTLOGIC CAPITAL PLC
INCOME STATEMENT

	Group					
	Three months ended 31st March			Twelve months ended 31st March		
	2019	2018	Change %	2019	2018	Change %
	Rs.	Rs.		Rs.	Audited Rs.	
Revenue						
Interest income	1,262,537,076	1,087,422,348	16%	4,653,176,580	4,338,467,021	7%
Fee and trading income	2,761,587,651	2,256,870,779	22%	10,350,345,629	8,011,596,325	29%
Other income and gains	7,200,793	24,231,064	-70%	26,231,055	215,555,788	-88%
Realised gains	(8,312,328)	(10,791,242)	-23%	(17,342,944)	(17,640,913)	-2%
Fair value gains and losses	(111,586,330)	60,439,604	-285%	(100,321,534)	205,416,929	-149%
Dividend income	99,817,226	73,081,673	37%	111,267,855	114,808,545	-3%
Total revenue	4,011,244,088	3,491,254,226	15%	15,023,356,641	12,868,203,695	17%
Direct expenses						
Interest expenses	(713,459,119)	(678,769,757)	5%	(2,690,108,292)	(2,752,871,892)	-2%
Other direct expenses	(1,410,794,959)	(1,038,372,665)	36%	(4,839,610,552)	(3,413,750,676)	42%
Impairment of loans and receivables	(58,931,783)	25,296,359	-333%	(79,270,300)	(108,425,149)	-27%
Operating profit	1,828,058,227	1,799,408,163	2%	7,414,367,497	6,593,155,978	12%
Administrative expenses	(1,033,647,478)	(1,043,443,664)	-1%	(3,978,270,586)	(3,182,079,694)	25%
Distribution cost	(278,134,514)	(211,177,356)	32%	(883,504,546)	(683,895,179)	29%
Change in insurance contract liabilities	302,940,451	(145,612,595)	-308%	(1,152,036,877)	(1,474,027,509)	-22%
Change in contract liability due to transfer of one-off surplus	-	798,004,000		-	798,004,000	
Other operating expenses	(103,425,830)	(118,658,632)	-29%	(331,356,548)	(263,359,809)	26%
Profit before income tax	715,790,856	1,078,519,916	-34%	1,069,198,940	1,787,797,787	-40%
Income tax expense	(98,442,311)	103,471,118	-195%	2,129,082,620	419,202,977	408%
Profit for the Period	617,348,545	1,181,991,034	-48%	3,198,281,560	2,207,000,764	45%
Profit for the period attributable to;						
Owners of the parent	288,684,732	533,250,462		1,577,280,499	1,050,464,699	
Non-controlling interests	328,663,814	648,740,572		1,621,001,061	1,156,536,065	
	617,348,545	1,181,991,034		3,198,281,560	2,207,000,764	
Basic/Diluted Earnings per share - Continuing Operation (Rs.)	0.42	0.77		2.29	1.53	

The above figures are subject to audit unless stated otherwise.

30th May 2019

SOFTLOGIC CAPITAL PLC

STATEMENT OF COMPREHENSIVE INCOME

	Group			
	Three months ended 31st March		Twelve months ended 31st March	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Audited Rs.
Profit for the Period	617,348,545	1,181,991,034	3,198,281,560	2,207,000,764
Net gain/(loss) on available-for-sale financial assets	(79,057,605)	(16,798,152)	(589,497,810)	508,179,663
Gain/(loss) arising from changes in assumptions	501,027	(6,832,906)	(2,573,851)	(6,710,748)
Gains on revaluation of land and buildings	12,240,000	51,613,544	12,240,000	75,146,767
Tax on other comprehensive income	(376,578)	(36,360,848)	(376,578)	(34,032,392)
Other Comprehensive Income for the period, net of tax	(66,693,156)	(8,378,362)	(580,208,239)	542,583,290
Total comprehensive income for the period	550,655,389	1,173,612,672	2,618,073,321	2,749,584,054
Attributable to:				
Owners of the parent	280,963,346	530,625,123	1,298,367,260	1,366,167,208
Non controlling interest	269,692,043	642,987,549	1,319,706,061	1,383,416,846
Total Comprehensive income for the period	550,655,389	1,173,612,672	2,618,073,321	2,749,584,054

The above figures are subject to audit unless stated otherwise.

