



SOFTLOGIC HOLDINGS PLC

INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
31 DECEMBER 2019

Dear Shareholders,

Despite the difficult operating climate common to most businesses, consolidated group turnover significantly increased 11% to Rs. 59.4 Bn during the first nine months of this financial year while quarterly revenue improved 14% to Rs. 22.2 Bn. Group's efforts to restore consumer and business confidence during the period was augmented by expanding the international branded retail portfolio and upmarket stores at One Galle Face by Shangri La along with Odel Flagship department store which distinctly fosters a class of its own, standing shoulder-to-shoulder with reputed marques thereby enhancing customer shopping experience manifold. In the same way, the healthcare sector, with the addition of Asiri's 190-bed ultra-modern hospital in Kandy, will have an important role to play in the country's healthcare serving the healthcare needs of the Central Province given its reach to the untapped regions of Northern and Eastern Provinces. Despite the new investments, we are still recovering from the shock of the April incidents and will have to bear the consequence of the uncertainty of the Coronavirus and its implications together with the General Election in the offing. Nonetheless, the new Government's pro-business decision to reduce the tax burden for corporates while also reducing interest rates will give a significant filip to future earnings.

Group turnover was dominated by the rapidly expanding Retail sector (51% contribution to Group topline), Financial Services (20%) and Healthcare Services (20%) while the IT, Leisure and Automobile collectively made up 10% of Group topline.

Gross Profit grew 11% to Rs. 21.7 Bn during the 1-3QFY20. The quarter reported a Gross Profit of Rs. 8.4 Bn (up 15%) maintaining GP margins at 38% amidst Softlogic's expansion drive whereby synergies are created.

Quarterly distribution costs increased 11% to Rs. 1 Bn with the cumulative figure rising 10% to Rs. 2.7 Bn. Administrative expenses increased 10% to Rs. 13 Bn during the nine-month period while a marginal decline was noted during the quarter (Rs. 4.7 Bn). The increasing scale of operations accounted for the cost increases with depreciation of PPE

and headcount increase making up most of this cost. Cumulative operational costs increased 10% to Rs. 15.8 Bn in 1-3QFY20 maintaining operational cost margins at 27%. Quarterly operational costs was flat at Rs. 5.7 Bn to record an operating cost margin improvement from 29% in 3QFY19 to 26% in 3QFY20. Focusing on cost discipline and economies of scale helped achieve the cost margin improvements amid our expansions.

Other operating income declined marginally by 9% to Rs. 528 Mn during 1-3QFY20 while the quarter also witnessed a decrease of 32% to Rs. 201 Mn due to prevailing market conditions.

Cumulative Group EBITDA improved 25% to near Rs. 10 Bn while quarterly EBITDA increased 55% to Rs 4.2 Bn primarily led by increasing activity levels, improving profit margins and cost discipline measures.

Operating profit for the cumulative period increased 12% amounting to Rs. 6.5 Bn while the quarterly operating profit grew 50% to Rs. 2.9 Bn primarily supported by increased activities and cost controls which led to the operating profit margin improving from 10% in 3QFY19 to 13% in 3QFY20.

Finance income is primarily made up of the gains of Softlogic Life Insurance's investment portfolio. Finance income for 1-3QFY20 increased 60% to Rs. 1.4 Bn while quarterly finance income increased 14% to Rs. 479 Mn.

Net finance costs increased 23% to Rs. 1.9 Bn for the quarter while the cumulative period saw an increase of 35% to Rs. 5.1 Bn. Softlogic's heavy capital investments in the recent past, particularly in the retail sector, have been via short term funding sources. We are seeking longer term funding options and quasi-equity to relieve the finance cost burden to enhance earnings.

The quarter witnessed a transfer of Rs. 707 Mn to life policy holders (up 10%) while a transfer of Rs. 1.5 Bn (up 1%) during the nine-month period to build a conservative actuarial book.

Despite the business environment operating under a cloud, PBT for the three-month period was Rs. 305 Mn as opposed to a loss of Rs. 237 Mn in 3QFY19 with PAT registering an increase of Rs. 393 Mn (a loss of Rs. 327 Mn in 3QFY19).

Retail

Sector revenue for the cumulative period grew 11% to Rs. 30.2 Bn while the quarter reported a topline growth of 20% to Rs. 11.5 Bn. The quarter saw a turnaround in volumes following the slowdown of tourist and local shopping in the aftermath of Easter attacks. The Black Friday sale, which covered our Branded Apparel, Consumer Electronics, Furniture, Supermarket and Restaurant businesses, reported a single day sale in excess of Rs. 550 Mn which is more than double to that of 2018 Black Friday sale. This signifies the powerful position of consumer disposition to Softlogic's retail proposition.

Odel Flagship store is a prime shopping location for tourists, particularly, the Chinese customers with a penchant and purchasing power for branded and luxury goods. However, with the outbreak of the Novel Coronavirus, Chinese tourists would decline sharply and this could affect our business in the forthcoming quarter while the ongoing construction of the mall with restricted parking has affected our footfall. The Malls' footfall also saw a sharp decline following this pandemic outbreak in China which has now spread to 25 countries.

The island-wide footprint of our Consumer Electronics stood at 214 stores, after regional rationalization, with the latest store being opened in Kochchikade in December. We have a total retail space of 338,000 sq. ft.

Performance of our QSR business has produced encouraging results with Crystal Jade, Burger King, Delifrance and Baskin-Robbins at One Galle Face leading the progress chart. Softlogic Restaurants signed the master franchise with Popeyes®, an American multinational chain of fried chicken fast food restaurants. Their unique New Orleans style menu featuring spicy chicken, chicken tenders, fried shrimp and other regional items has allowed Popeyes® to

become one of the world's largest chicken quick service restaurant chain. We will be opening our first Popeyes® restaurant in June in Mount Lavinia and this would be a combined location for the QSR, Odel and Glomark sharing a retail space of 40,000 sq.ft.

'Softlogic Glomark' opened its 7th outlet in Nawala in January. We will be opening five additional outlets in Colombo and suburbs during 2020. We will be opening in Mount Lavinia, Malalasekara Mawatha-Colombo 7, Negombo, Malabe and Rajagiriya.

