



SOFTLOGIC HOLDINGS PLC

INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
30 JUNE 2018

Dear Shareholders,

The period under review continued to reflect many challenges due to economic slippage, the high interest rate and tax regime, and the weakened Rupee which led consumer demand and market sentiment to depress further. Revenue grew 5.1% to Rs. 16.0 Bn during 1QFY19 amidst subdued purchasing power of consumers.

The retail sector witnessed an ownership restructure in March 2018. This resulted in the creation of a sector holding company, Softlogic Retail Holdings (Pvt) Ltd. This exercise aims to bring better clarity and focus in the retail sector. Softlogic Group reclassified its operating sectors under four prime business verticals -- Retail, Healthcare and Financial Services; while Leisure and Automobiles were classified as non-core. The IT companies will be transferred to the Retail sector in due course.

The core verticals emerged to be the top contributors of Group topline with Retail contributing 51%, Healthcare Services making up 20% and Financial Services with 19%. Contribution from our non-core businesses in Automobile and Leisure & Property were 2% and 3% respectively during the quarter.

Gross Profit improved 4.7% to Rs. 5.8 Bn. Better bargaining power led by Group synergies paved the way for margin improvement from 35.9% in 1QFY18 to 36.3% in 1QFY19.

Operating profit increased marginally from 1.7% to Rs. 1.9 Bn during the quarter. Nonetheless, operating profit margins remained unchanged at 12% during the three months under review.

Operational expenses increased 3.5% to Rs. 4.1 Bn. Distribution and Administration expenses increased 3.0% and 3.6% to Rs. 688.0 Mn and Rs. 3.4 Bn respectively in

1QFY19. Other operating income halved during the quarter to

Rs. 196.4 Mn due to changes in accounting principles in the finance company and the reporting methodology thereof and one-off commission income reported in Softlogic Retail last year.

EBITDA for the quarter improved marginally by 1.5% to Rs. 2.6 Bn during the quarter.

Group net debt has reduced from Rs. 57.2 Bn in March-end 2018 to Rs. 54.3 Bn in June-end 2018. This reduction was due to the rights issue of Rs. 3.9 Bn that was utilized again to settle debt in April 2018. Interest cost savings resulting from reduction in debt will be reflected in the books in the upcoming periods.

The change in insurance contract liabilities, which is the transfer from the life insurance business to the policy holders' account, showed a transfer of Rs. 264.3 Mn during 1QFY19 as opposed to Rs. 237.2 Mn in 1QFY18.

Profit before tax was Rs. 655.3 Mn during the quarter. The first quarter of FY2019 concluded the period with a profit after tax of Rs. 388.5 Mn after a tax expense of Rs. 266.9 Mn (Rs. 230.0 Mn in 1QFY18).

Performance Review of Core Verticals

Retail

Retail sector topline improved 3.2% to Rs. 8.2 Bn where Softlogic Retail and Odel Group were prominent contributors to the retail operations while Softlogic Mobile Distributions (Samsung and Energizer distributors) and Softlogic Communications (Nokia and Intex business) led the performance of telecommunications.

The branded fashion segment continued its steady pace amidst challenging economic conditions. Our 40,000 sq.ft space in Colombo City Centre will house Body Shop, Fossil, Aldo, Mango, Luxe Bags, Charles & Keith, Swarovski, Armani Exchange, Mothercare, Galleria, Jack & Jones, Clarks, Odel Department store and Odel Sports Department to be opened end-August.

Consumer Durables network stands with 220 stores around the country with the latest Samsung Concept store being opened in Colombo 05. We now have a total retail space of around 310,000 sq. ft in the Consumer Durables business. Our expansion strategy will focus on prime cities while small-format stores in the rural regions will slowly continue to capture market share. Softlogic Max outlets will also retail our furniture line – Softlogic LifeStyles, and our new fitness equipment – Xterra and Schwinn.

Nokia's new range of Android phones continued to garner positive market response while Samsung remained a dominant player in the smartphone market. Our telecommunication business is capitalizing on the feature phone to smartphone transition as we cater to both these markets across all price points. Energizer handsets, a rugged smartphone range, and our entry level proposition, Intex, achieved satisfactory results during the quarter.

Operating profit reached Rs. 760.9 Mn while EBITDA was Rs. 947.4 Mn during 1QFY19. Sector PBT was Rs.274 Mn as a PAT of Rs. 184.4 Mn was reported during 1QFY19. The mall construction has reduced parking space at the Odel flagship store which resulted in reduced footfall in the store which affected sales during the quarter. Consumer buying power was affected by depressed economic climate which resulted in cautious spending further dampening growth during the quarter.

We are currently setting up our supermarket operation which we reckon to have substantial

growth potential. Supermarket is a natural extension of our retail business where we hope to capture more market share in the retail wallet under one loyalty platform of '*Spend and Burn points*' across all Softlogic companies.

The Odel Mall project is ongoing and is scheduled to be completed by 2020.

Healthcare Services

Healthcare Services continued to exhibit strong financial results during the first quarter of the year with sector revenue reporting a 6.5% growth to Rs. 3.2 Bn. Central Hospital Ltd., continued to dominate the sector revenue contributing 37% followed by Asiri Hospital Holdings PLC with 31% and Asiri Surgical Hospital PLC making up 24%. The operating profit of the Asiri Group grew 7.5% to Rs. 766.2 Mn during 1QFY19 while sector EBITDA posted a 1.9% marginal growth to Rs. 978.9 Mn during the quarter.

Asiri Health, which has continuously invested in cutting-edge medical solutions, will soon unveil one of Sri Lanka's most advanced cancer treatment centre, Asiri AOI Cancer Centre, in October. This centre will comprise the most modern linear accelerator with true beam radiotherapy, radio iodine treatment for cancer of thyroid and thyrotoxicosis, chemotherapy, a surgery unit, nuclear medicine department with PET scan and Gamma camera for diagnosis, treatment and follow-up of cancer patients,

Asiri Kandy Hospital, the 180-bed multi-specialty hospital in the Central Province is slated to open early next year.

Financial Services

Financial Services recorded a growth of 22.4% in topline to Rs. 3.1 Bn during 1QFY19 while operating profit for the quarter was increased 18% to Rs. 390.3 Mn. Finance costs more than doubled to Rs. 134.6 Mn during the quarter as a result of mark-to-market losses in Softlogic

Life Insurance's investment portfolio. This is attributable to the slow stock market performance and downward pressure on interest rates. Subsequently, sector PBT for the quarter reached Rs. 234.5 Mn while quarterly PAT was Rs. 226.7 Mn.