30th May 2019

SOFTLOGIC CAPITAL PLC
INCOME STATEMENT

	Company					
	Three months ended 31st March			Twelve months ended 31st March		
	2019	2018	Change %	2019	2018	Change %
	Rs.	Rs.		Rs.	Audited Rs.	
Revenue						
Interest income	2,758,780	10,946,102	-75%	11,340,240	11,505,748	-1%
Fee and trading income	31,396,997	23,255,668	35%	120,269,653	116,880,774	3%
Other income and gains	184,931	239,214	-23%	804,000	242,241,466	-100%
Realised gains/(losses)	-	(1,525,512)	0%	-	(1,711,674)	-100%
Dividend income	281,909,753	5,444,189	-100%	282,003,751	65,983,268	327%
Total revenue	316,250,461	38,359,661	724%	414,417,644	434,899,582	-5%
Direct expenses						
Interest expenses	(57,184,294)	(44,962,597)	27%	(210,403,468)	(184,036,573)	14%
Other direct expenses	(8,172,876)	(1,191,972)	586%	(26,427,204)	(4,767,888)	454%
Operating profit/(loss)	250,893,291	(7,794,908)	-3319%	177,586,972	246,095,121	-28%
Administrative expenses	(49,257,397)	(34,730,416)	42%	(109,592,146)	(102,606,811)	7%
Other operating expenses	(4,744,212)	(4,798,978)	-1%	(18,898,135)	(18,817,789)	0%
Profit/ (loss) before income tax	196,891,682	(47,324,302)	-516%	49,096,691	124,670,521	-61%
Income tax expense	-	(16,854,006)	0%	-	(16,854,006)	0%
Profit/(loss) for the Period	196,891,682	(64,178,308)	-407%	49,096,691	107,816,515	-54%
Basic Earnings per share -Rs.	0.29	(0.09)		0.07	0.16	
Diluted Earnings per share -Rs.	0.29	(0.09)		0.07	0.16	

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30th May 2019

SOFTLOGIC CAPITAL PLC**STATEMENT OF COMPREHENSIVE INCOME**

	Company			
	Three Months ended 31st March		Twelve months ended 31st March	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
Profit/ (loss) for the period	196,891,682	(64,178,308)	49,096,691	107,816,515
Net gain on available-for-sale financial assets	(3,525,944)	1,382,966	(3,458,211)	3,969,885
Gain/(loss) arising from changes in assumptions	(302,777)	-	(302,777)	-
Other comprehensive income for the year, net of tax	(3,525,944)	1,382,966	(3,458,211)	3,969,885
Total comprehensive income for the period	193,365,738	(62,795,342)	45,638,480	111,786,400

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30th May 2019

SOFTLOGIC CAPITAL PLC
STATEMENT OF FINANCIAL POSITION

As at	Group		Company	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
	Rs.	Rs. Audited	Rs.	Rs. Audited
ASSETS				
Cash and cash equivalents	3,252,766,014	1,475,608,741	316,780,811	137,877,254
Inventories	174,242,864	131,740,333	-	-
Amounts due from related companies	3,221,687	-	4,851,081	7,073,788
Other non financial assets	1,923,240,721	1,061,570,465	5,999,372	9,011,342
Income tax receivable	358,384,139	158,492,309	-	-
Financial assets recognised through profit or loss	1,456,941,454	2,589,107,256	-	-
Financial assets measured at fair value through other comprehensive income	4,784,058,947	4,554,355,706	25,577,726	1,627,878
Financial assets at amortised cost	22,540,651,419	22,550,594,525	-	85,680,000
Lease and hirepurchase receivables	1,974,604,586	1,566,536,595	-	-
Investment in subsidiaries	-	-	4,232,786,319	4,038,717,608
Deferred tax asset	2,560,661,786	420,096,961	-	-
Property, plant and equipment	1,155,921,640	1,133,100,848	691,775	-
Intangible assets	1,986,684,008	2,219,072,203	-	-
TOTAL ASSETS	42,171,379,265	37,860,275,942	4,586,687,084	4,279,987,870
EQUITY AND LIABILITIES				
Capital and reserves				
Stated capital	2,880,000,000	2,880,000,000	2,880,000,000	2,880,000,000
Reserve fund	259,705,130	219,654,894	-	-
Available for sale reserve	(999,915,594)	(714,008,817)	(2,348,680)	1,109,531
Revaluation reserve	106,179,900	97,629,759	-	-
Restricted Regulatory Reserve	798,004,000	798,004,000	-	-
Retained earnings	2,217,427,958	1,112,296,021	149,535,060	100,741,146
Shareholders' funds	5,261,401,394	4,393,575,857	3,027,186,380	2,981,850,677
Non-controlling interest	4,239,256,164	3,668,763,279	-	-
Total equity	9,500,657,558	8,062,339,136	3,027,186,380	2,981,850,677
Liabilities				
Bank overdraft	1,286,238,239	675,884,962	137,515,959	8,863,078
Trade payables	635,473,481	1,593,239,452	-	-
Amounts due to related companies	13,249,892	-	6,269,584	-
Other non financial liabilities	881,230,155	163,540,784	29,947,520	7,917,407
Income tax liability	-	-	-	-
Put option liability	9,356,708	9,356,708	9,356,708	9,356,708
Interest bearing borrowings	3,899,015,987	3,717,692,519	1,375,000,000	1,272,000,000
Public deposits	17,002,497,953	16,319,290,090	-	-
Insurance provision	8,788,500,028	7,192,590,569	-	-
Employee benefit liabilities	154,017,208	125,400,068	1,410,933	-
Deferred tax liabilities	1,142,056	941,654	-	-
Total Liability	32,670,721,707	29,797,936,806	1,559,500,704	1,298,137,193
TOTAL EQUITY AND LIABILITIES	42,171,379,265	37,860,275,942	4,586,687,084	4,279,987,870
Net Assets Value per Share	7.65	6.38	4.40	4.33

The financial Statements are in compliance with the requirements of Companies Act No. 07 of 2007.

Sgd.

Head of Finance

The Board of Directors is responsible for the preparation & presentation of these
Signed for and on behalf of Board by;

Sgd.

Director

Sgd.