Sector's operating profit for the nine-month period rose 9% to Rs. 2.4 Bn while the quarter witnessed a 84% increase to Rs. 1.1 Bn.

Cumulative sector EBITDA was Rs. 3.8 Bn (up 38%) while quarterly EBITDA more than doubled to Rs. 1.7 Bn (Rs. 836 Mn in 3QFY19). With the retail sector exploring long term and equity funding sources, the finance cost is expected to decline in the upcoming period while improved economic activity and turnover growth ought to shoulder the burden.

Healthcare Services

Asiri Health reported strong financial performance with positive reception of Asiri's hospital in Kandy. This 190-bed facility which possesses one of the highest standards of the state-of-the-art medical solutions, has performed well against the budgeted number of treatments and surgeries.

Sector revenues steadily improved 18% to Rs. 11.7 Bn during 1-3QFY20 with the quarter reporting a topline growth of 36% to Rs. 4.5 Bn. Asiri Hospital Holdings Ltd., made up 36% of the hospital chain revenue while Central Hospital and Asiri Surgical Hospital contributed 32% and 23% respectively. Asiri Matara and Asiri Hospital Galle together contributed 9% to the hospital group's turnover.

Asiri Surgical Hospital initiated an Allergy & Immunology Clinic and a Sports Fitness Assessment Clinic at the Wellness Centre. Asiri Surgical Hospital also developed a Back Pain & Spine Clinic with specialist doctors.

We are in collaboration with the largest fertility care provider in India to develop a state-of-

the-art IVF centre at Asiri Hospital Holdings which will be opened in the near future. Central Hospital has completed 10,000 neuro surgeries to date. Being a responsible healthcare provider, the hospital also initiated a free heart clinic on a monthly basis as CSR activity.

Asiri Hospital Galle is completing the installation of the 1.5T MRI Scanner, which is the first private MRI in the Southern province. Asiri Hospital Galle, which was acquired last year, is witnessing a renovation which is expected to be completed by March 2020.

Sector's operating profit improved marginally despite the initial costs of the Kandy hospital to Rs. 2.4 Bn during the cumulative period while the quarterly operating earnings increased 27% to Rs. 1 Bn.

Sector EBITDA improved 11% Rs. 3.4 Bn during the cumulative period under review with the quarter reported an EBITDA of Rs.1.4 Bn (up 36%).

Asiri's PAT for the period was Rs. 827 Mn while the quarter registered a PAT growth of 16% to Rs. 514 Mn.

Information Technology

The Solutions Integration team at our B2B IT segment continued to consolidate its position as one of the leading ICT companies in Sri Lanka. Taking a unique position as a "mouse-to-cloud" player, the B2B IT business is now focusing on providing a range of industries 4.0 technologies to accelerate the digital transformation of businesses. Block chain, IoT, AI and data analytic solutions are new additions to the portfolio of solutions that will provide unique benefits to the Banking, Financial Services & Insurance, manufacturing, healthcare, retail and government sectors of the country.

Sector revenue witnessed a growth of 17% to Rs. 3.4 Bn during 1-3QFY20 while the quarter registered a growth of 8% to Rs. 1.2 Bn. Quarterly operating earnings increased 14% to Rs. 102 Mn taking cumulative operating earnings to Rs. 297 Mn (up 42%).

EBITDA of the sector moved up 8% to Rs. 117 Mn for the quarter while cumulative EBITDA reported a 35% growth to Rs. 360 Mn.

Sector PBT recorded more than a three-fold growth to Rs. 247 Mn for the cumulative period (Rs. 54 Mn in 1-3QFY19) while the quarterly PBT was Rs. 89 Mn (Rs.18 Mn in 3QFY19). The sector concluded the nine-months with a PAT of Rs. 190 Mn (Rs. 41 Mn in 1-3QFY19) with 3QFY20 recording a PAT of Rs. 65 Mn as opposed to a PAT of Rs. 12 Mn in the comparative quarter.

Financial Services

A topline growth of 18% was achieved in the Financial Services sector to Rs. 12 Bn during 1-3QFY20 with quarterly revenue improving 17% to Rs. 4.2 Bn. Operating profit for the cumulative period was Rs. 1.7 Bn (up 29%) while the quarterly operating profit was Rs. 635 Mn (up 22%).

Cumulative Finance Income of financial services sector improved 75% to Rs.1.3 Bn while the quarter saw a 23% increase to Rs.450 Mn primarily driven by the Life Insurance portfolio gains. This led the sector PBT for the quarter to reach Rs. 226 Mn (up 53%) while cumulative PBT reported more than two-fold growth to Rs. 1.2 Bn (Rs. 387 Mn in 1-3QFY19). PAT of the sector was Rs. 1.2 Bn during 1-3QFY20 while the quarter reported a profitability of Rs. 501 Mn (Rs. 171 Mn in 3QFY19).

Softlogic Life Insurance PLC achieved a GWP of Rs. 12.5 Bn (up 25%) for its financial year 2019 continuing its growth momentum whilst significantly outperforming industry growth. Customer Deposits rose 8% to Rs.17.3 Bn at Softlogic Finance while total assets were Rs. 22.4 Bn as at 31.12.2019.

Softlogic Capital PLC raised Rs.1.5 Bn by way of a listed, rated, senior, unsecured, redeemable debenture issue in December 2019. The objective of this issue is to fund the rights issue of Softlogic Finance PLC (c. LKR500 Mn), settle short term debt (LKR400 Mn) and for strategic investments (LKR600 Mn).

Softlogic Finance PLC's right issue of 12 shares for every 23 held at LKR17.0 in December was utilized to address the company's capital adequacy ratio ahead of some significant strategy changes that will include differentiation through digitalization and focus on Leasing and Gold Loans.

Automobile

Automobile sector reported a turnover of Rs. 672 Mn during the nine months of financial year end 2020.