Softlogic Life Insurance PLC continued to outperform the industry recording a GWP of Rs. 4.6 Bn, a growth of 38%. Softlogic Life Insurance won the top three country awards at Emerging Asia Insurance Awards 2018, including the coveted 'Best Life Insurance Company of the Year'. This was in recognition for the company's track record for innovation and growth, leadership in product portfolio, a broad strategic vision, a high level of employee satisfaction and strong commitment to meet customer demands.

Softlogic Finance PLC's assets and customer deposits reached Rs. 21.6 Bn (up 2.4%) and Rs. 15.7 Bn (up 3.0%) respectively as at 30th June 2018. The company will be changing its product mix to focus on securitized lending.

Softlogic Stockbrokers maintained its performance despite lacklustre stock market conditions.

Performance Review of Non-Core Vertical

Information Technology

The IT segment posted revenue of Rs. 666.5 Mn as operating profit for the quarter reached Rs. 43.8 Mn. PAT for the quarter was Rs.8.8 Mn.

IT sector comprises our B2B software and hardware solutions business catering to both the Government and private sectors. Softlogic Australia, a software solutions provider operating in Australia, has set up operations in the USA and Middle East.

Automobile

Quarterly automobile sector revenue was Rs. 278.3 Mn.

Our King Long coach capitalized on the tourism growth in the country while our Collision Repair business continued on a steady pace catering to all vehicle brands. Our Ford Focus sedan, which was launched last year, performed in line with our expectations.

Suzuki Motors Lanka Ltd., has produced acceptable results since our acquisition last year. We were able to capitalize on our existing distribution network to more than triple the dealer network of Suzuki ensuring our geography covers the target market.

Leisure & Property

Leisure & Property reported revenue growth of 15.4% to Rs. 496.4 Mn. Movenpick Hotel Colombo's tie-ups with airlines and international sports teams proved to be beneficial. Centara Ceysands Resort & Spa exhibited strong performance during the quarter dominating sector earnings.

Future Outlook

The restructuring of the top performing sectors has given clarity in terms of resource allocation to intensify further its focus on growth imperatives. Softlogic's future lies in the three core verticals – Retail, Healthcare and Financial Services – which accounted for 91% of Group topline in 1QFY19. The value creation is being consequently unlocked and the synergy being created under one unified platform is no doubt a step in the right direction.

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Ashok Pathirage

Chairman

15 August 2018

Softlogic Holdings PLC

CONSOLIDATED INCOME STATEMENT

In Rs.	Un-audited 03 months to 30-06-2018	Un-audited 03 months to 30-06-2017	Change as a %	12 months to 31-03-2018
Continuing operations				
Revenue	15,983,708,956	15,163,089,102	5.41	66,018,915,135
Cost of sales	(10,175,913,921)	(9,722,760,035)	4.66	(42,346,047,794)
Gross profit	5,807,795,035	5,440,329,067	6.75	23,672,867,341
Other operating income	196,393,517	391,356,141	(49.82)	1,761,747,321
Distribution expenses	(688,002,066)	(667,770,866)	3.03	(3,114,739,030)
Administrative expenses	(3,439,184,331)	(3,319,909,146)	3.59	(14,013,166,482)
Results from operating activities	1,877,002,155	1,844,005,196	1.79	8,306,709,150
Finance income	313,899,510	311,545,444	0.76	1,103,804,509
Finance expenses	(1,277,303,718)	(1,259,478,698)	1.42	(5,959,866,073)
Net finance cost	(963,404,208)	(947,933,254)	1.63	(4,856,061,564)
Change in fair value of investment property	-	-	-	198,000,000
Share of profit of equity accounted investees	7,380,017	798,228	824.55	19,786,648
Change in insurance contract liabilities	(264,289,748)	(237,223,681)	11.41	(1,374,036,509)
Change in contract liability due to transfer of one-off surplus	-	-	-	798,004,000
Profit before tax	656,688,216	659,646,489	(0.45)	3,092,401,725
Tax expense	(266,862,905)	(230,016,963)	16.02	(814,358,517)
Profit for the period	389,825,311	429,629,526	(9.26)	2,278,043,208
Attributable to:				
Equity holders of the parent	49,732,319	43,579,228	14.12	204,200,439
Non-controlling interest	340,092,992	386,050,298	(11.90)	2,073,842,769
	389,825,311	429,629,526	(9.26)	2,278,043,208
Earnings per share - Basic (Rs.)	0.05	0.06	(19.38)	0.26
Dividend per share - Rs.	-	0.65	(100.00)	0.65

Note : Figures in brackets indicate deductions.

Softlogic Holdings PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In Rs.	Un-audited 03 months to 30-06-2018	Un-audited 03 months to 30-06-2017	Change as a %	12 months to 31-03-2018
Profit for the period	389,825,311	429,629,526	(9.26)	2,278,043,208
Other comprehensive income				
Continuing operations				
Other comprehensive income to be reclassified to income statement in subsequent periods				
Currency translation of foreign operations	1,813,093	(2,475,057)	(173.25)	(3,063,473)
Net change in fair value on derivative financial instruments	(69,557,538)	(17,460,150)	298.38	(34,266,424)
Net (loss) / gain on available-for-sale financial assets	(201,646,944)	347,878,090	157.96	463,170,666
Available-for-sale financial assets reclassified to income statement	11,248,000	(40,075,756)	128.07	17,640,913
Net other comprehensive income/ (loss) to be reclassified to income statement in subsequent periods	(258,143,389)	287,867,127	189.67	443,481,682
Other comprehensive income not to be reclassified to income statement in subsequent periods				
Revaluation of land and buildings	-	-	-	2,580,860,858
Re-measurement gain/ (loss) on employee benefit liabilities	-	-	-	(74,103,475)
Share of other comprehensive income of equity accounted investments (net of tax)	-	-	-	(79,865)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	-	-	-	(2,401,415,134)
Net other comprehensive income not to be reclassified to income statement in subsequent periods	-	-	-	105,262,384
Other comprehensive income/ (loss) from continuing operations for the period, net of tax	(258,143,389)	287,867,127	(189.67)	548,744,066
Total comprehensive income for the period, net of tax	131,681,922	717,496,653	(81.65)	2,826,787,274
Attributable to:				
Equity holders of the parent	(102,243,544)	159,605,120	(164.06)	450,411,782
Non-controlling interest	233,925,466	557,891,533	(58.07)	2,376,375,492
	131,681,922	717,496,653	(81.65)	2,826,787,274

Note : Figures in brackets indicate deductions.

