



SOFTLOGIC HOLDINGS PLC

INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2019

Dear Shareholders,

The macro-economic slowdown in the aftermath of April attacks was further compounded by the contraction of business and trading activity, declining investor confidence, and falling consumer purchasing power. Deficiency in implementing policy decisions to restore investor sentiments and rejuvenate tourism and other key sectors affected by the Easter attacks impacted consumer demand.

As Softlogic is a consumer-driven business model, it experienced the immediate impact of these economic shocks. Retail was affected by the dismal growth and financial costs, while Healthcare's robust performance was offset by losses of Kandy hospital, which is expected to breakeven by end of the financial year, while Leisure was mostly affected by lack of tourist traffic.

Nonetheless, Softlogic is a forward-looking conglomerate and has overcome some of the systemic hurdles due to economies of scale and cost disciplined measures and has been boldly continuing with its capital expansion projects especially in One Galle Face by Shangri La, which is now opened to the public occupying the largest shopping mall space. The Odel departmental store which is now on par with any other international departmental store takes up 54,000 s.ft on three conjoined floors where it offers a much larger space for Home and Beauty centres for its shoppers. COCO by Cotton Collection along with 20 other branded apparel stores of international standard have also opened in One Galle Face (4 more branded stores to be added soon).

Group revenue increased 9% to Rs. 37.2 Bn during the 1HFY20 while quarterly revenue increased 10% to Rs. 20 Bn. Primary contributors to Group turnover were Retail (50%), Financial Services (20%) and Healthcare Services (19%). The non-core vertical, comprising Automobile and Leisure, made up 3% of Group turnover while the IT sector contributed 6% of Group topline.

Gross Profit improved 10% to Rs. 13.5 Bn during the 1HFY20 maintaining Group GP margins at 36% levels. Quarterly Gross Profit grew 11% to Rs. 7.2 Bn.

Distribution expenses increased 9% to Rs. 1.7 Bn during the period under review. Administrative expenses increased 20% to Rs. 8.6 Bn during 1HFY20 resulting from Group's increasing activity levels from its expansion in Healthcare and Retail. This led total operational expenses to rise 18% to Rs. 10.2 Bn during the 1HFY20. Quarterly operating costs increased 19% to Rs. 5.4 Bn during the quarter. Stringent cost discipline measures and quicker cash-conversion initiatives such as expedited debtor clearance measures in addition to other standard cost & waste management systems helped the Group to mitigate margin erosion with benefits of economies of scale while also somewhat negating the adverse impact of the April attacks.

Other operating income rose 16% to Rs. 327 Mn during 1HFY20 while quarterly other operating income reported a 55% increase to Rs. 134 Mn. This composes of fee income from Softlogic Finance and other Sundry income.

Group EBITDA for the period under review improved 10% to Rs. 5.8 Bn while EBITDA for the quarter grew 11% to Rs. 3 Bn (up 11%).

Cumulative operating profit reached Rs. 3.6 Bn with the quarter reporting Rs. 1.9 Bn as operating profit.

Quarterly net finance cost was Rs. 1.7 Bn resulting the cumulative net finance cost to report Rs. 3.2 Bn. We expect the finance expenses to reduce in the upcoming months with the further stabilization of interest rates at relatively low levels. Softlogic's capital raising measures in the retail sector is progressing well; we expect to raise such funds by way of hiving off equity before the close of this financial year.

The change in insurance contract liabilities, which is the transfer from the life insurance business to the policy holders' account, indicated a transfer of Rs. 769 Mn during 1HFY20 in comparison to Rs. 811 Mn in 1HFY19. The transfer for the quarter was Rs. 362 Mn (Rs. 546 Mn in 2QFY19).

PBT for the first half of the financial year 2020 was a loss of Rs. 346 Mn.

Retail

Slow growth in tourism in the aftermath of the Easter Sunday attacks, a high interest rate and tax regime has affected performance coinciding with retail spending contracting at the same time. One of the prime target markets of the retail sector for Softlogic is the tourist segment. Odel Flagship store is a primary shopping point for tourists in Sri Lanka. Tourist arrivals have fallen sharply since April with 1HFY20 reporting 635,712 arrivals as against arrivals of 1,023,998 in 1HFY19.

Nonetheless, we expect a slow and steady recovery in the economic landscape of the country with strong political stability and leadership being restored after the Presidential Election.

Retail sector reported a growth of 6% to Rs. 18.7 Bn during the first half of the financial year while the quarterly revenue improved 8% to Rs. 10.3 Bn.

Being a future-focused conglomerate, Softlogic continued with its capital projects during the period under review. Softlogic is the only company in Sri Lanka retailing over 100 internationally renowned retail brands. We have become the anchor tenant for malls in Colombo. ODEL Group occupies 89,427 sq.ft. in One Galle Face by Shangri La where 20 exclusive branded apparel stores and one ODEL departmental store was opened. We have launched three new international brands to our existing portfolio including 'Furla', a range of Italian-designed handbags and accessories, 'Hallmark', the oldest and largest manufacturer

of greeting cards in the United States, and 'The Toy Store', a Middle-eastern based toy franchise. We also opened a 'Tissot', 'Longines' and a 'Yamamay' store in the mall. We will soon be opening 'Diesel', 'Guess', 'Calvin Klein', 'Carpisa' and 'Vero Moda'. Softlogic Restaurants, which occupies around 8,000 sq.ft in One Galle Face, opened a Burger King, Baskin-Robbins and Delifrance. 'Crystal Jade', a Michelin star rated Hong Kong-based culinary brand, was also launched in Colombo's biggest mall.

The flagship Odel Mall project at Alexandra Place is progressing well and is scheduled to be opened in 2021.

Softlogic Retail operates a total of 213 stores and retail space to 330,000 sq. ft.

Softlogic Supermarkets will be opening its seventh outlet in Nawala by December 2019. We will also open in Mount Lavinia, Negombo, Rajagiriya, Colomb0 07 (Malalasekara Mawatha) and Malabe in 2020.

We have launched our own feature phone product range under the 'Softlogic Maxmo' brand in October and the response was encouraging. We have maintained market leadership in Sri Lanka's mobile phone market during the period under review.

Sector EBITDA was Rs. 2.1 Bn during the period under review (up 10%) while the quarter registered a 4% increase in EBITDA to Rs. 1 Bn. Sector operating profit reached Rs. 1.3 Bn during 1HFY20 with the quarter reporting Rs. 610 Mn.

Sector's debt-funded capital projects have led to the increase in the finance costs which would reduce significantly with the successful conclusion of our equity-raising initiative.

Healthcare Services

Asiri Health's consolidated revenue reported a growth of 10% to Rs. 7.2 Bn as quarterly sector revenue improved 13% to Rs. 3.8 Bn.