Director

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30th May 2019

SOFTLOGIC CAPITAL PLC
STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the parent							Minority Interest	Total Equity
	Stated Capital Rs.	Reserve Fund Rs.	Available For Sale Reserve Rs.	Revaluation Reserve Rs.	Restricted Regulatory Reserve Rs.	Retained Earnings Rs.	Total Rs.		
As at 01st April 2018	2,880,000,000	219,654,894	(714,008,817)	97,629,759	798,004,000	1,112,296,021	4,393,575,857	3,668,763,279	8,062,339,136
Adjustment made as per the SLFRS 9	-	-	-	-	-	(342,866,375)	(342,866,375)	(236,303,348)	(579,169,723)
	2,880,000,000	219,654,894	(714,008,817)	97,629,759	798,004,000	769,429,646	4,050,709,482	3,432,459,931	7,483,169,413
Profit for the Period	-	-	-	-	-	1,577,280,499	1,577,280,499	1,621,001,061	3,198,281,560
Other comprehensive income for the period	-	-	(285,906,777)	8,550,141	-	(1,556,603)	(278,913,239)	(301,295,000)	(580,208,239)
Total Comprehensive Income	-	-	(285,906,777)	8,550,141	-	1,575,723,896	1,298,367,260	1,319,706,061	2,618,073,321
Subsidiary dividend paid to minority shareholders	-	-	-	-	-	-	-	(262,709,898)	(262,709,898)
Transferred to reserve fund	-	40,050,236	-	-	-	(40,050,236)	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-	(87,675,348)	(87,675,348)	(250,199,930)	(337,875,278)
As at 31st March 2019	2,880,000,000	259,705,130	(999,915,594)	106,179,900	798,004,000	2,217,427,958	5,261,401,394	4,239,256,164	9,500,657,558

Group	Attributable to equity holders of the parent							Minority Interest	Total Equity
	Stated Capital Rs.	Reserve Fund Rs.	Available For Sale Reserve Rs.	Revaluation Reserve Rs.	Restricted Regulatory Reserve Rs.	Retained Earnings Rs.	Total Rs.		
As at 01st April 2017	2,880,000,000	175,901,761	(1,010,688,724)	75,190,729	-	855,369,760	2,975,773,526	1,750,882,088	4,726,655,614
Profit for the Period	-	-	-	-	-	1,050,464,699	1,050,464,699	1,156,536,065	2,207,000,764
Other comprehensive income for the period	-	-	296,679,907	22,439,030	-	(3,416,429)	315,702,508	226,880,782	542,583,290
Total Comprehensive Income	-	-	296,679,907	22,439,030	-	1,047,048,270	1,366,167,207	1,383,416,847	2,749,584,054
Dividend paid	-	-	-	-	-	(275,264,000)	(275,264,000)	-	(275,264,000)
Subsidiary dividend paid to minority shareholders	-	-	-	-	-	-	-	(30,627,146)	(30,627,146)
Transferred to restricted regulatory reserve	-	-	-	-	798,000,000	(798,000,000)	-	-	-
Transferred to reserve fund	-	43,753,133	-	-	-	(43,753,133)	-	-	-
Total transactions with owners, recognised directly in equity	-	-	-	-	-	326,899,124	326,899,124	565,091,490	891,990,614
As at 31st March 2018	2,880,000,000	219,654,894	(714,008,817)	97,629,759	-	1,583,400,897	4,066,676,733	3,668,763,279	8,062,339,136

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30th May 2019

SOFTLOGIC CAPITAL PLC
STATEMENT OF CHANGES IN EQUITY

Company	Stated Capital Rs.	Available for Sale Reserve Rs.	Retained Earnings Rs.	Total Rs.
As at 01st April 2018	2,880,000,000	1,109,531	100,741,146	2,981,850,677
Profit for the year	-	-	49,096,691	49,096,691
Other comprehensive income	-	(3,458,211)	(302,777)	(3,760,988)
Total comprehensive income	-	(3,458,211)	48,793,914	45,335,703
As at 31st March 2019	2,880,000,000	(2,348,680)	149,535,060	3,027,186,380

Company	Stated Capital Rs.	Available for Sale Reserve Rs.	Retained Earnings Rs.	Total Rs.
As at 01st April 2017	2,880,000,000	(2,860,354)	268,188,631	3,145,328,277
Profit for the year	-	-	107,816,515	107,816,515
Other comprehensive income	-	3,969,885	-	3,969,885
Total comprehensive income	-	3,969,885	107,816,515	111,786,400
Dividend Paid	-	-	(275,264,000)	(275,264,000)
As at 31st March 2018	2,880,000,000	1,109,531	100,741,146	2,981,850,677