Softlogic Holdings PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Rs.	Un-audited as at 30-06-2018	Un-audited as at 30-06-2017	As at 31-03-2018
ASSETS			
Non-current assets			
Property, plant and equipment	41,924,475,085	36,479,893,591	41,337,923,036
Lease rentals paid in advance	805,311,750	852,462,806	805,600,705
Investment property	1,252,800,000	1,037,000,000	1,238,300,000
Intangible assets	8,573,982,639	8,507,655,066	8,610,365,360
Investments in equity accounted investments	119,265,200	69,326,640	111,885,183
Non-current financial assets	10,571,914,561	12,410,679,086	10,564,379,476
Rental receivable on lease assets and hire purchase	994,875,488	271,519,656	1,042,759,253
Other non-current assets	1,143,551,943	272,831,070	928,502,838
Deferred tax assets	730,645,854	508,357,860	749,405,613
	66,116,822,520	60,409,725,775	65,389,121,464
Current assets			
Inventories	12,239,107,361	8,901,179,225	11,250,537,600
Trade and other receivables	11,334,267,572	8,930,373,917	11,838,130,400
Loans and advances	12,944,633,503	12,826,693,008	13,098,641,324
Rental receivable on lease assets and hire purchase	928,323,957	500,447,197	523,777,343
Amounts due from related parties	962,557	378,977	806,976
Other current assets	4,860,587,511	3,647,123,375	3,449,050,775
Short term investments	5,960,593,688	3,896,389,789	7,120,608,462
Cash in hand and at bank	3,736,347,790	2,877,669,914	6,151,832,801
	52,004,823,939	41,580,255,402	53,433,385,681
Total assets	118,121,646,459	101,989,981,177	118,822,507,145
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	12,119,234,553	5,089,000,000	8,195,382,715
Revenue reserves	(527,670,646)	(371,635,045)	(577,402,965)
Other components of equity	3,774,010,200	3,406,222,375	3,973,277,020
	15,365,574,107	8,123,587,330	11,591,256,770
Non-controlling interests	9,266,346,753	7,582,632,697	9,325,668,539
Total equity	24,631,920,860	15,706,220,027	20,916,925,309
Non-current liabilities			
Insurance contract liabilities	7,456,880,317	6,853,790,741	7,192,590,570
Interest bearing borrowings	24,288,257,075	27,937,611,240	25,729,329,995
Public deposits	4,042,270,186	4,043,395,039	3,237,633,259
Deferred tax liabilities	2,838,100,816	467,806,158	2,829,959,221
Employee benefit liabilities	1,041,050,968	828,909,715	1,012,888,173
Other deferred liabilities	115,663,119	143,681,573	127,635,449
Other non-current financial liabilities	117,378,742	25,905,840	122,501,848
	39,899,601,223	40,301,100,306	40,252,538,515
Current liabilities			
Trade and other payables	6,856,143,688	7,150,855,278	7,268,576,902
Amounts due to related parties	6,933,726	17,413,812	7,565,946
Income tax liabilities	395,765,044	543,951,252	348,372,309
Other current financial liabilities	21,136,788,082	13,960,788,076	23,607,505,143
Current portion of interest bearing borrowings	7,805,434,530	7,142,568,287	7,244,641,970
Other current liabilities	1,197,226,117	1,285,896,380	1,467,326,247
Public deposits	11,559,536,829	12,053,707,600	13,063,837,740
Bank overdrafts	4,632,296,360	3,827,480,159	4,645,217,064
	53,590,124,376	45,982,660,844	57,653,043,321
Total equity and liabilities	118,121,646,459	101,989,981,177	118,822,507,145

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

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Group Chief Financial Officer

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

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Chairman

-sgd-

Director

15 August 2018
Colombo

Softlogic Holdings PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP

	Attributable to equity holders of parent											Non-controlling interest	Total equity
	Stated capital	Treasury shares	Restricted regulatory reserve	Revaluation reserve	Foreign currency translation reserve	Available-for-sale reserve	Statutory reserve fund	Other reserves	Cash flow hedge reserve	Revenue reserve	Total		
In Rs.													
As at 01 April 2018	8,195,382,715	-	309,612,809	4,774,664,792	(46,326,056)	(530,886,747)	215,063,042	(569,884,380)	(178,966,440)	(577,402,965)	11,591,256,770	9,325,668,539	20,916,925,309
Profit for the period	-	-	-	-	-	-	-	-	-	49,732,319	49,732,319	340,092,992	389,825,311
Other comprehensive income	-	-	-	-	1,813,093	(84,291,494)	-	-	(69,497,462)	-	(151,975,863)	(106,167,526)	(258,143,389)
Total Comprehensive income	-	-	-	-	1,813,093	(84,291,494)	-	-	(69,497,462)	49,732,319	(102,243,544)	233,925,466	131,681,922
Issue of shares	3,923,851,838	-	-	-	-	-	-	-	-	-	3,923,851,838	-	3,923,851,838
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	-	(47,290,957)	-	-	(47,290,957)	(291,622,493)	(338,913,450)
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(1,624,759)	(1,624,759)
As at 30 June 2018	12,119,234,553	-	309,612,809	4,774,664,792	(44,512,963)	(615,178,241)	215,063,042	(617,175,337)	(248,463,902)	(527,670,646)	15,365,574,107	9,266,346,753	24,631,920,860
As at 01 April 2017	5,089,000,000	(55,921,185)	-	4,628,655,031	(43,262,584)	(718,502,230)	175,021,767	(491,235,138)	(144,727,242)	108,358,021	8,547,386,440	7,075,208,785	15,622,595,225
Profit for the period	-	-	-	-	-	-	-	-	-	43,579,228	43,579,228	386,050,298	429,629,526
Other Comprehensive income	-	-	-	-	(2,475,057)	135,925,100	-	-	(17,424,151)	-	116,025,892	171,841,235	287,867,127
Total Comprehensive income	-	-	-	-	(2,475,057)	135,925,100	-	-	(17,424,151)	43,579,228	159,605,120	557,891,533	717,496,653
Transfer to reserve fund	-	-	-	-	-	-	20,206,900	-	-	(20,206,900)	-	-	-
Acquisitions, disposals and changes in non-controlling interest	-	-	-	-	-	-	-	(80,038,836)	-	-	(80,038,836)	(50,467,621)	(130,506,457)
Dividend paid	-	-	-	-	-	-	-	-	-	(503,365,394)	(503,365,394)	-	(503,365,394)
As at 30 June 2017	5,089,000,000	(55,921,185)	-	4,628,655,031	(45,737,641)	(582,577,130)	195,228,667	(571,273,974)	(162,151,393)	(371,635,045)	8,123,587,330	7,582,632,697	15,706,220,027

Note : Figures in brackets indicate deductions.