Asiri Health's consolidated topline was primarily driven by Asiri Hospital Holdings (35% contribution), followed by Central Hospital (32% contribution) and Asiri Surgical Hospital (24% contribution).

Sector EBITDA was Rs. 2 Bn during the period under review while the quarter reported an EBITDA of Rs. 1.1 Bn (up 4%).

Healthcare Services generated operating earnings of Rs. 1.4 Bn during the first half of the financial year with the quarter reporting an operating profit of Rs. 741 Mn.

Our 180-bed multi-specialty hospital in Kandy has reported encouraging results with Asiri Hospital Kandy being the preferred and trusted private hospital in the Central and North-Central Province having state-of-the-art facilities and expertise to treat complicated medical cases. Asiri Kandy opened a Diabetes Centre on 14th of November marking the World Diabetes day.

Medical tourism is one of our key target segment in Sri Lanka. Asiri Health signed an agreement with Aasandha, the National Social Protection Agency (NSAP) of the Maldives, which is the national healthcare insurance scheme of the Maldives developed to provide free medical assistance to all Maldivian Citizens. We would be able to better serve the Maldivian patients in Sri Lanka at our six hospitals via this insurance scheme.

Asiri Central installed a new 1.5T MRI and 128-Slice CT scanner with the newest functionalities and enhanced imaging facilities during the quarter.

Asiri Galle's renovation project is in progress to provide the people in the South a much needed and trusted state-of-the-art facility. This renovation is expected to be completed by March 2020.

Financial Services

Financial Services witnessed a growth of 19% in topline to Rs. 7.6 Bn during 1HFY20 as quarterly revenue improved 18% to Rs. 3.9 Bn. Cumulative sector operating profit rose 33% to Rs. 1.1 Bn with the quarter registering a growth of 23% in operating profit to Rs. 547 Mn. Sector PBT witnessed more than a three-fold growth to Rs. 996 Mn after reporting Rs. 415 Mn for the quarter. This growth was driven by finance income of the sector which reported Rs. 813 Mn (Rs. 357 Mn in 1HFY19) during the cumulative period with the quarter recording Rs. 294 Mn (Rs. 114 Mn). Finance income primarily was made from investing activities of Softlogic Life Insurance. Sector PAT for the period was Rs. 678 Mn as opposed to Rs. 2.4 Bn in 1HFY19 which resulted from a deferred tax adjustment which led to tax reversal at Softlogic Life amounting to Rs. 1.5 Bn.

Softlogic Life Insurance recorded a GWP of Rs. 6.1 Bn during 1HFY20, a growth of 25% compared to the previous year, while registering a GWP growth of 26% to Rs. 3.1 Bn during 2QFY20. Softlogic Life continued its growth momentum with the multi-channel distribution strategy being a key success factor facilitating above industry growth. Softlogic Life is the only company in Sri Lanka and one of the only two insurance companies in the Asian region to make it to the Forbes Asia's Best under a Billion 2019 list. Softlogic Life was shortlisted based on profitability, growth and indebtedness from a list of 1,400 finalists based on a universe of 19,000 candidates. Softlogic Life was placed in the final 200.

Softlogic Finance PLC's assets was Rs. 22.3 Bn as at 30th September 2019 (Rs. 21.3 Bn in 30.09.2018) while Customer Deposits rose 11% to Rs. 17.3 Bn.

Information Technology

IT segment's revenue rose 22% to Rs. 2.2 Bn during 1HFY20 while quarterly topline registered a similar growth rate to Rs. 1.4 Bn. Our software business is presently working on some IT infrastructure projects in the B2B segment. Sector's cumulative operating profit grew 63% to Rs. 195 Mn while the quarter registered a growth of 59% to Rs. 114 Mn.

An efficient working capital management at the IT companies led the finance costs to nearly halve to Rs. 37 Mn during the period under review. This improved the sector PBT by more than three-fold to Rs. 158 Mn during 1HFY20 while the quarter reported Rs. 98 Mn (Rs. 18 Mn in 2QFY19) as PBT. Sector's PAT for the period was Rs. 125 Mn as opposed to Rs. 30 Mn in 1HFY19.

Automobile

Automobile sector revenue for the period improved 15% to Rs. 531 Mn.

Ford launched the 'Ford Ranger Raptor' during the period under review. We see a growing demand for this model.

Suzuki Motors reported strong revenue growth during the quarter primarily driven by the sales growth in the 125cc scooter range. The company now has 80 dealers.

Leisure & Real Estates

A slow recovery was witnessed in the occupancy levels at our two hotels during the quarter with resort revenue being primarily driven by local tourism.

Sector revenue declined 21% to Rs. 918 Mn during 1HFY20 while the quarter made a turnover of Rs. 455 Mn (down 32%). Sector reported losses of Rs. 788 Mn as opposed to losses of Rs. 502 Mn in 1HFY19.

Future Outlook

With the Presidential Election nearing conclusion, we are optimistic that economic consolidation will take place in conjunction with the newly elected President as it would inspire confidence in the body politic leaving no room for any milestone in the economy to be unturned. With this optimism, we believe the security situation in the country will improve dramatically thereby facilitating the resurgence of tourism and related industries which in turn would result in a recovery benefitting our performance.