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30th May 2019

SOFTLOGIC CAPITAL PLC
STATEMENT OF CASH FLOW

For the nine months ended 31st March	Group		Company	
	2019	2018	2019	2018
	Rs.	Rs.	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax from continuing operations	1,069,198,940	1,787,797,787	49,096,691	124,670,520
Adjustments for				
Dividend income	(111,267,855)	(114,808,545)	(282,003,751)	(65,983,268)
Profit on disposal of property, plant and equipments	(427,716)	(5,460,830)	-	-
Profit on part disposal of subsidiaries	-	-	-	(241,437,184)
Impairment / derecognition of property, plant and equipments	-	4,619,217	-	-
Transfer of property, plant and equipments	-	(121,550,000)	-	-
Fair value gain/(loss)	117,664,478	(187,776,015)	-	-
Amortization of intangible assets	143,613,149	145,134,588	-	-
Interest expenses	2,690,108,292	2,752,871,892	210,403,468	184,036,573
Gratuity provision and related costs	48,970,422	30,726,142	1,108,155	-
Impairment of loans and receivable	79,270,300	108,425,149	-	-
Impairment/derecognition of intangible assets	91,528,153	67,349,400	-	-
Depreciation	180,350,531	174,534,716	57,725	-
Operating profit before working capital changes	4,309,008,694	4,641,863,501	(21,337,712)	1,286,641
Operating Assets:				
(Increase)/decrease in inventories	(42,502,531)	(15,796,210)	-	-
(Increase)/decrease in amounts due form related companies	3,221,687	-	2,222,707	(3,167,556)
(Increase)/decrease in other non financial assets	(861,670,256)	(212,886,630)	3,011,970	(4,769,176)
(Increase)/decrease in financial assets recognised through profit or loss	1,031,844,268	(1,741,266,711)	-	-
(Increase)/decrease in financial assets measured at fair value through other comprehensive income	(853,886,939)	2,749,342,243	(27,408,058)	14,379,525
(Increase)/decrease in financial assets at amortised cost	(648,496,927)	(1,840,992,407)	85,680,000	(85,680,000)
(Increase)/decrease in financial assets - Lease and hire purchase receivables	(408,067,992)	(617,219,920)	-	-
Increase/(decrease) in trade and other payables	(957,765,969)	307,804,300	-	-
Increase /(decrease) in amount due to related companies	13,249,892	-	6,269,584	-
Increase /(decrease) in other non financial liabilities	717,689,371	13,433,573	22,030,113	3,973,530
Increase/(decrease) in insurance provision	1,595,909,459	676,023,510	-	-
Increase/(decrease) in public deposits	683,207,864	270,816,163	-	-
Cash used in / generated from operations	4,581,740,621	4,231,121,412	70,468,604	(73,977,036)
Tax Paid	(213,997,504)	(79,360,616)	-	(2,094,046)
Interest Paid	(2,690,108,292)	(2,752,871,892)	(210,403,468)	(184,036,573)
Gratuity paid	(17,082,168)	(11,544,974)	-	-
Net cash used in / generated from operations	1,660,552,657	1,387,343,930	(139,934,864)	(260,107,655)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividend Income	111,267,855	114,808,545	282,003,751	65,983,268
Investment in subsidiaries	(337,875,277)	-	(194,068,711)	-
Proceeds from Disposal of Subsidiary	-	-	-	582,336,050
Proceeds on disposal of property plant & equipment	1,812,489	5,831,664	-	-
Purchase of property plant & equipment and intangible assets	(187,567,297)	(234,698,288)	(749,500)	-
Net cash used in / generated from investing activities	(412,362,230)	(114,058,079)	87,185,540	648,319,318
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase/(decrease) in borrowings (net of amount received & Paid)	181,323,468	(1,041,151,019)	103,000,000	(18,300,000)
Subsidiary dividend paid to non-controlling interest	(262,709,898)	(30,627,146)	-	-
Dividend paid	-	(275,264,000)	-	(275,264,000)
Proceeds from non controlling interest	-	309,654,564	-	-
Proceeds from disposal of subsidiary without losing control	-	582,336,050	-	-
Net cash generated from / used in financing activities	(81,386,430)	(455,051,551)	103,000,000	(293,564,000)
Net Increase/(Decrease) in Cash and Cash Equivalents	1,166,803,997	818,234,300	50,250,676	94,647,663
Cash & Cash Equivalents at the beginning of the period	799,723,778	(18,510,521)	129,014,176	34,366,513
Cash & Cash Equivalents at the end of the Period (Note A)	1,966,527,775	799,723,779	179,264,852	129,014,176
NOTES TO THE CASH FLOW STATEMENT	2019	2018	2019	2018
A. Cash & Cash Equivalents	Rs.	Rs.	Rs.	Rs.
Cash & Bank Balances	3,252,766,014	1,475,608,741	316,780,811	137,877,254
Bank Overdrafts	(1,286,238,239)	(675,884,962)	(137,515,959)	(8,863,078)
	1,966,527,775	799,723,779	179,264,852	129,014,176