Softlogic Holdings PLC

CONSOLIDATED CASH FLOW STATEMENT

In Rs.	Un-audited 03 months to 30-06-2018	Un-audited 03 months to 30-06-2017	12 months to 31-03-2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations	656,688,216	659,646,489	3,092,401,725
Adjustments for:			
Finance income	(313,899,510)	(311,545,444)	(1,103,804,509)
Finance cost	1,277,303,718	1,259,478,698	5,959,866,073
Change in fair value of investment property	-	-	(198,000,000)
Share of results of equity accounted investees	(7,380,017)	(798,228)	(19,786,648)
Gratuity provision and related cost	61,274,453	49,106,607	218,952,126
Provisions for/ write-off of impaired receivables	50,987,684	46,266,879	252,445,419
Provision for write-off of inventories	15,625,000	25,220,573	108,929,257
Provisions for/ write-off of loans and advances	(25,405,170)	26,733,191	102,829,191
Provisions for/ write-off of investments in lease and hire purchase	3,991,611	(4,181,642)	(18,090,418)
Depreciation of property, plant and equipment	604,642,277	584,576,357	2,284,583,505
Loss/ (profit) on sale of property, plant and equipment	490,187	(3,341,844)	(19,558,032)
Loss/ (profit) on sale of investments	12,261	(621,672)	(335,498,504)
Unrealised (profit)/ loss on foreign exchange	2,187,857	6,493,881	19,271,305
Amortisation/ impairment of intangible assets	94,209,136	109,890,383	358,067,180
Amortisation of prepaid lease rentals	288,956	259,233	1,116,193
Increase/ (decrease) in deferred income	(15,843,074)	1,961,787	(7,482,729)
Impairment & derecognition of property, plant & equipment	862,563	1,750,396	18,704,653
Profit before working capital changes	2,406,036,148	2,450,895,644	10,714,945,787
(Increase) / decrease in inventories	(1,004,194,761)	53,563,236	(2,255,848,559)
(Increase) / decrease in trade and other receivables	243,442,248	410,126,398	(3,125,663,419)
(Increase) / decrease in loans and advances	762,392,570	336,701,633	1,092,598,815
(Increase) / decrease in investments in lease and hire purchase	(360,654,460)	181,531,464	(720,679,503)
(Increase) / decrease in other current assets	(1,411,536,735)	(1,029,060,293)	(735,563,819)
(Increase) / decrease in amounts due from related parties	(155,580)	(45,553)	(473,552)
Increase / (decrease) in trade and other payables	(414,621,071)	(308,405,045)	295,561,482
Increase / (decrease) in amounts due to related parties	(632,220)	(151,673)	(9,999,539)
Increase / (decrease) in other current liabilities	(266,229,373)	(160,608,418)	(11,008,942)
Increase / (decrease) in public deposits	(699,663,984)	61,605,089	265,973,449
Increase / (decrease) in insurance contract liabilities	264,289,748	237,232,679	576,032,508
Cash generated from/ (used in) operations	(481,527,470)	2,233,385,161	6,085,874,708
Finance income received	279,072,701	219,647,051	947,842,992
Finance expenses paid	(1,157,441,764)	(1,252,050,881)	(5,899,482,521)
Dividend received	-	-	3,015,010
Tax paid	(193,284,336)	(178,362,791)	(1,265,119,653)
Gratuity paid	(33,111,657)	(22,127,003)	(87,900,798)
Net cash flow from/ (used in) operating activities	(1,586,292,526)	1,000,491,537	(215,770,262)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment	(1,224,713,100)	(738,635,369)	(4,510,011,329)
Addition to investment property	(14,500,000)	-	(3,300,000)
Addition to intangible assets	(55,248,218)	(48,308,051)	(256,484,872)
(Increase)/ decrease in other non-current assets	(215,049,105)	(36,285,123)	(691,956,891)
(Purchase) / disposal of short term investments (net)	(1,304,886,970)	207,330,723	(1,125,217,257)
Dividends received	5,188,010	8,981,229	68,279,308
(Purchase) / disposal of non-current financial assets	(593,976,712)	(525,743,326)	991,812,197
Acquisition of subsidiaries	-	-	(214,049,176)
Increase in interest in subsidiaries	(338,913,450)	(130,506,537)	(513,932,344)
Proceeds from disposal of controlling interest	-	-	794,836,050
Proceeds from sale of treasury shares (net)	-	-	89,863,079
Proceeds from sale of property, plant and equipment	27,396,892	26,791,355	59,384,750
Net cash flow used in investing activities	(3,714,702,653)	(1,236,375,099)	(5,310,776,485)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from issue of equity shares	3,923,851,838	-	3,106,382,715
Dividend paid to non-controlling interest	(1,624,759)	-	(615,646,878)
Proceeds from long term borrowings	836,735,613	680,772,848	3,878,419,451
Repayment of long term borrowings	(1,801,890,342)	(1,651,798,242)	(6,697,981,926)
(Increase) / decrease in other non-current financial liabilities	(5,123,106)	(2,943,155)	84,339,488
Proceeds from / (repayment of) other current financial liabilities (net)	(2,470,717,061)	1,904,549,921	11,297,001,720
Dividend paid to equity holders of parent	-	-	(503,365,397)
Net cash flow from financing activities	481,232,183	930,581,372	10,549,149,173
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,819,762,996)	694,697,810	5,022,602,426
CASH AND CASH EQUIVALENTS AT THE BEGINNING	5,888,960,421	866,427,549	866,427,549
Effect of exchange rate changes	(19,140)	(45,668)	(69,554)
CASH AND CASH EQUIVALENTS AT THE END	1,069,178,285	1,561,079,691	5,888,960,421
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Favourable balances			
Cash in hand and at Bank	3,736,347,790	2,877,669,914	6,151,832,801
Short term investments	1,965,126,855	2,510,889,936	4,382,344,684
Unfavourable balances			
Bank overdrafts	(4,632,296,360)	(3,827,480,159)	(4,645,217,064)
Cash and cash equivalents	1,069,178,285	1,561,079,691	5,888,960,421

Note : Figures in brackets indicate deductions.

Softlogic Holdings PLC

COMPANY INCOME STATEMENT

In Rs.	Un-audited 03 months to 30-06-2018	Un-audited 03 months to 30-06-2017	Change as a %	12 months to 31-03-2018
Revenue	160,210,269	161,318,517	(0.69)	649,823,110
Cost of sales	(54,242,927)	(52,653,590)	3.02	(216,632,637)
Gross profit	105,967,342	108,664,927	(2.48)	433,190,473
Dividend income	15,920,260	81	-	893,012,929
Other operating income	9,159,009	11,245,936	(18.56)	4,634,942,408
Administrative expenses	(109,049,957)	(89,511,282)	21.83	(523,052,854)
Results from operating activities	21,996,654	30,399,662	(27.64)	5,438,092,956
Finance income	214,715,229	312,748,152	(31.35)	1,122,857,111
Finance expenses	(484,305,688)	(566,588,682)	(14.52)	(2,695,997,788)
Net finance cost	(269,590,459)	(253,840,530)	6.20	(1,573,140,677)
Change in fair value of investment property	-	-	-	92,475,000
Profit/ (loss) before tax	(247,593,805)	(223,440,868)	10.81	3,957,427,279
Tax expense	(17,375,693)	(22,072,668)	(21.28)	(258,756,941)
Profit/ (loss) for the period	(264,969,498)	(245,513,536)	7.92	3,698,670,338

Note : Figures in brackets indicate deductions.