-sgd-

Ashok Pathirage
Chairman
15 November 2019

Softlogic Holdings PLC

CONSOLIDATED INCOME STATEMENT

In Rs. '000	Un-audited 06 months to 30-09-2019	Un-audited 06 months to 30-09-2018	Change as a %	Un-audited 03 months to 30-09-2019	Un-audited 03 months to 30-09-2018	Change as a %	Audited 12 months to 31-03-2019
Continuing operations							
Revenue from contract with customers	29,654,605	27,825,268	6.57	16,238,083	14,908,523	8.92	61,635,079
Revenue from insurance contracts	5,575,915	4,548,402	22.59	2,851,614	2,324,694	22.67	9,833,075
Interest income	1,946,220	1,754,094	10.95	953,358	910,838	4.67	3,674,450
Total revenue	37,176,740	34,127,764	8.93	20,043,055	18,144,055	10.47	75,142,604
Cost of sales	(23,662,601)	(21,857,732)	8.26	(12,892,382)	(11,681,818)	10.36	(47,506,880)
Gross profit	13,514,139	12,270,032	10.14	7,150,673	6,462,237	10.65	27,635,724
Other operating income	327,276	283,038	15.63	134,482	86,644	55.21	954,483
Distribution expenses	(1,688,734)	(1,545,512)	9.27	(915,431)	(857,510)	6.75	(3,521,670)
Administrative expenses	(8,558,037)	(7,125,047)	20.11	(4,492,294)	(3,685,863)	21.88	(16,708,267)
Results from operating activities	3,594,644	3,882,511	(7.41)	1,877,430	2,005,508	(6.39)	8,360,270
Finance income	915,264	450,663	103.09	343,727	136,763	151.33	1,398,974
Finance expenses	(4,087,544)	(2,675,867)	52.76	(2,060,484)	(1,398,563)	47.33	(7,116,287)
Net finance cost	(3,172,280)	(2,225,204)	42.56	(1,716,757)	(1,261,800)	36.06	(5,717,313)
Change in fair value of investment property	-	-	-	-	-	-	245,000
Share of profit of equity accounted investees	(30)	8,258	(100.36)	4,853	878	452.73	7,080
Change in insurance contract liabilities	(768,531)	(810,526)	(5.18)	(362,410)	(546,236)	(33.65)	(1,152,037)
Profit/ (loss) before tax	(346,197)	855,039	(140.49)	(196,884)	198,350	(199.26)	1,743,000
Tax expense	(565,485)	1,571,513	(135.98)	(238,865)	1,838,376	(112.99)	1,247,284
Profit/ (loss) for the period	(911,682)	2,426,552	(137.57)	(435,749)	2,036,726	(121.39)	2,990,284
Attributable to:							
Equity holders of the parent	(1,514,573)	421,453	(459.37)	(761,966)	371,721	(304.98)	104,669
Non-controlling interest	602,891	2,005,099	(69.93)	326,217	1,665,005	(80.41)	2,885,615
	(911,682)	2,426,552	(137.57)	(435,749)	2,036,726	(121.39)	2,990,284
Earnings per share - Basic (Rs.)	(1.27)	0.40	(417.26)	(0.64)	0.35	(280.96)	0.09
Dividend per share - Rs.	0.50	0.50	-	0.50	0.50	-	0.50

Note : Figures in brackets indicate deductions.
The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In Rs. '000	Un-audited 06 months to 30-09-2019	Un-audited 06 months to 30-09-2018	Change as a %	Un-audited 03 months to 30-09-2019	Un-audited 03 months to 30-09-2018	Change as a %	Audited 12 months to 31-03-2019
Profit/ (loss) for the period	(911,682)	2,426,552	(137.57)	(435,749)	2,036,726	(121.39)	2,990,284
Other comprehensive income							
Continuing operations							
Other comprehensive income to be reclassified to income statement in subsequent periods							
Currency translation of foreign operations	1,435	(3,240)	(144.29)	485	(5,053)	(109.60)	(5,447)
Net change in fair value on derivative financial instruments	(176,195)	(367,986)	(52.12)	(140,559)	(298,428)	(52.90)	(481,700)
Net gain/(loss) on financial instruments at fair value through other comprehensive income	62,926	(144,348)	(143.59)	406	(101,300)	(100.40)	(110,386)
Net other comprehensive income/ (loss) to be reclassified to income statement in subsequent periods	(111,834)	(515,574)	(78.31)	(139,668)	(404,781)	(65.50)	(597,533)
Other comprehensive income not to be reclassified to income statement in subsequent periods							
Revaluation of land and buildings	-	-	-	-	-	-	1,541,245
Re-measurement gain/ (loss) on employee benefit liabilities	-	-	-	-	-	-	65,512
Share of other comprehensive income of equity accounted investments (net of tax)	-	-	-	-	-	-	34
Net loss on equity instruments at fair value through other comprehensive income	(42,086)	(278,296)	(84.88)	165,556	(130,945)	(226.43)	(519,221)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	-	-	-	-	-	-	(353,223)
Net other comprehensive income not to be reclassified to income statement in subsequent periods	(42,086)	(278,296)	(84.88)	165,556	(130,945)	(226.43)	734,347
Other comprehensive income/ (loss) from continuing operations for the period, net of tax	(153,920)	(793,870)	(80.61)	25,888	(535,726)	(104.83)	136,814
Total comprehensive income/ (loss) for the period, net of tax	(1,065,602)	1,632,682	(165.27)	(409,861)	1,501,000	(127.31)	3,127,098
Attributable to:							
Equity holders of the parent	(1,680,172)	(118,988)	1,312.05	(834,797)	(16,745)	4,885.35	352,881
Non-controlling interest	614,570	1,751,670	(64.92)	424,936	1,517,745	(72.00)	2,774,217
	(1,065,602)	1,632,682	(165.27)	(409,861)	1,501,000	(127.31)	3,127,098

Note : Figures in brackets indicate deductions.
The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Rs. '000	Un-audited as at 30-09-2019	Un-audited as at 30-09-2018	Audited as at 31-03-2019
ASSETS			
Non-current assets			
Property, plant and equipment	49,833,352	42,683,770	46,594,012
Lease rentals paid in advance	-	805,023	789,095
Investment property	1,697,178	1,249,500	1,695,261
Right of use assets	5,461,681	-	-
Intangible assets	8,668,974	8,842,181	8,764,534
Investments in equity accounted investments	78,219	79,394	78,249
Non-current financial assets	15,049,849	11,376,514	13,157,132
Rental receivable on lease assets and hire purchase	1,346,452	750,092	1,135,517
Other non-current assets	3,443,588	2,108,152	3,215,787
Deferred tax assets	2,992,227	3,186,184	3,247,950
	88,571,520	71,080,810	78,677,537
Current assets			
Inventories	10,957,043	11,547,418	10,689,021
Trade and other receivables	13,460,913	11,085,638	14,351,620
Loans and advances	10,895,045	11,201,954	11,664,401
Rental receivable on lease assets and hire purchase	1,004,460	1,255,036	835,051
Amounts due from related parties	4,624	1,225	13,692
Other current assets	6,025,733	4,768,806	5,343,713
Short term investments	6,329,473	6,659,508	6,049,396
Cash in hand and at bank	3,147,247	2,924,667	3,196,350
	51,824,538	49,444,252	52,143,244
Total assets	140,396,058	120,525,062	130,820,781
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	12,119,235	12,119,235	12,119,235
Revenue reserves	(3,850,142)	(1,389,688)	(1,716,945)
Other components of equity	3,854,705	3,408,389	4,020,858
	12,123,798	14,137,936	14,423,148
Non-controlling interests	11,146,362	10,480,264	10,566,762
Total equity	23,270,160	24,618,200	24,989,910
Non-current liabilities			
Insurance contract liabilities	9,062,145	8,003,117	8,309,628
Interest bearing borrowings	30,370,328	23,741,527	25,115,045
Public deposits	4,812,985	3,576,037	4,601,829
Deferred tax liabilities	3,257,029	2,864,852	3,306,076
Employee benefit liabilities	1,144,163	1,074,407	1,081,320
Other deferred liabilities	60,521	119,565	148,841
Other non-current financial liabilities	298,193	115,529	115,205
	49,005,364	39,495,034	42,677,944
Current liabilities			
Trade and other payables	7,937,719	7,163,598	8,428,255
Amounts due to related parties	1,946	7,242	2,731
Income tax liabilities	158,006	260,302	351,689
Other current financial liabilities	25,412,050	19,718,448	23,128,625
Current portion of interest bearing borrowings	10,129,466	9,197,249	9,782,952
Other current liabilities	1,434,487	1,656,268	1,312,392
Public deposits	12,404,503	11,885,252	12,385,059
Bank overdrafts	10,642,357	6,523,469	7,761,224
	68,120,534	56,411,828	63,152,927
Total equity and liabilities	140,396,058	120,525,062	130,820,781

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.