Suzuki Motors has captured significant market share during a short period of time growing from 1% since its acquisition in 2017 to 5%. The 125cc Scooter range reported strong sales volumes during the quarter capturing 25% market share in that segment. Suzuki will continue to focus in enhancing its product offering customized to serve the affordable travel segment.

Leisure & Real Estates

Turnover generated from the leisure sector was Rs. 1.6 Bn during 1-3QFY20. Quarterly revenue was Rs. 666 Mn.

The hotel business, which was badly hurt after the Easter attacks showed encouraging signs of recovery with much to be desired for a turnaround. Since the outbreak of Coronavirus, the number of visitors from China plummeted, hitting the already struggling tourism industry. Chinese tourists comprise the second largest tourist market in the country.

Future Outlook

Heavy investments in retail, healthcare and QSR have been made during the year despite the challenges of poor market sentiments, waning consumer demand and the shock of the Easter attacks. This involves courageous leadership which foresees that with the new political equation the economy would be galvanized with tourism occupying a major thrust in the government's agenda for ensuring that the country becomes a regional shopping destination. Notwithstanding this, the unforeseen Coronavirus would no doubt impact global tourism. The psychological pandemic, nonetheless, would have to be controlled with a sense of urgency, Softlogic would be an immediate beneficiary of a resurgence in tourism which has in recent times proved encouraging for our leisure and retail sector. On the other hand, any pandemic of significance would result in the healthcare sector becoming indispensable for the country.

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Ashok Pathirage
Chairman
14 February 2020

Softlogic Holdings PLC

CONSOLIDATED INCOME STATEMENT

In Rs. '000	Un-audited 09 months to 31-12-2019	Un-audited 09 months to 31-12-2018	Change as a %	Un-audited 03 months to 31-12-2019	Un-audited 03 months to 31-12-2018	Change as a %	Audited 12 months to 31-03-2019
Continuing operations							
Revenue from contract with customers	47,687,540	43,729,580	9.05	18,032,935	15,904,312	13.38	61,635,079
Revenue from insurance contracts	8,878,304	7,171,549	23.80	3,302,389	2,623,147	25.89	9,833,075
Interest income	2,820,267	2,682,957	5.12	874,047	928,863	(5.90)	3,674,450
Total revenue	59,386,111	53,584,086	10.83	22,209,371	19,456,322	14.15	75,142,604
Cost of sales	(37,658,591)	(33,971,171)	10.85	(13,790,778)	(12,113,439)	13.85	(47,506,880)
Gross profit	21,727,520	19,612,915	10.78	8,418,593	7,342,883	14.65	27,635,724
Other operating income	528,434	577,873	(8.56)	201,158	294,835	(31.77)	954,483
Distribution expenses	(2,736,617)	(2,489,387)	9.93	(1,047,883)	(943,875)	11.02	(3,521,670)
Administrative expenses	(13,022,905)	(11,878,109)	9.64	(4,670,080)	(4,753,062)	(1.75)	(16,708,267)
Results from operating activities	6,496,432	5,823,292	11.56	2,901,788	1,940,781	49.52	8,360,270
Finance income	1,394,184	871,668	59.94	478,920	421,005	13.76	1,398,974
Finance expenses	(6,452,608)	(4,625,783)	39.49	(2,365,064)	(1,949,916)	21.29	(7,116,287)
Net finance cost	(5,058,424)	(3,754,115)	34.74	(1,886,144)	(1,528,911)	23.37	(5,717,313)
Change in fair value of investment property	-	-	-	-	-	-	245,000
Share of profit of equity accounted investees	(3,885)	3,668	(205.92)	(3,855)	(4,590)	(16.01)	7,080
Change in insurance contract liabilities	(1,475,231)	(1,454,977)	1.39	(706,700)	(644,451)	9.66	(1,152,037)
Profit/ (loss) before tax	(41,108)	617,868	(106.65)	305,089	(237,171)	(228.64)	1,743,000
Tax expense	(477,489)	1,481,702	(132.23)	87,996	(89,811)	(197.98)	1,247,284
Profit/ (loss) for the period	(518,597)	2,099,570	(124.70)	393,085	(326,982)	(220.22)	2,990,284
Attributable to:							
Equity holders of the parent	(1,462,284)	74,832	(2,054.09)	52,289	(346,621)	(115.09)	104,669
Non-controlling interest	943,687	2,024,738	(53.39)	340,796	19,639	1,635.30	2,885,615
	(518,597)	2,099,570	(124.70)	393,085	(326,982)	(220.22)	2,990,284
Earnings per share - Basic (Rs.)	(1.23)	0.07	(1,920.43)	0.04	(0.29)	(115.09)	0.09
Dividend per share - Rs.	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 09 months to 31-12-2019	Un-audited 09 months to 31-12-2018	Change as a %	Un-audited 03 months to 31-12-2019	Un-audited 03 months to 31-12-2018	Change as a %	Audited 12 months to 31-03-2019
Profit/ (loss) for the period	(518,597)	2,099,570	(124.70)	393,085	(326,982)	(220.22)	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	(2,294)	(7,984)	(71.27)	(3,729)	(4,744)	(21.40)	(5,447)
Net change in fair value on derivative financial instruments	121,364	(387,196)	(131.34)	297,559	(19,210)	(1,648.98)	(481,700)
Net loss on financial instruments at fair value through other comprehensive income	(174,984)	(552,456)	(68.33)	(237,910)	(408,108)	(41.70)	(110,386)
Net other comprehensive income/ (loss) to be reclassified to income statement in subsequent periods	(55,914)	(947,636)	(94.10)	55,920	(432,062)	(112.94)	(597,533)
Other comprehensive income not to be reclassified to income statement in subsequent periods							
Revaluation of land and buildings	44,273	-	-	44,273	-	-	1,541,245
Re-measurement loss on employee benefit liabilities	(17,084)	(3,075)	455.58	(17,084)	(3,075)	455.58	65,512
Share of other comprehensive income of equity accounted investments (net of tax)	-	-	-	-	-	-	34
Net income/ (loss) on equity instruments at fair value through other comprehensive income	(72,138)	(351,173)	(79.46)	(30,052)	(72,877)	(58.76)	(519,221)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	-	-	-	-	-	-	(353,223)
Net other comprehensive income/ (loss) not to be reclassified to income statement in subsequent periods	(44,949)	(354,248)	(87.31)	(2,863)	(75,952)	(96.23)	734,347
Other comprehensive income/ (loss) from continuing operations for the period, net of tax	(100,863)	(1,301,884)	(92.25)	53,057	(508,014)	(110.44)	136,814
Total comprehensive income/ (loss) for the period, net of tax	(619,460)	797,686	(177.66)	446,142	(834,996)	(153.43)	3,127,098
Attributable to:							
Equity holders of the parent	(1,607,994)	(896,744)	79.31	72,178	(777,756)	(109.28)	352,881
Non-controlling interest	988,534	1,694,430	(41.66)	373,964	(57,240)	(753.33)	2,774,217
	(619,460)	797,686	(177.66)	446,142	(834,996)	(153.43)	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 31-12-2019	Un-audited as at 31-12-2018	Audited as at 31-03-2019
ASSETS			
Non-current assets			
Property, plant and equipment	51,036,071	44,098,270	46,594,012
Lease rentals paid in advance	-	804,734	789,095
Investment property	1,697,325	1,423,062	1,695,261
Right of use assets	5,764,292	-	-
Intangible assets	8,668,530	8,812,518	8,764,534
Investments in equity accounted investments	74,364	74,803	78,249
Non-current financial assets	14,234,577	15,375,699	13,157,132
Rental receivable on lease assets and hire purchase	1,144,915	1,547,941	1,135,517
Other non-current assets	4,235,687	2,588,558	3,215,787
Deferred tax assets	3,188,232	3,126,345	3,247,950
	90,043,993	77,851,930	78,677,537
Current assets			
Inventories	11,486,204	12,136,916	10,689,021
Trade and other receivables	13,483,959	12,464,437	14,351,620
Loans and advances	12,381,355	8,457,132	11,664,401
Rental receivable on lease assets and hire purchase	1,135,761	478,805	835,051
Amounts due from related parties	4,684	3,628	13,692
Other current assets	5,854,556	5,830,061	5,343,713
Short term investments	7,109,818	6,802,710	6,049,396
Cash in hand and at bank	4,357,109	3,189,309	3,196,350
	55,813,446	49,362,998	52,143,244
Total assets	145,857,439	127,214,928	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	(3,821,346)	(1,737,502)	(1,716,945)
Other components of equity	3,927,754	2,892,151	4,020,858
	12,225,643	13,273,884	14,423,148
Non-controlling interests	11,536,046	10,355,713	10,566,762
Total equity	23,761,689	23,629,597	24,989,910
Non-current liabilities			
Insurance contract liabilities	9,739,081	8,612,568	8,309,628
Interest bearing borrowings	31,751,557	23,762,200	25,115,045
Public deposits	4,450,841	3,840,648	4,601,829
Deferred tax liabilities	3,229,001	2,933,587	3,306,076
Employee benefit liabilities	1,195,892	1,116,446	1,081,320
Other deferred liabilities	54,455	105,871	148,841
Other non-current financial liabilities	350,594	115,208	115,205
	50,771,421	40,486,528	42,677,944
Current liabilities			
Trade and other payables	9,253,710	7,505,803	8,428,255
Amounts due to related parties	1,983	8,642	2,731
Income tax liabilities	175,546	227,996	351,689
Other current financial liabilities	30,072,283	24,088,081	23,128,625
Current portion of interest bearing borrowings	10,519,282	9,593,848	9,782,952
Other current liabilities	1,466,245	1,892,258	1,312,392
Public deposits	12,768,996	12,040,643	12,385,059
Bank overdrafts	7,066,284	7,741,532	7,761,224
	71,324,329	63,098,803	63,152,927
Total equity and liabilities	145,857,439	127,214,928	130,820,781