Softlogic Holdings PLC

STATEMENT OF COMPREHENSIVE INCOME

In Rs.	Un-audited 03 months to 30-06-2018	Un-audited 03 months to 30-06-2017	Change as a %	12 months to 31-03-2018
Profit/ (loss) for the period	(264,969,498)	(245,513,536)	7.92	3,698,670,338
Other comprehensive income				
Other comprehensive income not to be reclassified to income statement in subsequent periods				
Actuarial loss on retirement benefits	-	-	-	(10,218,876)
Net other comprehensive loss not to be reclassified to income statement in subsequent periods	-	-	-	(10,218,876)
Tax on other comprehensive income	-	-	-	2,861,285
Other comprehensive loss for the period, net of tax	-	-	-	(7,357,591)
Total comprehensive income/ (loss) for the period, net of tax	(264,969,498)	(245,513,536)	7.92	3,691,312,747

Note : Figures in brackets indicate deductions.

Softlogic Holdings PLC

COMPANY STATEMENT OF FINANCIAL POSITION

In Rs.	Un-audited as at 30-06-2018	Un-audited as at 30-06-2017	As at 31-03-2018
ASSETS			
Non-current assets			
Property, plant and equipment	199,377,286	191,717,836	208,458,882
Investment property	704,000,000	609,385,000	704,000,000
Intangible assets	-	406,733	592,557
Investments in subsidiaries	19,856,699,828	13,723,576,693	19,856,699,828
Investments in associates	11,000,000	11,000,000	11,000,000
Other non current financial assets	1,063,415,272	1,490,000,000	828,355,547
	21,834,492,386	16,026,086,262	21,609,106,814
Current assets			
Trade and other receivables	456,849,881	213,602,617	362,929,994
Amounts due from related parties	9,981,470,981	6,420,346,071	8,588,380,144
Other current assets	44,355,436	19,547,779	16,709,570
Short term investments	1,579,357,666	1,726,853,820	1,719,676,025
Cash in hand and at bank	986,671,561	574,799,840	2,916,159,672
	13,048,705,525	8,955,150,127	13,603,855,405
Total assets	34,883,197,911	24,981,236,389	35,212,962,219
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	12,119,234,553	5,089,000,000	8,195,382,715
Revenue reserves	4,928,168,265	1,256,311,478	5,193,137,763
Total equity	17,047,402,818	6,345,311,478	13,388,520,478
Non-current liabilities			
Interest bearing borrowings	6,730,293,046	7,934,273,821	7,453,906,517
Deferred tax liabilities	157,915,530	23,696,010	157,915,530
Employee benefit liabilities	70,489,461	50,987,860	68,251,580
Other deferred liabilities	102,702,703	138,738,739	111,711,712
Other non current financial liabilities	186,200,000	186,200,000	186,200,000
	7,247,600,740	8,333,896,430	7,977,985,339
Current liabilities			
Trade and other payables	57,959,898	536,856,862	44,414,615
Amounts due to related parties	5,678,074	19,860,633	17,877,411
Income tax liabilities	18,510,672	39,689,421	33,308,757
Other current financial liabilities	7,277,046,088	6,431,600,679	10,526,355,471
Current portion of interest bearing borrowings	3,005,917,546	2,691,549,645	2,984,530,906
Other current liabilities	81,547,151	80,191,842	86,221,359
Bank overdrafts	141,534,924	502,279,399	153,747,883
	10,588,194,353	10,302,028,481	13,846,456,402
Total equity and liabilities	34,883,197,911	24,981,236,389	35,212,962,219

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

-sgd-

Group Chief Financial Officer

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

-sgd-

Chairman

-sgd-

Director

15 August 2018
Colombo

Softlogic Holdings PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

COMPANY

In Rs.	Stated capital	Revenue reserve	Total
As at 01 April 2018	8,195,382,715	5,193,137,763	13,388,520,478
Loss for the period	-	(264,969,498)	(264,969,498)
Total comprehensive income	-	(264,969,498)	(264,969,498)
Issue of shares	3,923,851,838	-	3,923,851,838
As at 30 June 2018	12,119,234,553	4,928,168,265	17,047,402,818
As at 01 April 2017	5,089,000,000	2,008,175,014	7,097,175,014
Loss for the period	-	(245,513,536)	(245,513,536)
Total comprehensive income	-	(245,513,536)	(245,513,536)
Dividend paid	-	(506,350,000)	(506,350,000)
As at 30 June 2017	5,089,000,000	1,256,311,478	6,345,311,478

Note : Figures in brackets indicate deductions.