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30th May 2019

SOFTLOGIC CAPITAL PLC**Segment Information - Business Segment**

For the twelve months ended 31st March 2019

	Non-banking Financial Institutions	Insurance	Others	Total Segments	Adjustments and Eliminations	Group Total
Total external revenue	4,020,749,372	10,788,948,753	213,658,516	15,023,356,641	-	15,023,356,641
Inter-Segment			412,275,954	412,275,954	(412,275,954)	-
Total revenue	4,020,749,372	10,788,948,753	625,934,470	15,435,632,595	(412,275,954)	15,023,356,641
Interest Income	3,676,306,861	961,695,880	27,585,061	4,665,587,802	(12,411,222)	4,653,176,580
Interest expense	(2,490,557,311)	(273,784)	(211,688,419)	(2,702,519,514)	12,411,222	(2,690,108,292)
Impairment of loans and receivables	(79,270,300)	-	-	(79,270,300)	-	(79,270,300)
Change in insurance contract liabilities	-	(1,152,036,877)	-	(1,152,036,877)	-	(1,152,036,877)
Depreciation	(56,770,111)	(120,938,603)	(2,641,817)	(180,350,531)	-	(180,350,531)
Amortization	(17,182,237)	(4,471,757)	-	(21,653,994)	(121,959,155)	(143,613,149)
Employee benefits expenses	(9,145,053)	(37,275,915)	(2,549,454)	(48,970,422)	-	(48,970,422)
Tax expense	100,652,168	2,038,672,656	2,569,580	2,141,894,404	(12,811,784)	2,129,082,620
Profit after tax for the period	200,251,180	3,441,901,608	60,747,230	3,702,900,018	(504,618,458)	3,198,281,560
Total Assets	22,548,069,788	17,216,749,244	4,942,963,033	44,707,782,065	(2,536,402,800)	42,171,379,265
Total Liabilities	20,645,569,865	10,460,953,757	1,682,618,861	32,789,142,483	(118,420,776)	32,670,721,707
Other disclosures						
Additions to property, plant and equipment	27,908,539	159,596,858	766,700	188,272,097	-	188,272,097
Additions to intangible assets	-	-	-	-	-	-

For the twelve months ended 31st March 2018

	Non-banking Financial Institutions	Insurance	Others	Total Segments	Adjustments and Eliminations	Group Total
Total external revenue	4,146,393,416	8,509,546,988	453,700,475	13,109,640,879	(241,437,184)	12,868,203,695
Inter-Segment	-	-	192,031,373	192,031,373	(192,031,373)	-
Total revenue	4,146,393,416	8,509,546,988	645,731,848	13,301,672,252	(433,468,557)	12,868,203,695
Interest Income	3,523,555,933	790,657,746	24,253,342	4,338,467,021	-	4,338,467,021
Interest expense	(2,561,129,565)	(6,626,209)	(185,116,118)	(2,752,871,892)	-	(2,752,871,892)
Impairment of loans and receivables	(108,425,149)	-	-	(108,425,149)	-	(108,425,149)
Change in insurance contract liabilities	-	(1,374,027,509)	-	(1,374,027,509)	(100,000,000)	(1,474,027,509)
Change in contract liability due to transfer of one-off surplus	-	798,004,000	-	798,004,000	-	-
Depreciation	(71,778,785)	(99,453,891)	(3,302,040)	(174,534,716)	-	(174,534,716)
Amortization	(17,021,264)	(6,154,169)	-	(23,175,433)	(121,959,155)	(145,134,588)
Employee benefits expenses	(6,962,283)	(21,620,337)	(2,143,522)	(30,726,142)	-	(30,726,142)
Tax expense	25,686,284	420,000,000	(19,208,309)	426,477,975	(7,274,998)	419,202,977
Profit after tax for the period	218,765,663	2,477,185,463	123,311,925	2,819,263,051	(612,262,287)	2,207,000,764
Total Assets	21,680,216,593	13,078,961,331	5,107,180,876	39,866,358,800	(2,006,082,858)	37,860,275,942
Total Liabilities	19,399,766,729	8,578,118,438	1,899,625,843	29,877,511,010	(79,574,204)	29,797,936,806
Other disclosures						
Additions to property, plant and equipment	47,696,621	185,227,471	1,583,151	234,507,243	-	234,507,243
Additions to intangible assets	191,044	-	-	191,044	-	191,044

The above figures are subject to Audit unless stated otherwise.

30th May 2019

SOFTLOGIC CAPITAL PLC

EXPLANATORY NOTES

For the twelve months ended 31st March 2019

1. Reporting Entity

Softlogic Capital PLC ("the Company") is a public limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 14, De Fonseka Place, Colombo 05.

2. Approval of Financial Statements

The interim financial statements of the Group and the Company for the period ended 31st March 2019 were authorised for issue by the Board of Directors on 30th May 2019.

3. Basis of Preparation

The Interim Financial Statements are in compliance with Sri Lanka Accounting Standards 34 (LKAS 34) - Interim Financial Reporting and provide the information required by the Colombo Stock Exchange.

These interim financial statements should be read in conjunction with the annual financial statements for the year ended 31st March 2018.

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

4. Change in Life Insurance Contract Liabilities

The results of Softlogic Life Insurance PLC is consolidated line by line into the Group's consolidated income statement. Insurance Contract Liabilities-Life are measured by using The Gross Premium Valuation (GPV) method as specified by Insurance Board of Sri Lanka (IBSL) based on the recommendation of the Independent Consultant Actuary. The liability is computed based on IBSL specified guidelines.

5. Tax Expense

	Group	
	2019	2018
Current income tax	(15,205,188)	53,518,234
Deferred tax charge/ (reversal)	2,144,287,808	(472,721,211)
	<u>2,129,082,620</u>	<u>(419,202,977)</u>

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) is liable for income tax at 28%. Therefore, during the period ended 31st March 2019, SLI recognized a deferred tax asset amounting to Rs. 2.4 bn by utilising available brought forward tax losses up to 31 March 2018.