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Chairman

-sgd-

Director

15 November 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	Restricted regulatory reserve	Revaluation reserve	Foreign currency translation reserve	Fair value reserve of financial assets at FVOCI	Statutory reserve fund	Other reserves	Cash flow hedge reserve	Revenue reserve			Total
As at 01 April 2019	12,119,235	309,613	5,724,098	(51,772)	(783,273)	263,436	(780,990)	(660,254)	(1,716,945)	14,423,148	10,566,762	24,989,910
Profit/ (loss) for the period	-	-	-	-	-	-	-	-	(1,514,573)	(1,514,573)	602,891	(911,682)
Other Comprehensive income	-	-	-	1,435	9,009	-	-	(176,043)	-	(165,599)	11,679	(153,920)
Equity investments at FVOCI reclassified to retained earnings	-	-	-	-	22,352	-	-	-	(22,352)	-	-	-
Total Comprehensive income	-	-	-	1,435	31,361	-	-	(176,043)	(1,536,925)	(1,680,172)	614,570	(1,065,602)
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	(22,906)	-	-	(22,906)	(34,970)	(57,876)
Dividend paid	-	-	-	-	-	-	-	-	(596,272)	(596,272)	-	(596,272)
As at 30 September 2019	12,119,235	309,613	5,724,098	(50,337)	(751,912)	263,436	(803,896)	(836,297)	(3,850,142)	12,123,798	11,146,362	23,270,160
As at 01 April 2018	8,195,383	309,613	4,774,665	(46,325)	(530,887)	215,063	(569,884)	(178,966)	(577,403)	11,591,259	9,325,667	20,916,926
Impact of adopting SLFRS 9	-	-	-	-	-	-	-	-	(637,466)	(637,466)	(273,427)	(910,893)
Restated balance under SLFRS 9 as at 01 April 2018	8,195,383	309,613	4,774,665	(46,325)	(530,887)	215,063	(569,884)	(178,966)	(1,214,869)	10,953,793	9,052,240	20,006,033
Profit for the period	-	-	-	-	-	-	-	-	421,453	421,453	2,005,099	2,426,552
Other comprehensive income	-	-	-	(3,240)	(169,531)	-	-	(367,670)	-	(540,441)	(253,429)	(793,870)
Total Comprehensive income	-	-	-	(3,240)	(169,531)	-	-	(367,670)	421,453	(118,988)	1,751,670	1,632,682
Issue of shares	3,923,852	-	-	-	-	-	-	-	-	3,923,852	-	3,923,852
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	(24,449)	-	-	(24,449)	(322,021)	(346,470)
Dividend paid	-	-	-	-	-	-	-	-	(596,272)	(596,272)	-	(596,272)
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,625)	(1,625)
As at 30 September 2018	12,119,235	309,613	4,774,665	(49,565)	(700,418)	215,063	(594,333)	(546,636)	(1,389,688)	14,137,936	10,480,264	24,618,200

Note : Figures in brackets indicate deductions.
The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

CONSOLIDATED CASH FLOW STATEMENT

In Rs. '000	Un-audited as at 30-09-2019	Un-audited as at 30-09-2018	Audited as at 31-03-2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (loss) before tax from continuing operations	(346,197)	855,039	1,743,000
Adjustments for:			
Finance income	(915,264)	(450,663)	(1,398,975)
Finance cost	4,087,544	2,675,867	7,116,286
Change in fair value of investment property	-	-	(245,000)
Share of results of equity accounted investees	30	(8,258)	(7,080)
Gratuity provision and related cost	125,916	114,897	221,936
Provisions for/ write-off of impaired receivables	104,500	99,184	353,623
Provision for write-off of inventories	46,462	34,866	75,137
Provisions for/ write-off of loans and advances	8,961	(607)	110,757
Provisions for/ write-off of investments in lease and hire purchase	23,316	4,203	61,500
Depreciation of property, plant and equipment	1,309,967	1,185,237	2,520,118
Profit on sale of property, plant and equipment	(2,555)	(7,678)	(7,589)
Loss/ (profit) on sale of investments	(19,297)	49	377
Unrealised (profit)/ loss on foreign exchange	57,938	40,496	23,873
Amortisation/ impairment of intangible assets	135,605	173,786	341,578
Amortisation right of use assets/ prepaid lease rentals	722,286	578	16,506
Increase/ (decrease) in deferred income	(97,495)	(24,329)	(63,360)
Impairment & derecognition of property, plant & equipment	24,106	16,747	21,318
Profit before working capital changes	5,265,823	4,709,414	10,884,005
(Increase)/ decrease in inventories	(314,485)	(143,005)	661,206
(Increase)/ decrease in trade and other receivables	1,481,671	129,794	(3,573,802)
(Increase)/ decrease in loans and advances	(85,352)	1,095,080	(224,169)
(Increase)/ decrease in investments in lease and hire purchase	(403,661)	(442,795)	(465,530)
(Increase)/ decrease in other current assets	(1,145,859)	(1,469,549)	(2,036,868)
(Increase)/ decrease in amounts due from related parties	9,068	(418)	(12,885)
Increase/ (decrease) in trade and other payables	(548,471)	(333,884)	861,518
Increase/ (decrease) in amounts due to related parties	(785)	(324)	(4,835)
Increase/ (decrease) in other current liabilities	131,271	205,200	(70,370)
Increase/ (decrease) in public deposits	230,601	(840,182)	685,416
Increase/ (decrease) in insurance contract liabilities	752,518	810,526	1,117,037
Cash generated from operations	5,372,339	3,719,857	7,820,723
Finance income received	690,920	552,772	1,261,411
Finance expenses paid	(3,502,653)	(2,500,308)	(6,500,079)
Dividend received	-	35,045	35,045
Tax paid	(542,992)	(484,121)	(953,375)
Gratuity paid	(63,073)	(61,898)	(108,089)
Net cash flow from operating activities	1,954,541	1,261,347	1,555,636
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment	(4,277,503)	(2,548,580)	(5,728,410)
Addition to investment property	(1,917)	(11,200)	(18,237)
Addition to intangible assets	(40,129)	(100,106)	(141,234)
(Increase)/ decrease in other non-current assets	(227,802)	(1,138,124)	(2,245,759)
(Purchase)/ disposal of short term investments (net)	443,120	(1,914,210)	115,631
Dividends received	14,643	7,382	124,551
(Purchase)/ disposal of non-current financial assets	(1,743,980)	(747,705)	(1,825,340)
Acquisition of subsidiaries	-	(509,183)	(952,452)
Proceeds from sale of property, plant and equipment	1,302	31,192	54,075
Net cash flow used in investing activities	(5,832,266)	(6,930,534)	(10,617,175)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES			
Proceeds from issue of equity shares	-	3,923,852	3,923,852
Dividend paid to non-controlling interest	-	(1,625)	(828,433)
Increase in interest in subsidiaries	(49,572)	(339,848)	(561,897)
Proceeds from long term borrowings	5,667,083	2,950,771	7,585,232
Repayment of long term borrowings	(6,025,436)	(3,742,866)	(6,874,434)
Increase/ (decrease) in other non-current financial liabilities	182,988	(6,973)	(7,297)
Proceeds from/ (repayment of) other current financial liabilities (net)	2,283,425	(3,889,057)	(478,880)
Dividend paid to equity holders of parent	(596,272)	(596,272)	(596,272)
Net cash flow from/ (used in) financing activities	1,462,216	(1,702,018)	2,161,871
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,415,509)	(7,371,205)	(6,899,668)
CASH AND CASH EQUIVALENTS AT THE BEGINNING	(1,010,674)	5,888,960	5,888,960
Effect of exchange rate changes	325	17	34
CASH AND CASH EQUIVALENTS AT THE END	(3,425,858)	(1,482,228)	(1,010,674)
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Favourable balances			
Cash in hand and at Bank	3,147,247	2,924,667	2,596,037
Restricted cash at bank	-	-	600,313
Short term investments	4,069,252	2,116,574	3,554,200
Unfavourable balances			
Bank overdrafts	(10,642,357)	(6,523,469)	(7,761,224)
Cash and cash equivalents	(3,425,858)	(1,482,228)	(1,010,674)