Softlogic Holdings PLC

COMPANY STATEMENT OF CASH FLOW

In Rs.	Un-audited 03 months to 30-06-2018	Un-audited 03 months to 30-06-2017	12 months to 31-03-2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/ (loss) before tax	(247,593,805)	(223,440,868)	3,957,427,279
Adjustments for:			
Finance income	(214,715,229)	(312,748,152)	(1,122,857,111)
Dividend income	(15,920,260)	(81)	(893,012,929)
Finance cost	484,305,688	566,588,682	2,695,997,788
Change in fair value of investment property	-	-	(92,475,000)
Gratuity provision and related costs	3,174,471	2,410,835	13,221,996
Provisions for/ write-off of impaired receivables	-	-	64,000,000
Provisions for/ write off of impaired investments	-	-	24,900,000
Depreciation of property, plant and equipment	9,216,222	8,522,543	36,039,863
Profit on sale of property, plant and equipment	-	(2,086,927)	(10,099,450)
Profit on sale of investments	-	-	(4,588,114,496)
Amortisation/ impairment of intangible assets & loan processing fee	592,557	633,521	5,738,213
Increase / (decrease) in deferred income	(9,009,009)	(9,009,013)	(36,036,036)
Profit before working capital changes	10,050,635	30,870,540	54,730,117
(Increase) / decrease in trade and other receivable	(77,999,627)	239,721,458	90,394,080
(Increase) / decrease in other current assets	(27,645,866)	(2,717,931)	120,277
(Increase) / decrease in amount due from related parties	(1,628,150,562)	(744,453,667)	(3,495,009,136)
Increase / (decrease) in trade and other payables	13,545,283	6,373,984	20,281,733
Increase / (decrease) in amount due to related parties	(12,199,337)	(48,203,027)	(50,186,249)
Increase / (decrease) in other current liabilities	(4,674,208)	6,842,562	12,872,080
Cash generated used in operations	(1,727,073,682)	(511,566,081)	(3,366,797,098)
Finance income received	355,033,588	250,924,552	1,067,003,346
Finance expenses paid	(482,409,550)	(563,638,195)	(2,689,213,110)
Dividend received	-	81	893,012,929
Tax paid	(32,173,778)	(38,938,028)	(136,583,523)
Gratuity paid	(936,590)	(553,003)	(4,319,312)
Net cash flow used in operating activities	(1,887,560,012)	(863,770,674)	(4,236,896,768)
CASH FLOWS FROM /(USED IN) INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment	(134,625)	(749,105)	(49,383,994)
Addition to investment property	-	-	(2,140,000)
Addition to intangible assets	-	-	(2,376,738)
(Purchase) / disposal of short term investments (net)	-	-	1,207,960
(Purchase) / disposal of other non current financial assets	-	-	(341,521,535)
Increase in interest in subsidiaries	-	(125,278,041)	(179,381,357)
Proceeds from sale of property, plant and equipment	-	3,882,403	16,241,209
Net cash flow used in investing activities	(134,625)	(122,144,743)	(557,354,455)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from issue of shares	3,923,851,838	66,929,898	3,106,382,715
Proceeds from long term borrowings	-	1,983,603,165	1,866,929,898
Repayment of long term borrowings	(704,122,968)	(534,054,590)	(2,530,614,943)
Proceeds from / (repayment of) short term borrowings (net)	(3,249,309,385)	-	6,078,357,957
Dividend paid to equity holders of parent	-	-	(506,350,000)
Net cash flow from financing activities	(29,580,515)	1,516,478,473	8,014,705,627
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,917,275,152)	530,563,056	3,220,454,404
CASH AND CASH EQUIVALENTS AT THE BEGINNING	2,762,411,789	(458,042,615)	(458,042,615)
CASH AND CASH EQUIVALENTS AT THE END	845,136,637	72,520,441	2,762,411,789
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Favourable balances			
Cash in hand and at bank	986,671,561	574,799,840	2,916,159,672
Unfavourable balances			
Bank overdrafts	(141,534,924)	(502,279,399)	(153,747,883)
Cash and cash equivalents	845,136,637	72,520,441	2,762,411,789

Note : Figures in brackets indicate deductions.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

OPERATING SEGMENT INFORMATION

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

REVENUE AND PROFIT For the three months ended 30 June	Information Technology		Leisure & Property		Retail & Telecommunicatio		Automobiles		Financial Services		Healthcare Services		Others		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2017	2016	2018	2017	2018	2017
Continuing operations																
Revenue																
Total revenue	817,664,494	937,806,068	545,923,759	450,091,321	8,563,208,613	8,325,047,884	304,639,094	469,976,271	3,099,858,139	2,534,179,308	3,245,364,718	3,103,267,801	168,195,499	167,477,191	16,744,854,316	15,987,845,844
Inter group	(151,174,252)	(183,544,321)	(49,560,651)	(19,953,815)	(332,844,430)	(346,490,002)	(26,382,368)	(16,526,452)	(1,770,483)	(2,904,005)	(34,312,649)	(89,580,599)	(165,100,527)	(165,757,548)	(761,145,360)	(824,756,742)
Total external revenue	666,490,242	754,261,747	496,363,108	430,137,506	8,230,364,183	7,978,557,882	278,256,726	453,449,819	3,098,087,656	2,531,275,303	3,211,052,069	3,013,687,202	3,094,972	1,719,643	15,983,708,956	15,163,089,102
Operating profit/ (loss)	47,634,458	83,782,071	(6,744,494)	(92,417,522)	758,359,112	827,795,663	(10,207,377)	5,329,470	390,319,195	330,893,802	766,175,301	712,925,381	(68,534,040)	(24,303,669)	1,877,002,155	1,844,005,196
Finance income	96,199	56,368	1,289,940	832,705	19,289,929	29,891,388	36,816	38,281	242,998,538	275,902,505	11,837,165	3,963,672	38,350,923	860,525	313,899,510	311,545,444
Finance cost	(29,307,706)	(21,531,155)	(168,216,582)	(135,891,944)	(506,168,930)	(481,123,257)	(38,215,774)	(24,197,542)	(134,546,753)	(58,352,423)	(233,738,659)	(221,520,532)	(167,109,314)	(316,861,845)	(1,277,303,718)	(1,259,478,698)
Share of results of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(1,855,739)	(5,350,414)	9,235,756	6,148,642	7,380,017	798,228
Change in insurance contract liabilities	-	-	-	-	-	-	-	-	(264,289,748)	(237,223,681)	-	-	-	-	(264,289,748)	(237,223,681)
Profit/ (loss) before taxation	18,422,951	62,307,284	(173,671,136)	(227,476,761)	271,480,111	376,563,794	(48,386,335)	(18,829,791)	234,481,232	311,220,203	542,418,068	490,018,107	(188,056,675)	(334,156,347)	656,688,216	659,646,489
Tax expense	(5,734,362)	(11,087,976)	325,703	16,483	(89,523,387)	(98,791,780)	-	21,643	(7,778,182)	(34,560,798)	(120,430,343)	(62,900,574)	(43,722,334)	(22,713,961)	(266,862,905)	(230,016,963)
Profit/ (loss) after taxation	12,688,589	51,219,308	(173,345,433)	(227,460,278)	181,956,724	277,772,014	(48,386,335)	(18,808,148)	226,703,050	276,659,405	421,987,725	427,117,533	(231,779,009)	(356,870,308)	389,825,311	429,629,526
Depreciation of property, plant & equipment (PPE)	18,710,607	18,900,905	151,243,815	155,700,046	159,172,778	105,540,437	10,253,292	9,103,457	45,855,088	41,489,264	210,110,130	245,251,943	9,296,567	8,590,305	604,642,277	584,576,357
Amortisation of lease rentals paid in advance	-	-	-	-	29,722	-	-	-	-	-	259,233	259,233	-	-	288,955	259,233
Amortisation/ impairment of intangible assets	2,777,323	9,036,138	5,443,876	4,762,690	27,347,215	16,256,590	-	-	55,917,696	74,452,308	2,130,469	2,130,469	592,557	633,521	94,209,136	107,271,716
Retirement benefit obligations and related cost	1,875,051	5,213,436	1,787,836	4,682,529	21,249,298	8,230,898	974,053	525,139	9,193,183	7,213,498	22,944,144	20,755,955	3,250,888	2,485,152	61,274,453	49,106,607
Purchase and construction of PPE	14,727,144	5,886,396	21,853,283	116,250,053	577,199,449	242,442,733	3,148,568	993,642	36,241,512	37,873,691	571,212,395	334,439,746	330,750	749,108	1,224,713,101	738,635,369
Additions to intangible assets	8,462,576	23,291,883	-	9,363,540	46,785,643	15,335,484	-	-	-	317,144	-	-	-	-	55,248,219	48,308,051

Note : Figures in brackets indicate deductions.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The interim financial statements of the Group and the Company for the year ended 30 June 2018 were authorised for issue by the Board of Directors on 15 August 2018.