5. Insurance Contract Liabilities

5.1 Valuation of Life Insurance Fund - (Zeroed Basis of Negative Liabilities- Product Level) as at 31st December 2018

The valuation of life insurance fund as at 31st March 2019 was made by Appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Willis Towers Watson India Private Limited, who approved a sum of Rs. 928 million to transfer from Non-Participating Life Insurance fund / insurance contract liabilities to the Shareholders fund as surplus transfer for the quarter ended 31 March 2019 (Surplus transfer for the year ended 31st March 2019 is Rs. 1,394Mn). The Financial Statements as at 31st March 2019 were audited by Messrs, KPMG.

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

Liability Adequacy Test (LAT) in respect of the Insurance Contract Liabilities as required by SLFRS 4 - Insurance Contracts as at 31 March 2019 was carried out and no additional provision is required.

5.3 Surplus created due to Change in Valuation Method - One off Surplus Zeroed at Product Level

Insurance Contract Liabilities are measured on a market consistent basis in accordance with the Solvency Margin (Risk Based Capital) Rules 2015 with effect from 01st January 2016. However period up to 31st December 2015, the Company used Net Premium Valuation (NPV) methodology to calculate insurance contract liability in accordance with Solvency Margin (Long Term Insurance) Rules 2002.

Surplus created due to change in Valuation Method of Policy Liabilities from Net Premium Valuation (NPV) to Gross Premium Valuation (GPV) is measured based on the difference in the policy liability valuation by the independent Actuary based on NPV and GPV bases valuation as at 31st December 2015 according to the Direction 16 "Identification and Treatment of One off Surplus" issued by IRCSL. According to Direction 16, the Company has determined the One off Surplus as the difference between NPV Solvency basis liability and GPV Distribution basis liability for both Participating business and other than Participating business.

5.4 Transfer of One-off Surplus from Policy Holder Fund to Share Holder Fund

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

"Further distribution of One-off Surplus to shareholders, held as part of the Restricted Regulatory Reserve, is subject to meeting governance requirements stipulated by the IRC SL and can only be released as dividends upon receiving approval from the IRC SL. The One-off Surplus in the Share Holder Fund will remain invested in government debt securities and deposits as disclosed in Note 5.5 as per the directions of the IRC SL".

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 Share Holder 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 10.3 for details of assets supporting the restricted regulatory reserve as at 31 March 2019.

SOFTLOGIC CAPITAL PLC**EXPLANATORY NOTES**

For the twelve months ended 31st March 2019

	Participating Fund Rs. '000	Non-Participating Fund Rs. '000	Total Rs. '000
Value of Insurance Contract Liability based on Independent Actuary-NPV as at 31-12-2015	3,866,780	2,472,575	6,339,355
Value of Insurance Contract Liability based on Independent Actuary-GPV as at 31-12-2015	2,810,245	1,674,571	4,484,816
Surplus Created due to Change in Valuation method from NPV to GPV- One off Surplus as at 01-01-2016	1,056,535	798,004	1,854,539
Transfer of One-off Surplus from long term fund to Restricted Regulatory Reserve as at 31-12-2017		(798,004)	(798,004)
Surplus Created due to Change in Valuation method from NPV to GPV- One off Surplus as at 31-12-2018	1,056,535	-	1,056,535

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

5.5 Composition of Investments Supporting the Restricted Regulatory Reserve as at 31st March 2019

	Face Value Rs.	MV as at 31st March 2019 Rs. '000
Government Securities		
Treasury Bond	LKB03044A01 100,000,000	117,193
Deposits		
Seylan Bank PLC	175,000,000	186,380
Sampath Bank PLC	263,618,836	287,599
Sampath Bank PLC	125,000,000	133,129
Hatton National Bank PLC	110,658,219	117,201
Total Market Value of the Assets		841,502

6. Events after the Balance Sheet Date

No circumstances have arisen since the date of the statement of financial position, which would require adjustments to or disclosure in the financial statements.

7. Contingencies and Capital Commitments**7.1 Contingent Liabilities**

There were no significant contingent liabilities as at the date of the statement of financial position other than what is disclosed below, which require adjustments to or disclosures in the financial statements.

Subsidiaries - Softlogic Life Insurance PLC**Assessment in Respect of Value Added Tax (VAT)**

The Company has been issued with an assessment by the Department of Inland Revenue on 26 April 2013 and 10 March 2016 under the Value Added Tax Act, in relation to the taxable period ended 31 December 2010 and quarter ended 31 March 2014 for Rs. 45.9 Million and Rs. 57.4 Million respectively.

The Company has filed an appeal to the Tax appeals commissions on 03 July 2015 on the basis that the underlying computation includes items which are exempt /out of scope of the VAT Act for the vat assessment issued for the period ended 31 December 2010. The appeal hearing was held at the Tax Appeals Commissions on 22 August 2017 in respect of the assessment issued, and Company has made a written submission to the tax appeals commissions on 22 September 2017 as requested at the said appeal hearing. The Company is awaiting the final decision.

The Company has filed an appeal to the Commissioner General of Inland Revenue on 08 April 2016 for the VAT assessment issued for the quarter ended 31 March 2014 on the basis that the underlying computation includes items which are exempt /out of scope of the VAT Act. The Company is awaiting the CGIR determination.

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

The Company has been issued with an assessment by the Department of Inland Revenue on 10 July 2018 under the Value Added Tax Act, in relation to the taxable period ended 31 December 2014 amounting to Rs. 68.7 Million.