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

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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

14 February 2020

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	-	-	-	-	-	-	-	-	(1,462,284)	(1,462,284)	943,687	(518,597)
Other Comprehensive income	-	-	17,177	(2,294)	20,868	-	-	(174,833)	(6,628)	(145,710)	44,847	(100,863)
Equity investments at FVOCI reclassified to retained earnings	-	-	-	-	39,217	-	-	-	(39,217)	-	-	-
Total Comprehensive income	-	-	17,177	(2,294)	60,085	-	-	(174,833)	(1,508,129)	(1,607,994)	988,534	(619,460)
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	6,761	-	-	6,761	350	7,111
Dividend paid	-	-	-	-	-	-	-	-	(596,272)	(596,272)	-	(596,272)
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(19,600)	(19,600)
As at 31 December 2019	12,119,235	309,613	5,741,275	(54,066)	(723,188)	263,436	(774,229)	(835,087)	(3,821,346)	12,225,643	11,536,046	23,761,689
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	-	-	-	-	-	-	-	-	74,832	74,832	2,024,738	2,099,570
Other comprehensive income	-	-	-	(7,984)	(215,642)	-	-	(746,757)	(1,193)	(971,576)	(330,308)	(1,301,884)
Total Comprehensive income	-	-	-	(7,984)	(215,642)	-	-	(746,757)	73,639	(896,744)	1,694,430	797,686
Issue of shares	3,923,852	-	-	-	-	-	-	-	-	3,923,852	-	3,923,852
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	(110,745)	-	-	(110,745)	(359,932)	(470,677)
Dividend paid	-	-	-	-	-	-	-	-	(596,272)	(596,272)	-	(596,272)
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(31,025)	(31,025)
As at 31 December 2018	12,119,235	309,613	4,774,665	(54,309)	(746,529)	215,063	(680,629)	(925,723)	(1,737,502)	13,273,884	10,355,713	23,629,597