2. BASIS OF PREPARATION

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

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

The interim financial statements are presented in Sri Lankan Rupees.

3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

SLFRS 15 – Revenue from Contracts with Customers

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including LKAS 18 Revenue, LKAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

SLFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under SLFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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

SLFRS - 9 Financial Instruments

SLFRS 9 replaces the existing guidance in LKAS 39 Financial Instruments: Recognition and Measurement. SLFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from LKAS 39.

SLFRS 9 is effective for annual periods beginning on or after 1 January 2018. However, paragraph 7.2.16 of SLFRS 9 permits an entity not to apply the requirements of this Standard to interim periods prior to the date of initial application, if it is impracticable.

However, the Institute of Chartered Accountants of Sri Lanka has issued a "Statement of Alternative Treatment (SoAT) on the figures in the Interim Financial Statements" in which the companies were granted with an option to prepare interim financial statements continuing with the application of LKAS 39 with disclosures on impact to the statement of comprehensive income for the period if SLFRS 9 had been applied during financial year commencing on or after 1st January 2018.

Accordingly, as permitted by the above SoAT, the Group has prepared the Interim Financial Statements for the quarter ended 30 June 2018 based on LKAS 39.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

4. CHANGE IN LIFE INSURANCE CONTRACT LIABILITIES

4.1 Valuation of Life Insurance Fund

An amount of Rs. 266.00 mn declared as surplus for the quarter ended 30 June 2018 from Non Participating Life Insurance Fund/ Insurance Contract Liabilities, as approved by appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Wills Towers Watson India (Pvt) Ltd.

The Financial Statements of Softlogic Life Insurance PLC as at 30 June 2018 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 9.3 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 June 2018.

In Rs.	Participating fund	Non-participating fund	Total
Value of insurance contract liability based on Independent Actuary - NPV as at 31 December 2015	3,866,780,000	2,472,575,000	6,339,355,000
Value of insurance contract liability based on Independent Actuary - GPV as at 31 December 2015	2,810,245,000	1,674,571,000	4,484,816,000
Surplus created due to change in valuation method from NPV to GPV One off surplus as at 01 January 2016	1,056,535,000	798,004,000	1,854,539,000
Transfer of one off surplus from long term fund to Restricted Regulatory Reserve as at 31 December 2017	-	(798,004,000)	(798,004,000)
Surplus created due to change in valuation method from NPV to GPV One off surplus as at 30 June 2018	1,056,535,000	-	1,056,535,000

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 June 2018

In Rs.	Face Value	Market Value as at 30 June 2018
Government Securities		
LKB03044A010	100,000,000	126,660,856
LKA36419C012	301,842,365	284,380,761
LKA36419D051	95,278,333	88,983,096
Deposits		
Sampath Bank PLC	263,618,836	263,702,310
Hatton National Bank PLC	110,658,219	110,692,583
Total market value of the assets		874,419,605

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

5. SHARE INFORMATION

5.1 Public share holdings

The percentage of shares held by the public as at 30 June 2018 was 14.15% (number of public shareholders - 10,796)

5.2 Directors' share holdings

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

As at	30-06-2018
A K Pathirage - Chairman/ Managing Director	477,843,941
G W D H U Gunawardena	71,333,852
R J Perera	75,437,508
H K Kaimal	80,439,792
M P R Rassool	Nil
Dr S Selliah	2,480,000
W M P L De Alwis, PC	Nil
G L H Premaratne	Nil
R A Ebell	Nil
Prof. A S Dharmasiri	Nil
A Russell-Davison	Nil
S Saraf	Nil
C K Gupta (alternative director to Mr. S Saraf)	Nil
	707,535,093

5.3 Twenty largest shareholders of the company are as follows:

As at	Number of shares 30-06-2018	%
1 Mr. A K Pathirage	305,658,641	25.63
2 Samena Ceylon Holdings Ltd	247,432,455	20.75
3 Commercial Bank of Ceylon PLC/ Mr. A K Pathirage	77,185,300	6.47
4 Samena Special Situations Fund III L.P.	63,518,654	5.33
5 Seylan Bank PLC/ Mr. A K Pathirage	63,000,000	5.28
6 Pemberton Asian Opportunities Fund	57,040,000	4.78
7 Mr. H K Kaimal	56,339,792	4.72
8 Mr. R J Perera	52,707,508	4.42
9 Mr. G W D H U Gunawardena	49,963,852	4.19
10 Peoples Bank/ Mr. A K Pathirage	32,000,000	2.68
11 Sampath Bank PLC/ Mr. H K Kaimal	24,100,000	2.02
12 Sampath Bank PLC/ Mr. R J Perera	22,730,000	1.91
13 Sampath Bank PLC/ Mr. G W D H U Gunawardena	21,370,000	1.79
14 J. B. Cocoshell (Pvt) Ltd	7,296,468	0.61
15 Employees Provident Fund	7,230,500	0.61
16 Mrs. A Selliah	5,252,640	0.44
17 Mr. S J Fancy	4,960,000	0.42
18 Arunodhaya Investments (Private) Limited	4,898,000	0.41
Arunodhaya Industries (Private) Limited	4,898,000	0.41
Arunodhaya (Private) Limited	4,898,000	0.41
19 Mrs. A Kailasapillai	4,712,000	0.40
Miss. S Subramaniam	4,712,000	0.40
20 Dr. K M P Karunaratne	4,564,949	0.38

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

6. STATED CAPITAL MOVEMENTS

6.1 No of shares

	No of shares
As at 01 April 2018	961,728,395
No of shares issued during the period *	230,814,814
As at 30 June 2018	1,192,543,209

6.2 Value of shares

	Rs
As at 01 April 2018	8,195,382,715
Total value of shares issued during the period *	3,923,851,838
As at 30 June 2018	12,119,234,553

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

7. INVESTOR INFORMATION

7.1 Market value of shares

30-06-2018

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

Closing price on (Rs.)	23.00
Highest price recorded for the three months ending (Rs.)	25.80
Lowest price recorded for the three months ending (Rs.)	19.70
Market Capitalisation (Rs. mn)	27,428.49

7.2 Ratios

Net assets per share at the period end (Rs.)	14.29
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7.3 Share trading information from 01 April 2018 to 30 June 2018

Number of shares traded	17,049,339
Value of shares traded (Rs.)	389,871,599

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

8. CONTINGENCIES

CONTINGENT LIABILITIES

As at reporting date, there were no significant contingent liabilities at the date of the statement of financial position which require adjustment to or disclosure in the financial statements, other than disclosed below.