Note : Figures in brackets indicate deductions.
The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

COMPANY INCOME STATEMENT

In Rs. '000	Un-audited 06 months to 30-09-2019	Un-audited 06 months to 30-09-2018	Change as a %	Un-audited 03 months to 30-09-2019	Un-audited 03 months to 30-09-2018	Change as a %	Audited 12 months to 31-03-2019
Revenue from contract with customers	381,283	320,688	18.90	190,022	160,478	18.41	645,766
Cost of sales	(140,924)	(113,996)	23.62	(70,439)	(59,753)	17.88	(240,599)
Gross profit	240,359	206,692	16.29	119,583	100,725	18.72	405,167
Dividend income	-	51,006	(100.00)	-	35,086	(100.00)	514,513
Other operating income	18,319	20,606	(11.10)	9,159	11,447	(19.99)	28,618
Administrative expenses	(215,188)	(227,326)	(5.34)	(107,677)	(118,276)	(8.96)	(442,305)
Results from operating activities	43,490	50,978	(14.69)	21,065	28,982	(27.32)	505,993
Finance income	1,035,341	555,296	86.45	531,988	340,581	56.20	1,502,906
Finance expenses	(1,647,747)	(1,076,553)	53.06	(862,269)	(592,247)	45.59	(2,626,433)
Net finance cost	(612,406)	(521,257)	17.49	(330,281)	(251,666)	31.24	(1,123,527)
Change in fair value of investment property	-	-	-	-	-	-	40,000
Loss before tax	(568,916)	(470,279)	20.97	(309,216)	(222,684)	38.86	(577,534)
Tax expense	(30,000)	(37,736)	(20.50)	(15,000)	(20,360)	(26.33)	(90,593)
Loss for the period	(598,916)	(508,015)	17.89	(324,216)	(243,044)	33.40	(668,127)

Note : Figures in brackets indicate deductions.
The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

STATEMENT OF COMPREHENSIVE INCOME

In Rs. '000	Un-audited 06 months to 30-09-2019	Un-audited 06 months to 30-09-2018	Change as a %	Un-audited 03 months to 30-09-2019	Un-audited 03 months to 30-09-2018	Change as a %	Audited 12 months to 31-03-2019
Loss for the period	(598,916)	(508,015)	17.89	(324,216)	(243,044)	33.40	(668,127)
Other comprehensive income							
Other comprehensive income not to be reclassified to income statement in subsequent periods							
Actuarial loss on retirement benefits	-	-	-	-	-	-	(3,474)
Net other comprehensive loss not to be reclassified to income statement in subsequent periods	-	-	-	-	-	-	(3,474)
Tax on other comprehensive income	-	-	-	-	-	-	973
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	(2,501)
Total comprehensive loss for the period, net of tax	(598,916)	(508,015)	17.89	(324,216)	(243,044)	33.40	(670,628)

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

COMPANY STATEMENT OF FINANCIAL POSITION

In Rs. '000	Un-audited as at 30-09-2019	Un-audited as at 30-09-2018	Audited as at 31-03-2019
ASSETS			
Non-current assets			
Property, plant and equipment	154,683	188,442	170,963
Investment property	744,000	704,000	744,000
Intangible assets	2,931	-	686
Investments in subsidiaries	20,049,705	20,026,700	20,028,700
Investments in associates	11,000	11,000	11,000
Other non current financial assets	1,551,570	1,247,097	1,465,042
	22,513,889	22,177,239	22,420,391
Current assets			
Trade and other receivables	637,968	491,350	912,093
Amounts due from related parties	15,775,642	10,253,591	14,176,360
Other current assets	36,825	30,641	28,273
Short term investments	129,970	1,589,817	130,625
Cash in hand and at bank	210,392	38,434	18,294
	16,790,797	12,403,833	15,265,645
Total assets	39,304,686	34,581,072	37,686,036
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	12,119,235	12,119,235	12,119,235
Revenue reserves	2,675,695	4,033,496	3,870,883
Total equity	14,794,930	16,152,731	15,990,118
Non-current liabilities			
Interest bearing borrowings	7,032,871	6,059,166	6,817,719
Deferred tax liabilities	173,435	157,916	173,435
Employee benefit liabilities	86,300	73,432	81,109
Other deferred liabilities	57,658	93,694	75,676
Other non current financial liabilities	186,200	186,200	186,200
	7,536,464	6,570,408	7,334,139
Current liabilities			
Trade and other payables	298,692	48,843	108,894
Amounts due to related parties	21,565	21,348	16,671
Income tax liabilities	44,708	9,208	16,910
Other current financial liabilities	11,979,656	7,884,541	10,003,875
Current portion of interest bearing borrowings	3,974,371	3,109,288	3,958,498
Other current liabilities	46,210	74,900	82,229
Bank overdrafts	608,090	709,805	174,702
	16,973,292	11,857,933	14,361,779
Total equity and liabilities	39,304,686	34,581,072	37,686,036