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 09 months to 31-12-2019	Un-audited 09 months to 31-12-2018	Audited 12 months to 31-03-2019
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES			
Profit/ (loss) before tax from continuing operations	(41,108)	617,868	1,743,000
Adjustments for:			
Finance income	(1,394,185)	(871,668)	(1,398,975)
Finance cost	6,452,608	4,625,783	7,116,286
Change in fair value of investment property	-	-	(245,000)
Share of results of equity accounted investees	3,885	(3,668)	(7,080)
Gratuity provision and related cost	198,117	159,008	221,936
Provisions for/ write-off of impaired receivables	163,824	256,262	353,623
Provision for write-off of inventories	90,842	53,044	75,137
Provisions for/ write-off of loans and advances	21,205	5,778	110,757
Provisions for/ write-off of investments in lease and hire purchase	39,635	14,561	61,500
Depreciation of property, plant and equipment	2,170,694	1,853,061	2,520,118
Profit on sale of property, plant and equipment	2,301	(7,004)	(7,589)
Loss/ (profit) on sale of investments	(9,586)	75,145	377
Unrealised loss on foreign exchange	28,141	11,170	23,873
Amortisation/ impairment of intangible assets	211,229	261,700	341,578
Amortisation right of use assets/ prepaid lease rentals	1,054,159	867	16,506
Decrease in deferred income	(126,563)	(38,788)	(63,360)
Impairment & derecognition of property, plant & equipment	76	15,499	21,318
Profit before working capital changes	8,865,274	7,028,618	10,884,005
(Increase)/ decrease in inventories	(888,025)	(749,827)	661,206
(Increase)/ decrease in trade and other receivables	1,232,429	(1,559,316)	(3,573,802)
(Increase)/ decrease in loans and advances	133,844	335,734	(224,169)
(Increase)/ decrease in investments in lease and hire purchase	(349,744)	(472,906)	(465,530)
(Increase)/ decrease in other current assets	(767,080)	(2,485,595)	(2,036,868)
(Increase)/ decrease in amounts due from related parties	9,008	(2,821)	(12,885)
Increase/ (decrease) in trade and other payables	797,319	(44,037)	861,518
Increase/ (decrease) in amounts due to related parties	(748)	1,077	(4,835)
Increase/ (decrease) in other current liabilities	186,031	441,954	(70,370)
Increase/ (decrease) in public deposits	232,950	(420,180)	685,416
Increase/ (decrease) in insurance contract liabilities	1,429,454	1,419,977	1,117,037
Cash generated from operations	10,880,712	3,492,678	7,820,723
Finance income received	1,056,897	898,658	1,261,411
Finance expenses paid	(5,617,617)	(4,369,556)	(6,500,079)
Dividend received	-	35,045	35,045
Tax paid	(748,112)	(725,477)	(953,375)
Gratuity paid	(100,629)	(92,058)	(108,089)
Net cash flow from/ (used in) operating activities	5,471,251	(760,710)	1,555,636
CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment	(6,473,067)	(4,116,987)	(5,728,410)
Addition to investment property	(2,064)	(18,225)	(18,237)
Addition to intangible assets	(114,940)	(100,629)	(141,234)
Increase in other non-current assets	(1,019,901)	(1,618,530)	(2,245,759)
(Purchase)/ disposal of short term investments (net)	305,211	(1,208,681)	115,631
Dividends received	18,851	11,491	124,551
Purchase of non-current financial assets	(2,419,230)	(1,179,934)	(1,825,340)
Acquisition of subsidiaries	-	(948,259)	(952,452)
Proceeds from sale of property, plant and equipment	16,145	41,233	54,075
Net cash flow used in investing activities	(9,688,995)	(9,138,521)	(10,617,175)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES			
Proceeds from issue of equity shares	-	3,923,852	3,923,852
Proceeds from shareholders with non-controlling interest on issue of equity shares in subsidiaries	57,470	-	-
Dividend paid to non-controlling interest	(19,600)	(31,025)	(828,433)
Increase in interest in subsidiaries	(50,359)	(384,050)	(561,897)
Proceeds from long term borrowings	9,098,457	4,700,862	7,585,232
Repayment of long term borrowings	(8,547,845)	(5,627,323)	(6,874,434)
Increase/ (decrease) in other non-current financial liabilities	235,389	(7,293)	(7,297)
Proceeds from/ (repayment of) other current financial liabilities (net)	6,943,658	480,576	(478,880)
Dividend paid to equity holders of parent	(596,272)	(596,272)	(596,272)
Net cash flow from financing activities	7,120,898	2,459,327	2,161,871
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	2,903,154	(7,439,904)	(6,899,668)
CASH AND CASH EQUIVALENTS AT THE BEGINNING	(1,010,674)	5,888,960	5,888,960
Effect of exchange rate changes	(255)	59	34
CASH AND CASH EQUIVALENTS AT THE END	1,892,225	(1,550,885)	(1,010,674)
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Favourable balances			
Cash in hand and at Bank	4,357,109	3,189,309	2,596,037
Restricted cash at bank	-	-	600,313
Short term investments	4,601,400	3,001,338	3,554,200
Unfavourable balances			
Bank overdrafts	(7,066,284)	(7,741,532)	(7,761,224)
Cash and cash equivalents	1,892,225	(1,550,885)	(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 09 months to 31-12-2019	Un-audited 09 months to 31-12-2018	Change as a %	Un-audited 03 months to 31-12-2019	Un-audited 03 months to 31-12-2018	Change as a %	Audited 12 months to 31-03-2019
Revenue from contract with customers	575,038	482,198	19.25	193,755	161,510	19.96	645,766
Cost of sales	(214,160)	(178,778)	19.79	(73,236)	(64,782)	13.05	(240,599)
Gross profit	360,878	303,420	18.94	120,519	96,728	24.60	405,167
Dividend income	-	51,006	(100.00)	-	-	-	514,513
Other operating income	29,454	19,244	53.06	11,135	(1,362)	(917.55)	28,618
Administrative expenses	(321,492)	(357,233)	(10.00)	(106,304)	(129,907)	(18.17)	(442,305)
Results from operating activities	68,840	16,437	318.81	25,350	(34,541)	(173.39)	505,993
Finance income	1,581,875	1,043,386	51.61	546,534	488,090	11.97	1,502,906
Finance expenses	(2,535,698)	(1,860,506)	36.29	(887,951)	(783,953)	13.27	(2,626,433)
Net finance cost	(953,823)	(817,120)	16.73	(341,417)	(295,863)	15.40	(1,123,527)
Change in fair value of investment property	-	-	-	-	-	-	40,000
Loss before tax	(884,983)	(800,683)	10.53	(316,067)	(330,404)	(4.34)	(577,534)
Tax expense	(45,005)	(55,117)	(18.35)	(15,005)	(17,381)	(13.67)	(90,593)
Loss for the period	(929,988)	(855,800)	8.67	(331,072)	(347,785)	(4.81)	(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 09 months to 31-12-2019	Un-audited 09 months to 31-12-2018	Change as a %	Un-audited 03 months to 31-12-2019	Un-audited 03 months to 31-12-2018	Change as a %	Audited 12 months to 31-03-2019
Loss for the period	(929,988)	(855,800)	8.67	(331,072)	(347,785)	(4.81)	(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	(929,988)	(855,800)	8.67	(331,072)	(347,785)	(4.81)	(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 31-12-2019	Un-audited as at 31-12-2018	Audited as at 31-03-2019
ASSETS			
Non-current assets			
Property, plant and equipment	145,908	179,455	170,963
Investment property	744,000	704,000	744,000
Intangible assets	2,184	1,367	686
Investments in subsidiaries	20,056,623	20,028,700	20,028,700
Investments in associates	11,000	11,000	11,000
Other non current financial assets	1,549,170	1,394,616	1,465,042
	22,508,885	22,319,138	22,420,391
Current assets			
Trade and other receivables	725,050	468,511	912,093
Amounts due from related parties	18,251,730	12,741,397	14,176,360
Other current assets	46,969	91,645	28,273
Short term investments	130,498	132,357	130,625
Cash in hand and at bank	525,538	185,616	18,294
	19,679,785	13,619,526	15,265,645
Total assets	42,188,670	35,938,664	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	2,344,623	3,685,711	3,870,883
Total equity	14,463,858	15,804,946	15,990,118
Non-current liabilities			
Interest bearing borrowings	6,469,498	5,646,234	6,817,719
Deferred tax liabilities	173,435	157,916	173,435
Employee benefit liabilities	89,142	75,143	81,109
Other deferred liabilities	48,649	84,685	75,676
Other non current financial liabilities	186,200	186,200	186,200
	6,966,924	6,150,178	7,334,139
Current liabilities			
Trade and other payables	337,671	26,175	108,894
Amounts due to related parties	17,732	69,293	16,671
Income tax liabilities	58,339	11,269	16,910
Other current financial liabilities	15,849,095	10,368,580	10,003,875
Current portion of interest bearing borrowings	4,279,892	3,219,481	3,958,498
Other current liabilities	65,685	87,726	82,229
Bank overdrafts	149,474	201,016	174,702
	20,757,888	13,983,540	14,361,779
Total equity and liabilities	42,188,670	35,938,664	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