Asiri Surgical Hospital PLC

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

Since there is litigation in the Court of Appeal in CA (Writ) 386/2016 with regard to this matter, in accordance with Paragraph 92 of LKAS 37, the group is unable to provide further information on this and associated risks, in order not to impair the outcome and/ or prejudice the subsidiary's position in this matter. The aforesaid matter is coming up for argument on 03 October 2018 at the Court of Appeal.

Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC

Pending litigations against Asiri Hospital Holdings PLC and Asiri Surgical Hospital PLC, with a maximum liability of Rs. 41.2 mn and Rs. 100.0 mn respectively exist as at 30 June 2018 (2017 - Asiri Hospital Holdings PLC : Rs. 41.2 mn and Asiri Surgical Hospital PLC : Rs. 100.0 mn).

Although there can be no assurance, the Directors believe, based on the information currently available, that the resolution of such legal processes are not likely to have a material adverse effect on the Group.

Asiri Central Hospitals Ltd

H.C. (Civil) 417/2015/MR - Krishnan Thangaraj Vs. Asiri Central Hospitals Ltd, Oraz International Property Developers and Construction (Pvt) Ltd and H.G. Shalika Perera relating to a permanent injunction restraining the payment of any commission on the sale of the land and premises bearing assessment No. 37, Horton Place, Colombo 07 to P.P.M. Edwards.

An enjoining order was issued restraining the above at the first instance.

Softlogic Life Insurance PLC (SLI)

VAT Assessments were received by Softlogic Life Insurance PLC in October 2011 and April 2013 for the taxable periods ended 31 December 2009 and 31 December 2010, amounting to Rs. 4.50 mn and Rs. 52.30 mn respectively.

SLI has filed an appeal in November 2011 on the basis that the underlying computation includes items which are exempt/ out of scope of the Value Added Tax Act. The Commissioner General of Inland Revenue has determined the assessment and the SLI has appealed to the Tax Appeals Commission and awaits the final decision.

Based on the information available and the advice of the tax consultants, the Directors are confident that the resolution of this contingency is unlikely to have a material adverse effect on the Group.

Further the SLI has received a tax assessment/ notice of assessment letters for Life Insurance taxation for the years 2010, 2011, 2012 and 2013. The SLI is of the view that no additional tax liability would arise and has filed a response in consultation with its tax consultants. Even if this materialises against, no additional tax liabilities are required to be provided due to carried forward taxable losses and credits applicable for SLI. The accumulated tax losses of the Life business will reduce by Rs. 1,189.00 mn if the assessments are confirmed.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

10. CAPITAL COMMITMENTS

As at 30 June 2018, the group had capital commitments contracted but not provided in the financial statements amounting to Rs. 9,028 mn (30 June 2017 - 1,758 mn).

11. 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 followings.

Syndicated loan agreement - Odel Properties One (Pvt) Ltd

The Directors of Odel PLC, a subsidiary of Softlogic Holdings PLC announced that Odel Properties One (Pvt) Ltd, a fully own subsidiary of Odel PLC and Odel PLC have entered into a syndicated loan agreement with Hatton National Bank PLC, Sampath Bank PLC and Bank of Ceylon on 01 June 2018 to raise Rs. 5,400 mn to part finance the development cost of 'Odel Mall Project' at Alexandra Place, Colombo 07.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

12. RELATED PARTY TRANSACTIONS

12.1 Transactions with related parties

In Rs.	Group		Company	
	03 months to 30-06-2018	03 months to 30-06-2017	03 months to 30-06-2018	03 months to 30-06-2017
Subsidiaries				
(Purchases) / sales of goods	-	-	(1,183,657)	(2,115,290)
(Receiving) / rendering of services	-	-	137,267,883	155,129,057
(Purchases) / sale of property plant & equipment	-	-	(134,625)	(749,105)
Loans given / (obtained)	-	-	1,140,529,275	218,999,289
Interest received / (paid)	-	-	266,522,671	197,771,837
Rent received / (paid)	-	-	12,410,471	14,678,169
Dividend received	-	-	15,920,260	81
Profit on disposal of shares	-	-	-	-
Guarantee charges received	-	-	39,667,763	46,873,165
Guarantees given / (obtained)	-	-	25,907,870,000	21,144,490,000
Associates				
(Purchases) / sale of property plant & equipment	52,025	1,879,250	-	-
(Receiving) / rendering of services	21,519,935	(1,226,343)	2,850,449	1,659,185
Key management personnel				
Loans given/ (received)	(12,191,084)	(12,191,084)	(1,992,157)	(1,992,157)
Guarantees given/ (received)	(510,000,000)	(510,000,000)	(100,000,000)	(100,000,000)
Loans given/ (customer deposits received)	(49,399,333)	(83,092,641)	-	-
Advances given/ (received)	(430,366,801)	(78,421,474)	-	-
Close family members of KMP				
(Receiving) / rendering of services	-	-	-	-

12.2 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

R A Ebell

Prof. A S Dharmasiri

A Russell-Davison

S Saraf

C K Gupta (alternative director to Mr. S Saraf)

Audit Committee

R A Ebell - 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

R A Ebell

A Russell-Davison

Secretaries

Softlogic Corporate Services (Pvt) Ltd

14, De Fonseka Place,

Colombo 05

Sri Lanka

Tel : +94 11 5575 000

Fax : +94 11 2595 441

Investor Relations

Softlogic Holdings PLC

14, De Fonseka Place,

Colombo 05

Sri Lanka

Tel : +94 11 5575 176

E-mail : investorrelations@softlogic.lk

Contact for Media

Softlogic Holdings PLC

14, De Fonseka Place,

Colombo 05

Sri Lanka

Tel : +94 11 5575 000

Fax : +94 11 2595 441

Bankers

Bank of Ceylon

Cargills Bank Ltd

Commercial Bank of Ceylon PLC

Deutsche Bank AG, Colombo

DFCC Bank PLC

Hatton National Bank PLC

Muslim Commercial Bank

National Development Bank PLC

Nations Trust Bank PLC

Pan Asia Banking Corporation PLC

People's Bank

Sampath Bank PLC

Seylan Bank PLC

Union Bank of Colombo PLC

Auditors

Ernst & Young

Chartered Accountants

201, De Saram Place,

Colombo 10