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

15 November 2019
Colombo

Softlogic Holdings PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

COMPANY

In Rs. '000	Stated capital	Revenue reserve	Total
As at 01 April 2019	12,119,235	3,870,883	15,990,118
Loss for the period	-	(598,916)	(598,916)
Total comprehensive income	-	(598,916)	(598,916)
Dividend paid	-	(596,272)	(596,272)
As at 30 September 2019	12,119,235	2,675,695	14,794,930
As at 31 March 2018	8,195,383	5,193,136	13,388,519
Impact of adopting SLFRS 9	-	(55,353)	(55,353)
Restated balance under SLFRS 9 as at 01 April 2018	8,195,383	5,137,783	13,333,166
Loss for the period	-	(508,015)	(508,015)
Total comprehensive income	-	(508,015)	(508,015)
Issue of shares	3,923,852	-	3,923,852
Dividend paid	-	(596,272)	
As at 30 September 2018	12,119,235	4,033,496	16,749,003

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

COMPANY STATEMENT OF CASH FLOW

In Rs. '000	Un-audited 06 months to 30-09-2019	Un-audited 06 months to 30-09-2018	Audited 12 months to 31-03-2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	(568,916)	(470,279)	(577,534)
Adjustments for:			
Finance income	(1,035,997)	(555,296)	(1,502,906)
Dividend income	-	(51,006)	(514,513)
Finance cost	1,647,747	1,076,553	2,626,434
Change in fair value of investment property	-	-	(40,000)
Gratuity provision and related costs	5,814	6,349	13,759
Provisions for/ write-off of impaired receivables	-	-	2,472
Depreciation of property, plant and equipment	17,531	18,245	36,051
Profit on sale of property, plant and equipment	-	(2,288)	(2,140)
Loss on sale of investments	-	-	10,575
Amortisation/ impairment of intangible assets	-	593	7,079
(Appreciation)/ depreciation in market value of quoted shares	655	-	-
Amortisation of loan processing fee and debenture issue expenses	8,939	-	-
Increase / (decrease) in deferred income	(18,018)	(18,018)	(36,036)
Profit before working capital changes	57,755	4,853	23,241
(Increase)/ decrease in trade and other receivable	274,124	(183,773)	(144,382)
(Increase)/ decrease in other current assets	(8,552)	(17,889)	(21,074)
(Increase)/ decrease in amount due from related parties	(1,599,282)	(2,253,952)	(5,587,037)
Increase/ (decrease) in trade and other payables	189,798	4,426	64,481
Increase/ (decrease) in amount due to related parties	4,894	3,471	(1,207)
Increase/ (decrease) in other current liabilities	(36,019)	(11,321)	(3,992)
Cash used in operations	(1,117,282)	(2,454,185)	(5,669,970)
Finance income received	1,035,997	685,155	1,531,157
Finance expenses paid	(1,659,554)	(1,100,906)	(2,499,773)
Dividend received	-	51,006	50,965
Tax paid	(2,202)	(57,879)	(80,989)
Gratuity paid	(623)	(1,168)	(4,375)
Net cash flow used in operating activities	(1,743,664)	(2,877,977)	(6,672,985)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment	(1,251)	(1,123)	(1,870)
Addition to intangible assets	(2,923)	-	(2,635)
(Purchase)/ disposal of short term investments (net)	-	-	1,550,225
(Purchase)/ disposal of other non current financial assets	(86,528)	-	(636,686)
Proceeds from sale of property, plant and equipment	-	5,181	5,455
Net cash flow from/ (used in) investing activities	(90,702)	4,058	914,489
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from issue of shares	-	3,923,852	3,923,852
Increase in interest in subsidiaries	(21,005)	-	(172,000)
Proceeds from long term borrowings	1,975,503	-	2,500,000
Repayment of long term borrowings	(1,740,932)	(1,245,630)	(2,307,649)
Proceeds from/ (repayment of) short term borrowings (net)	1,975,782	(2,641,814)	(508,255)
Dividend paid to equity holders of parent	(596,272)	(596,272)	(596,272)
Net cash flow from/ (used in) financing activities	1,593,076	(559,864)	2,839,676
NET DECREASE IN CASH AND CASH EQUIVALENTS	(241,290)	(3,433,783)	(2,918,820)
CASH AND CASH EQUIVALENTS AT THE BEGINNING	(156,408)	2,762,412	2,762,412
CASH AND CASH EQUIVALENTS AT THE END	(397,698)	(671,371)	(156,408)
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Favourable balances			
Cash in hand and at bank	210,392	38,434	18,294
Unfavourable balances			
Bank overdrafts	(608,090)	(709,805)	(174,702)
Cash and cash equivalents	(397,698)	(671,371)	(156,408)