14 February 2020
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	-	(929,988)	(929,988)
Total comprehensive income	-	(929,988)	(929,988)
Dividend paid	-	(596,272)	(596,272)
As at 31 December 2019	12,119,235	2,344,623	14,463,858
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	-	(855,800)	(855,800)
Total comprehensive income	-	(855,800)	(855,800)
Issue of shares	3,923,852	-	3,923,852
Dividend paid	-	(596,272)	(596,272)
As at 31 December 2018	12,119,235	3,685,711	15,804,946

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 09 months to 31-12-2019	Un-audited 09 months to 31-12-2018	Audited 12 months to 31-03-2019
CASH FLOWS FROM /(USED IN) OPERATING ACTIVITIES			
Loss before tax	(884,983)	(800,683)	(577,534)
Adjustments for:			
Finance income	(1,582,002)	(1,043,386)	(1,502,906)
Dividend income	-	(51,006)	(514,513)
Finance cost	2,535,698	1,860,506	2,626,434
Change in fair value of investment property	-	-	(40,000)
Gratuity provision and related costs	8,721	9,523	13,759
Provisions for/ write-off of impaired receivables	-	-	2,472
Depreciation of property, plant and equipment	26,163	27,277	36,051
Profit on sale of property, plant and equipment	(1,977)	(2,342)	(2,140)
Loss on sale of investments	-	10,575	10,575
Amortisation/ impairment of intangible assets	1,424	1,983	7,079
Depreciation in market value of quoted shares	127	-	-
Decrease in deferred income	(27,027)	(27,027)	(36,036)
Profit/ (loss) before working capital changes	76,144	(14,580)	23,241
(Increase)/ decrease in trade and other receivable	187,042	(105,581)	(144,382)
(Increase)/ decrease in other current assets	(18,696)	(70,288)	(21,074)
(Increase)/ decrease in amount due from related parties	(4,075,370)	(4,944,631)	(5,587,037)
Increase/ (decrease) in trade and other payables	228,774	(18,239)	64,481
Increase/ (decrease) in amount due to related parties	1,061	49,415	(1,207)
Increase/ (decrease) in other current liabilities	(16,544)	1,505	(3,992)
Cash used in operations	(3,617,589)	(5,102,399)	(5,669,970)
Finance income received	1,582,002	1,069,905	1,531,157
Finance expenses paid	(2,478,512)	(1,783,389)	(2,499,773)
Dividend received	-	51,006	50,965
Tax paid	(3,571)	(81,805)	(80,989)
Gratuity paid	(688)	(2,632)	(4,375)
Net cash flow used in operating activities	(4,518,358)	(5,849,314)	(6,672,985)
CASH FLOWS FROM /(USED IN) INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment	(1,586)	(1,385)	(1,870)
Addition to intangible assets	(2,923)	(2,757)	(2,635)
Disposal of short term investments (net)	-	1,550,225	1,550,225
Purchase of other non current financial assets	(84,128)	-	(636,686)
Proceeds from sale of property, plant and equipment	2,457	5,453	5,455
Net cash flow from/ (used in) investing activities	(86,180)	1,551,536	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	(27,923)	-	(172,000)
Proceeds from long term borrowings	2,679,984	201,220	2,500,000
Repayment of long term borrowings	(2,763,999)	(1,851,059)	(2,307,649)
Proceeds from/ (repayment of) short term borrowings (net)	5,845,220	(157,775)	(508,255)
Dividend paid to equity holders of parent	(596,272)	(596,272)	(596,272)
Net cash flow from financing activities	5,137,010	1,519,966	2,839,676
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	532,472	(2,777,812)	(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	376,064	(15,400)	(156,408)
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Favourable balances			
Cash in hand and at bank	525,538	185,616	18,294
Unfavourable balances			
Bank overdrafts	(149,474)	(201,016)	(174,702)
Cash and cash equivalents	376,064	(15,400)	(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 nine months ended 31 December	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	3,884,913	3,314,958	1,701,137	2,072,015	31,416,266	28,857,374	740,134	1,586,821	11,848,180	10,009,097	12,065,730	10,201,017	600,578	506,682	62,256,938	56,547,964
Inter group	(518,390)	(432,998)	(117,526)	(136,378)	(1,184,266)	(1,506,521)	(68,077)	(49,094)	(39,277)	(34,533)	(353,261)	(307,046)	(590,030)	(497,308)	(2,870,827)	(2,963,878)
Total external revenue	3,366,523	2,881,960	1,583,611	1,935,637	30,232,000	27,350,853	672,057	1,537,727	11,808,903	9,974,564	11,712,469	9,893,971	10,548	9,374	59,386,111	53,584,086
Operating profit/ (loss)	296,894	208,423	(433,477)	(48,478)	2,399,854	2,194,135	4,021	(29,506)	1,744,833	1,356,000	2,409,302	2,393,738	75,005	(251,020)	6,496,432	5,823,292
Finance income	(49)	260	1,003	4,531	130,139	88,123	118	123	1,262,571	721,462	252	19,092	150	38,077	1,394,184	871,668