The Company has filed an appeal to the Commissioner General of Inland Revenue on 24 August 2018 on the basis that the underlying computation includes items which are out of scope of the VAT Act. The Company is awaiting the CGIR determination.

Life Insurance Taxation

The Commissioner General of Inland Revenue issued its determination on the appeal filed by the Company relating to the assessment raised for Y/A 2010/11, 2011/12 and 2012/13 amounting to Rs. 60.33 Million, in favor of the Commissioner General of Inland Revenue and the Company is in the process of hearing the appeals with Tax Appeals Commission.

The Department of Inland Revenue has raised an assessment on Softlogic Life Insurance PLC for the year of assessment 2013/14, 2014/15, 2015/16 and 2016/17, assessing the life insurance business to pay an income tax liability of 579.53 Million along with a penalty totaling to 714.52 Million (before deducting the available Tax credits) and the Company has lodged a valid appeal against the said assessment.

Directors are of the view that it has followed due process and acted in accordance with the prevailing laws in its tax submission and therefore, the above assessments have no rationale or basis in law.

7.2 Capital Commitments**Subsidiaries - Softlogic Life Insurance PLC**

The capital commitments approved and contracted as at the reporting date were Rs. 117 million.

SOFTLOGIC CAPITAL PLC**EXPLANATORY NOTES**

For the twelve months ended 31st March 2019

7.2 Capital Commitments

As at 31st March 2019, there are no material capital expenditure approved by the Board and contracted for which no provision has been made in the Interim Financial Statements.

8. Share Information**8.1 Stated Capital**

Stated capital consists of 688,160,000 Ordinary Shares as at 31st March 2019.

8.2 Share Price Movement during the quarter ended 31st March 2019

	For the 3 Months ended 31st March 2019		For the 3 Months ended 31st March 2018	
	Date	Price (Rs.)	Date	Price (Rs.)
Highest price per share for the period	4-Jan-19	6.50	15-Feb-18	6.40
Lowest price per share for the period	26-Mar-19	5.30	18-Jan-18	4.30
Last traded price		5.50		5.50

8.3 Public Holding

The percentage of shares held by the public as at 31st March 2019 is 24.72%.

The number of public shareholders as at 31st March 2019 are 1,517.

Float Adjusted Market Capitalisation

As at 31st March 2019 the Float Adjusted Market Capitalisation is Rs. 935,622,336/-.

The Company is comply with minimum public holding requirement as at the reporting date based on "Option 2" of Rule 7.13.1.b .

8.4 List of Largest Twenty Shareholders of the Company as at 31st March 2019

Name	No. of Shares	(%)
1. Softlogic Holdings PLC	415,952,743	60.44
2. Commercial Bank Of Ceylon Plc/Softlogic Holdings PLC	100,000,000	14.53
3. Seylan Bank Plc/Arre Capital (Pvt) Ltd	70,329,246	10.22
4. Melstacorp PLC	40,000,000	5.81
5. Rosewood (Pvt) Limited-Account No.1	23,226,880	3.38
6. Striders Corporation	4,280,000	0.62
7. Mcbridge Blue (Private) Limited	2,318,000	0.34
8. Mr. Asoka Kariyawasam Pathirage	2,005,544	0.29
9. Mr. Kulappu Arachchige Don Anurada Perera	1,077,038	0.16
10. Vanik Incorporation Limited	1,050,000	0.15
11. Mr. Damian Amal Cabraal	750,000	0.11
12. Mr. Ravindra Earl Rambukwella	705,579	0.10
13. Mr. Rahul Gautam	647,000	0.09
14. Miss. Mayanathi Shelani Withanachchi Gunawardana	600,000	0.09
15. Dr. Sena Yaddhige	575,000	0.08
16. Mr. Christopher Waylon Vandort	540,300	0.08
17. Mr. Gerald Dave Michael Ranasinghe & Mrs. O.R.K. Ranasinghe	500,000	0.07
17. Mr. Hiran Anthony Cabraal	500,000	0.07
17. Mr. Sri Dhaman Rajendram Arudpragasam	500,000	0.07
17. Mr. Udena Dhananjaya Wickremesooriya	500,000	0.07
18. Assetline Leasing Company Ltd/T.D.D.Silva	460,000	0.07
19. Seylan Bank Limited/Ruwan Prasanna Sugathadasa	437,714	0.06
20. Weerasinghe Property Development (Pvt) Ltd	400,000	0.06
	<hr/>	
	667,355,044	96.98
Others	20,804,956	3.02
Total	<hr/> <hr/>	<hr/> <hr/>
	688,160,000	100.00

8.5 Directors' Shareholding as at 31st March 2019

Names of Directors	No. of Shares
Mr. A. K. Pathirage (Chairman)	2,005,544
Mr. T. M. I. Ahamed	Nil
Mr. R. J. Perera	Nil
Mr. W. L. P. Wijewardana	100,000
Mr. A. M. Pasqual	10,000
Mr. G.L.H. Premarathne	Nil
Mr. A. Russell-Davison	Nil
Mr. V. S. Somasunderam	Nil
Mr. A. C. M. Lafir	Nil

SOFTLOGIC CAPITAL PLC**EXPLANATORY NOTES**

For the twelve months ended 31st March 2019

9. Related Party Transactions

(a) Outstanding balances arising from the related party transactions are as follows:

	Group		Company	
	31st March 2019	31st March 2018	31st March 2019	31st March 2018
	Rs.	Rs.	Rs.	Rs.
Amount Receivable from				
Softlogic Life Insurance PLC	-	-	4,851,081	4,452,290
Softlogic Finance PLC	-	-	-	2,621,497
Softlogic Retail (Pvt) Ltd	1,582,858	-	-	-
Softlogic Communications (Pvt) Ltd	1,129,959	-	-	-
Softlogic Automobiles (Pvt) Ltd	508,870	-	-	-
	3,221,687	-	4,851,081	7,073,787
Amount Payable to				
Softlogic Corporate Services (Pvt) Ltd	557,123	-	202,403	-
Softlogic Stockbrokers (Pvt) Ltd	-	-	824,184	-
Softlogic Holdings PLC	5,243,944	-	5,242,997	-
Softlogic BPO Services (Pvt) Ltd	6,720,177	-	-	-
Softlogic Information Technologies (Pvt) Ltd	728,648	-	-	-
	13,249,892	-	6,269,584	-

	Company	
	31st March 2019	31st March 2018
	Rs.	Rs.
(b) Transactions with Group Companies		
Consultancy and Professional Fee Income		
Softlogic Finance PLC	-	29,040,000
Softlogic Life Insurance PLC	87,094,413	73,320,774
Softlogic Stockbrokers (Pvt) Ltd.	31,972,000	14,520,000
Corporate Guarantee Fee Income		
Softlogic Stockbrokers (Pvt) Ltd.	750,000	750,000
Dividend Income		
Softlogic Finance PLC	-	60,155,985
Softlogic Life Insurance PLC	269,883,118	-
Softlogic Stockbrokers (Pvt) Ltd.	10,165,200	5,319,000
Consultancy and Professional Fee Expense		
Softlogic Holdings PLC	63,716,939	57,983,256
Secretarial Fee Expense		
Softlogic Corporate Services (Pvt) Ltd.	1,978,454	1,816,141
Network Support Charges		
Softlogic BPO Services (Pvt) Ltd.	3,212,728	2,971,422
Corporate Guarantee Fee Expense		
Softlogic Holdings PLC	18,489,796	18,489,797
Brokerage Fee & Placement Fee Expenses		
Softlogic Stockbrokers (Pvt) Ltd.	810,269	8,837,784
Purchase of Fixed Assets		
Softlogic Information Technologies (Pvt) Ltd	749,500	-
Purchase of Mobile Vouchers		
Softlogic Retail (Pvt) Ltd	110,000	-
Corporate Guarantees given to		
Softlogic Stockbrokers (Pvt) Ltd.	75,000,000	75,000,000
(c) Key Management Personnel		
Remuneration paid		
Key management personnel include members of the Board of Directors of Softlogic Capital PLC & its subsidiaries.		
Remuneration (Short term employee benefits) paid	33,585,000	22,650,000

(d) Terms and conditions of transactions with related parties

The Companies within the Group disclosed under the Corporate Directory engage in trading transactions 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 CAPITAL PLC

CORPORATE INFORMATION

Name of the Company

Softlogic Capital PLC

Legal Form

Quoted Limited Liability Company
Registered Investment Manager

Date of Incorporation

21st April 2005

Company Registration Number

P B 779 PQ

Directors

Mr. A. K. Pathirage (Chairman)
Mr. T. M. I. Ahamed (Managing Director)
Mr. R. J. Perera
Mr. W. L. P. Wijewardana
Mr. A. M. Pasqual
Mr. G. L. H. Premarathne
Mr. A. Russell-Davison
Mr. V. S. Somasunderam
Mr. A. C. M. Lafir

Registered Office

No 14,
De Fonseka Place,
Colombo 05

Audit Committee

Mr. W. L. P. Wijewardana - Chairman
Mr. A. M. Pasqual
Mr. G. L. H. Premarathne
Mr. V. S. Somasunderam

Remuneration Committee

Mr. A. K. Pathirage - Chairman
Mr. W. L. P. Wijewardana
Mr. A. M. Pasqual

Nomination Committee

Mr. A. K. Pathirage - Chairman
Mr. W. L. P. Wijewardana
Mr. A. M. Pasqual

Related Party Transaction Review Committee

Mr. W. L. P. Wijewardana - Chairman
Mr. A. M. Pasqual
Mr. V. S. Somasunderam

Secretaries

Softlogic Corporate Services (Pvt) Ltd
No 14
De Fonseka Place
Colombo 05

Auditors

Ernst & Young
Chartered Accountants
201, De Saram Place
Colombo

Bankers

Sampath Bank PLC
Pan Asia Banking Corporation PLC
Nations Trust Bank PLC
Commercial Bank of Ceylon PLC
DFCC Vardhana Bank
NDB Bank PLC

Subsidiaries

Softlogic Finance PLC
Softlogic Life Insurance PLC
Softlogic Stockbrokers Pvt Ltd.
Softlogic Asset Management Pvt Ltd.

% Holding

66.84%
51.69%
100%
100%

**SOFTLOGIC CAPITAL PLC
NO 14, DE FONSEKA PLACE,
COLOMBO 5
SRI LANKA**