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

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 six months ended 30 September	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
	Continuing operations															
Revenue																
Total revenue	2,504,005	2,056,582	988,667	1,263,693	19,431,701	18,563,146	584,795	502,136	7,640,526	6,376,257	7,468,310	6,642,014	398,475	337,090	39,016,479	35,740,918
Inter group	(337,270)	(281,702)	(70,819)	(96,971)	(709,732)	(827,436)	(53,583)	(39,545)	(55,534)	(1,840)	(221,346)	(34,737)	(391,455)	(330,923)	(1,839,739)	(1,613,154)
Total external revenue	2,166,735	1,774,880	917,848	1,166,722	18,721,969	17,735,710	531,212	462,591	7,584,992	6,374,417	7,246,964	6,607,277	7,020	6,167	37,176,740	34,127,764
Operating profit/ (loss)	195,282	119,636	(368,962)	(46,816)	1,250,962	1,569,779	667	(15,703)	1,109,676	835,376	1,360,861	1,568,783	46,158	(148,544)	3,594,644	3,882,511
Finance income	-	184	696	3,868	100,985	34,960	79	74	812,825	356,677	1,125	16,883	(446)	38,017	915,264	450,663
Finance cost	(37,061)	(83,502)	(412,038)	(459,630)	(1,916,167)	(1,061,497)	(120,259)	(81,317)	(157,606)	(142,024)	(835,857)	(417,360)	(608,556)	(430,537)	(4,087,544)	(2,675,867)
Share of results of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(5,192)	(5,003)	5,162	13,261	(30)	8,258
Change in insurance contract liabilities	-	-	-	-	-	-	-	-	(768,531)	(810,526)	-	-	-	-	(768,531)	(810,526)
Profit/ (loss) before taxation	158,221	36,318	(780,304)	(502,578)	(564,220)	543,242	(119,513)	(96,946)	996,364	239,503	520,937	1,163,303	(557,682)	(527,803)	(346,197)	855,039
Tax expense	(33,502)	(6,672)	(7,616)	772	27,001	(239,109)	6,728	-	(318,489)	2,144,270	(207,907)	(282,067)	(31,700)	(45,681)	(565,485)	1,571,513
Profit/ (loss) after taxation	124,719	29,646	(787,920)	(501,806)	(537,219)	304,133	(112,785)	(96,946)	677,875	2,383,773	313,030	881,236	(589,382)	(573,484)	(911,682)	2,426,552
Depreciation of property, plant & equipment (PPE)	35,132	31,210	294,136	285,588	298,690	315,943	17,687	17,768	104,076	92,293	542,563	424,070	17,683	18,365	1,309,967	1,185,237
Amortisation of ROU assets/ lease rentals paid in advance	1,345	-	-	-	528,970	60	6,779	-	134,441	-	50,751	518	-	-	722,286	578
Amortisation/ impairment of intangible assets	10,637	6,839	11,147	10,906	39,736	38,344	-	-	69,008	112,843	4,400	4,261	677	593	135,605	173,786
Retirement benefit obligations and related cost	8,650	7,710	2,661	3,840	26,413	32,554	1,163	942	21,744	17,460	59,239	45,903	6,046	6,488	125,916	114,897
Purchase and construction of PPE	42,739	14,692	24,175	75,017	1,327,066	1,025,295	11,000	1,913	57,017	74,829	3,108,465	1,357,595	1,906	1,319	4,572,368	2,550,660
Additions to intangible assets	25,610	25,589	427	-	10,835	33,022	-	-	334	41,495	-	-	2,923	-	40,129	100,106

REVENUE AND PROFIT In Rs. '000 For the three months ended 30 September	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
	Continuing operations															
Revenue																
Total revenue	1,500,702	1,238,918	503,443	717,769	10,554,902	9,999,937	259,779	197,497	3,906,760	3,276,399	3,969,956	3,396,649	198,889	168,895	20,894,431	18,996,064
Inter group	(146,773)	(130,528)	(48,306)	(47,410)	(286,645)	(494,592)	(10,615)	(13,163)	(27,188)	(70)	(136,500)	(424)	(195,349)	(165,822)	(851,376)	(852,009)
Total external revenue	1,353,929	1,108,390	455,137	670,359	10,268,257	9,505,345	249,164	184,334	3,879,572	3,276,329	3,833,456	3,396,225	3,540	3,073	20,043,055	18,144,055
Operating profit/ (loss)	114,496	72,002	(162,055)	(40,072)	610,064	811,420	(595)	(5,496)	547,049	445,057	740,995	802,608	27,476	(80,011)	1,877,430	2,005,508
Finance income	-	88	312	2,578	49,019	15,670	39	37	293,561	113,678	554	5,046	242	(334)	343,727	136,763
Finance cost	(16,772)	(54,194)	(217,374)	(291,413)	(957,346)	(555,328)	(49,186)	(43,101)	(63,300)	(7,477)	(422,957)	(183,621)	(333,549)	(263,429)	(2,060,484)	(1,398,563)
Share of results of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(1,698)	(3,147)	6,551	4,025	4,853	878
Change in insurance contract liabilities	-	-	-	-	-	-	-	-	(362,410)	(546,236)	-	-	-	-	(362,410)	(546,236)
Profit/ (loss) before taxation	97,724	17,896	(379,117)	(328,907)	(298,263)	271,762	(49,742)	(48,560)	414,900	5,022	316,894	620,886	(299,280)	(339,749)	(196,884)	198,350
Tax expense	(21,352)	(938)	-	446	28,726	(149,586)	-	-	(131,653)	2,152,048	(98,640)	(161,637)	(15,946)	(1,957)	(238,865)	1,838,376
Profit/ (loss) after taxation	76,372	16,958	(379,117)	(328,461)	(269,537)	122,176	(49,742)	(48,560)	283,247	2,157,070	218,254	459,249	(315,226)	(341,706)	(435,749)	2,036,726
Depreciation of property, plant & equipment (PPE)	19,870	12,500	147,635	134,344	80,016	156,770	8,872	7,515	55,003	46,438	294,924	213,960	8,839	9,068	615,159	580,595
Amortisation of ROU assets/ lease rentals paid in advance	897	-	-	-	303,685	30	3,408	-	80,658	-	19,544	259	-	-	408,192	289
Amortisation/ impairment of intangible assets	5,541	4,062	5,609	5,462	19,940	10,997	-	-	34,033	56,925	2,253	2,131	20	-	67,396	79,577
Retirement benefit obligations and related cost	4,325	5,835	2,778	2,052	13,270	11,273	582	-	11,635	8,267	32,413	22,959	3,023	3,237	68,026	53,623
Purchase and construction of PPE	4,042	-	15,908	51,894	778,840	448,095	3,373	-	17,161	38,587	1,236,750	786,383	1,906	988	2,057,980	1,325,947
Additions to intangible assets	4,113	3,363	427	-	1,875	-	-	-	334	41,495	-	-	2,923	-	9,672	44,858

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 Six month period ended 30 September 2019 were authorised for issue by the Board of Directors on 15 November 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.

However, SLFRS 9: Financial Instruments and SLFRS 15: Revenue from Contracts with Customers, became applicable for financial periods beginning on or after 1 January 2018. However, Group previously presented the Interim Financial Statements for the period ended 30 September 2018 by applying LKAS 39 – “Financial Instruments – Recognition and Measurement” as permitted by the “Statement of Alternative Treatment (SoAT) on the figures in the Interim Financial Statements” issued by CA Sri Lanka. Therefore, the comparative Financial Statements for the three months period ended 30 September 2018 is reported under LKAS 39 and is not comparable to the information presented for 2019. Differences arising from the adoption of SLFRS 9 and SLFRS 15 have been recognised directly in Retained Earnings as of 1 April 2018.

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 2019, except for the adoption of new standards effective as of 1 April 2019.

SLFRS 16: Leasing, sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘Lessee’) and the supplier (‘Lessor’). SLFRS 16 replaced Sri Lanka Accounting Standard – LKAS 17 (Leases) and related interpretations. The Group has adopted SLFRS 16 using modified retrospective method from 1 April 2019, without restating comparative information.