Finance cost	(49,788)	(154,534)	(562,836)	(706,932)	(3,174,026)	(1,921,649)	(165,516)	(131,615)	(309,746)	(235,269)	(1,237,998)	(646,256)	(952,698)	(829,528)	(6,452,608)	(4,625,783)
Share of results of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(8,588)	(10,980)	4,703	14,648	(3,885)	3,668
Change in insurance contract liabilities	-	-	-	-	-	-	-	-	(1,475,231)	(1,454,977)	-	-	-	-	(1,475,231)	(1,454,977)
Profit/ (loss) before taxation	247,057	54,149	(995,310)	(750,879)	(644,033)	360,609	(161,377)	(160,998)	1,222,427	387,216	1,162,968	1,755,594	(872,840)	(1,027,823)	(41,108)	617,868
Tax expense	(57,338)	(12,735)	(7,503)	691	7,484	(179,416)	6,728	-	(43,349)	2,167,801	(335,988)	(430,957)	(47,523)	(63,682)	(477,489)	1,481,702
Profit/ (loss) after taxation	189,719	41,414	(1,002,813)	(750,188)	(636,549)	181,193	(154,649)	(160,998)	1,179,078	2,555,017	826,980	1,324,637	(920,363)	(1,091,505)	(518,597)	2,099,570
Depreciation of property, plant & equipment (PPE)																
Amortisation of ROU assets/ lease rentals paid in advance	44,683	45,631	442,381	459,101	556,416	508,349	26,835	27,512	152,774	138,996	921,290	646,007	26,314	27,465	2,170,693	1,853,061
Amortisation/ impairment of intangible assets	2,242	-	2,446	-	790,935	89	10,330	-	196,491	-	51,715	778	-	-	1,054,159	867
Retirement benefit obligations and related cost	15,912	11,781	16,320	16,368	49,371	57,743	-	-	121,673	167,382	6,549	6,443	1,424	1,983	211,249	261,700
Purchase and construction of PPE	12,973	11,229	4,987	5,873	39,374	41,053	1,745	1,490	36,959	20,237	93,008	69,380	9,071	9,746	198,117	159,008
Additions to intangible assets	53,360	24,467	43,973	95,807	2,315,998	1,576,068	13,892	2,862	137,672	127,495	4,202,017	2,288,707	2,241	1,581	6,769,153	4,116,987
	77,488	62,662	427	-	33,726	35,210	-	-	334	-	43	-	2,923	2,757	114,941	100,629

REVENUE AND PROFIT In Rs. '000 For the three months ended 31 December	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	1,380,908	1,258,376	712,470	808,322	11,984,565	10,294,228	155,339	1,084,685	4,207,654	3,632,840	4,597,420	3,559,003	202,103	169,592	23,240,459	20,807,046
Inter group	(181,120)	(151,296)	(46,707)	(39,407)	(474,534)	(679,085)	(14,494)	(9,549)	16,257	(32,693)	(131,915)	(272,309)	(198,575)	(166,385)	(1,031,088)	(1,350,724)
Total external revenue	1,199,788	1,107,080	665,763	768,915	11,510,031	9,615,143	140,845	1,075,136	4,223,911	3,600,147	4,465,505	3,286,694	3,528	3,207	22,209,371	19,456,322
Operating profit/ (loss)	101,612	88,787	(64,515)	(1,662)	1,148,892	624,356	3,354	(13,803)	635,157	520,624	1,048,441	824,955	28,847	(102,476)	2,901,788	1,940,781
Finance income	(49)	76	307	663	29,154	53,163	39	49	449,746	364,785	(873)	2,209	596	60	478,920	421,005
Finance cost	(12,727)	(71,032)	(150,798)	(247,302)	(1,257,859)	(860,152)	(45,257)	(50,298)	(152,140)	(93,245)	(402,141)	(228,896)	(344,142)	(398,991)	(2,365,064)	(1,949,916)
Share of results of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(3,396)	(5,977)	(459)	1,387	(3,855)	(4,590)
Change in insurance contract liabilities	-	-	-	-	-	-	-	-	(706,700)	(644,451)	-	-	-	-	(706,700)	(644,451)
Profit/ (loss) before taxation	88,836	17,831	(215,006)	(248,301)	(79,813)	(182,633)	(41,864)	(64,052)	226,063	147,713	642,031	592,291	(315,158)	(500,020)	305,089	(237,171)
Tax expense	(23,836)	(6,063)	113	(81)	(19,517)	59,693	-	-	275,140	23,531	(128,081)	(148,890)	(15,823)	(18,001)	87,996	(89,811)
Profit/ (loss) after taxation	65,000	11,768	(214,893)	(248,382)	(99,330)	(122,940)	(41,864)	(64,052)	501,203	171,244	513,950	443,401	(330,981)	(518,021)	393,085	(326,982)
Depreciation of property, plant & equipment (PPE)																
Amortisation of ROU assets/ lease rentals paid in advance	9,551	14,421	148,245	173,513	257,726	192,406	9,148	9,744	48,698	46,703	378,727	221,937	8,631	9,100	860,726	667,824
Amortisation/ impairment of intangible assets	897	-	2,446	-	261,965	29	3,551	-	62,050	-	964	260	-	-	331,873	289
Retirement benefit obligations and related cost	5,275	4,942	5,173	5,462	9,635	19,399	-	-	52,665	54,539	2,149	2,182	747	1,390	75,644	87,914
Purchase and construction of PPE	4,323	3,519	2,326	2,033	12,961	8,499	582	548	15,215	2,777	33,769	23,477	3,025	3,258	72,201	44,111
Additions to intangible assets	10,621	9,775	19,798	20,790	988,932	550,773	2,892	949	80,655	52,666	1,093,552	931,112	335	262	2,196,785	1,566,327
	51,878	37,073	-	-	22,891	2,188	-	-	-	-	43	-	-	2,757	74,812	42,018