Lessor accounting under SLFRS 16 is substantially unchanged from LKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in LKAS 17. Therefore, SLFRS 16 does not have an impact for leases where the Group is the lessor.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

4. CHANGE IN LIFE INSURANCE CONTRACT LIABILITIES

4.1 Valuation of Life Insurance Fund

Transfer of a sum of Rs. 1,005.00 mn from the Non Participating Life Insurance Fund/ Insurance Contract Liabilities to the shareholders' fund for the six months ended 30 September 2019; transfer of a sum of Rs. 387.00 mn from the Non Participating Life Insurance Fund/ Insurance Contract Liabilities to the shareholders' fund for the three months ended 30 September 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 30 September 2019 were audited by Messrs. KPMG, Chartered Accountants.

4.2 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 4.3 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 4.3 for details of assets supporting the restricted regulatory reserve as at 30 September 2019.

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	6,339,355
Value of insurance contract liability based on Independent Actuary - GPV as at 31 December 2015	2,810,245	1,674,571	4,484,816
Surplus created due to change in valuation method from NPV to GPV One off surplus as at 01 January 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 December 2017	-	(798,004)	(798,004)
Surplus created due to change in valuation method from NPV to GPV One off surplus as at 30 September 2019	1,056,535	-	1,056,535

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

4.3 Composition of investments supporting the Restricted Regulatory Reserve as at 30 September 2019

In Rs. '000	Face value	Market value as at 30 September 2019 Rs. '000
Government Securities		
Treasury Bonds		
LKB03044A010	100,000,000	123,832
LKB01534I155	50,000,000	47,869
LKB01534I155	50,000,000	47,869
LKB01534I155	50,000,000	47,869
LKB01027F156	100,000,000	109,677
REPO investments		5,000
Deposits		
Seylan Bank PLC		154,278
Seylan Bank PLC		114,787
National Savings Bank		102,852
Regional Development Bank		51,426
Total market value of the assets		805,460

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

5. SHARE INFORMATION

5.1 Public share holdings

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

As at	30-09-2019
Public shareholding (%)	13.37
Public shareholders	10,779
Float adjusted market capitalization (Rs. Mn.)	2,575

Minimum public holding percentage - The Company was non compliant with the Minimum Public Holding Requirements specified in Rule 7.13.1(a) of the Listing Rules of the CSE as of 30 September 2019.

5.2 Directors' share holdings

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

As at	30-09-2019
A K Pathirage - Chairman/ Managing Director	482,091,980
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
J D N Kekulawala	Nil
	711,783,132

5.3 Twenty largest shareholders of the company are as follows:

As at	Number of shares 30-09-2019	%
1 Mr. A K Pathirage	482,091,980	40.43
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	7,889,684	0.66
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	4,515,000	0.38
16 Mrs. A Kailasapillai	4,512,000	0.38
17 Arunodhaya Investments (Private) Limited	4,347,668	0.36
18 Seylan Bank PLC/ W. D. N. H. Perera	3,915,067	0.33
19 Mr. K Aravinthan	3,801,018	0.32
20 Arunodhaya (Private) Limited	3,000,000	0.25

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

6. STATED CAPITAL MOVEMENTS

6.1 No of shares

	No of shares
As at 01 April 2019	1,192,543,209
As at 30 September 2019	1,192,543,209

6.2 Value of shares

	Rs. '000
As at 01 April 2019	12,119,235
As at 30 September 2019	12,119,235

7. INVESTOR INFORMATION

7.1 Market value of shares

30-09-2019

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

Closing price on (Rs.)	14.90
Highest price recorded for the three months ending (Rs.)	17.00
Lowest price recorded for the three months ending (Rs.)	14.20
Market Capitalisation (Rs. mn)	17,768.89

7.2 Ratios

Net assets per share at the period end (Rs.)	12.41
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7.3 Share trading information from 01 July 2019 to 30 September 2019

Number of shares traded	16,571,436
Value of shares traded (Rs. Mn.)	254.42

8. 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 2019 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 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 18 February 2020 at the Court of Appeal.

9. CAPITAL COMMITMENTS

As at 30 September 2019, the group had capital commitments contracted but not provided in the financial statements amounting to Rs. 6,154 Mn (30 September 2018 - 9,469 Mn).

10. 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 other than the following.

Listed, Rated, Senior, Unsecured, Redeemable Debenture issue - Softlogic Capital PLC

On 10 September 2019, the Board of Directors of Softlogic Capital PLC, a subsidiary of Softlogic Holdings PLC has decided to issue up to 15,000,000 Listed, Rated, Senior, Unsecured, Redeemable Debentures at a price of Rs. 100/- each, subject to necessary regulatory approvals.

Rights issue - Softlogic Finance PLC

On 30 August 2019, the Board of Directors of Softlogic Finance PLC, a subsidiary of Softlogic Holdings PLC has resolved to issue 35,440,896 ordinary shares by way of a Rights Issue to the shareholders of the Company in the proportion of twelve (12) new shares for every twenty three (23) shares held as at the date of allotment at a consideration of Rs. 17/- per share.

This was subsequently approved by shareholders at an EGM held on 14 November 2019.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS

11.1 Transactions with related parties

In Rs. '000	Group		Company	
	06 months to 30-09-2019	06 months to 30-09-2018	06 months to 30-09-2019	06 months to 30-09-2018
Subsidiaries				
(Purchases) / sales of goods	-	-	(4,310)	(1,843)
(Receiving) / rendering of services	-	-	329,356	268,217
(Purchases) / sale of property plant & equipment	-	-	(1,169)	(897)
Loans given / (obtained)	-	-	528,881	1,140,558
Interest received / (paid)	-	-	810,845	543,678
Rent received / (paid)	-	-	29,618	26,147
Dividend received	-	-	-	15,920
Guarantee charges received	-	-	81,743	67,505
Guarantees given / (obtained)	-	-	23,154,644	18,931,687
Associates				
(Purchases) / sale of property plant & equipment	2	157	-	-
(Receiving) / rendering of services	30,112	9,293	6,171	5,978
Dividend received	-	-	-	35,045
Interest received / (paid)	124	-	124	-
Key management personnel				
Loans given/ (received)	(1,748)	(1,854)	(1,992)	(1,992)
Guarantees given/ (received)	(410,000)	(410,000)	-	(100,000)
Loans given/ (customer deposits received)	(48,432)	(45,291)	-	-
Advances given/ (received)	(251,720)	(263,341)	-	-
Close family members of KMP				
(Receiving) / rendering of services	-	-	-	-

11.2 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

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

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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