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 Nine month period ended 31 December 2019 were authorised for issue by the Board of Directors on 14 February 2020.

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 31 December 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 31 December 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. 1,351.00 mn from the Non Participating Life Insurance Fund/ Insurance Contract Liabilities to the shareholders' fund for the nine months ended 31 December 2019; transfer of a sum of Rs. 346.00 mn from the Non Participating Life Insurance Fund/ Insurance Contract Liabilities to the shareholders' fund for the three months ended 31 December 2019, as approved by appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Willis Towers Watson India (Pvt) Ltd.

The Financial Statements of Softlogic Life Insurance PLC as at 31 December 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 31 December 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 31 December 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 31 December 2019

In Rs. '000	Face value	Market value as at 31 December 2019 Rs. '000
Government Securities		
Treasury Bonds		
LKB03044A010	100,000,000	131,412
LKB01534I155	50,000,000	51,325
LKB01534I155	50,000,000	51,325
LKB01534I155	50,000,000	51,325
LKB01528E016	50,000,000	47,557
LKB01534I155	50,000,000	51,325
Deposits		
Seylan Bank PLC		286,533
National Savings Bank		105,718
Regional Development Bank		52,846
Total market value of the assets		829,366

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	31-12-2019
Public shareholding (%)	13.10
Public shareholders	10,750
Float adjusted market capitalization (Rs. Mn.)	2,484
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 31 December 2019.	

5.2 Directors' share holdings

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

As at	31-12-2019
A K Pathirage - Chairman/ Managing Director	485,316,980
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
	715,008,132

5.3 Twenty largest shareholders of the company are as follows:

As at	Number of shares 31-12-2019	%
1 Mr. A K Pathirage	485,316,980	40.70
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 Employees Provident Fund	7,230,500	0.61
10 J. B. Cocoshell (Pvt) Ltd	6,391,498	0.54
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 Mrs. A Kailasapillai	4,512,000	0.38
16 Dr. K M P Karunaratne	4,490,000	0.38
17 Arunodhaya Investments (Private) Limited	4,347,668	0.36
18 Mr. K Aravinthan	3,801,018	0.32
19 Arunodhaya (Private) Limited	3,000,000	0.25
20 Dr S Selliah	2,480,000	0.21

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 31 December 2019	1,192,543,209

6.2 Value of shares

	Rs. '000
As at 01 April 2019	12,119,235
As at 31 December 2019	12,119,235

7. INVESTOR INFORMATION

7.1 Market value of shares

31-12-2019

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

Closing price on (Rs.)	15.90
Highest price recorded for the three months ending (Rs.)	16.50
Lowest price recorded for the three months ending (Rs.)	14.50
Market Capitalisation (Rs. mn)	18,961.44

7.2 Ratios

Net assets per share at the period end (Rs.)	12.13
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7.3 Share trading information from 01 October 2019 to 31 December 2019

Number of shares traded	13,142,557
Value of shares traded (Rs. Mn.)	213.59

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 31 December 2019, the group had capital commitments contracted but not provided in the financial statements amounting to Rs. 5,167 Mn (31 December 2018 - 13,072 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.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS

11.1 Transactions with related parties

In Rs. '000	Group		Company	
	09 months to 31-12-2019	09 months to 31-12-2018	09 months to 31-12-2019	09 months to 31-12-2018
Subsidiaries				
(Purchases) / sales of goods	-	-	(5,969)	(7,856)
(Receiving) / rendering of services	-	-	552,649	458,962
(Purchases) / sale of property plant & equipment	-	-	(1,499)	1,208
Loans given / (obtained)	-	-	2,131,464	2,473,332
Interest received / (paid)	-	-	1,233,710	854,318
Rent received / (paid)	-	-	44,608	40,515
Dividend received	-	-	-	15,920
Profit/ (loss) on disposal of shares	-	-	-	(10,575)
Guarantee charges received	-	-	127,513	102,973
Guarantees given / (obtained)	-	-	22,329,179	22,868,736
Associates				
(Purchases) / sale of property plant & equipment	2	9,459	-	-
(Receiving) / rendering of services	41,273	14,945	9,451	9,066
Dividend received	-	-	-	35,045
Interest received / (paid)	184	-	184	-
Key management personnel				
Loans given/ (received)	(1,785)	(2,966)	(1,992)	(1,992)
Guarantees given/ (received)	(410,000)	(410,000)	-	(100,000)
Loans given/ (customer deposits received)	(39,605)	(43,484)	-	-
Advances given/ (received)	(251,720)	(254,719)	-	-
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