



# **SOFTLOGIC HOLDINGS PLC**

INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
31 DECEMBER 2018

## Dear Shareholders,

Group revenue grew 8.4% to Rs.53.6 Bn during the first nine months of this financial year while quarterly revenue grew 7.5% to Rs. 19.7 Bn against which Group profitability for the period under review crossed Rs. 2 Bn mark, increasing 28.7% from the comparative period.

The Group's operating environment was assailed by the sudden and steep depreciation of the Rupee, particularly, affecting the retail imports and the leisure sector which has USD denominated borrowings. Furthermore, the 100% cash margin imposition which affected the retail imports and 200% margin for motor vehicles and motorbikes, disrupted cashflow timings leading to increased working capital requirements. This coupled with increasing interest rates triggered by poor market liquidity and rising Fed rates impacted cost of financing for the Group which dampened the quarter's performance.

Group diversity, scale of operations and financial adaptability however helped weather these macroeconomic shocks to a greater extent. Group's core sectors which includes Retail (51% contribution to Group topline), Financial Services (19%) and Healthcare Services (18%) emerged as strong contributors to Group performance while its non-core operations – IT, Leisure and Automobile – together made up 12% of Group topline.

Gross Profit increased 11.2% to Rs. 19.6 Bn during the 1-3QFY19 indicating improvements in GP margin from 35.7% in 1-3QFY18 to 36.6% in 1-3QFY19. The quarter also witnessed GP margin improvements from 35.3% in 3QFY18 to 37.7% in 3QFY19 to report a Gross Profit of Rs. 7.4 Bn (up 14.8%).

Distribution expenses increased marginally to Rs. 944 Mn (up 2.8%) during the three months under review. However, the

cumulative period reported a marginal decline in distribution expenses to Rs. 2.5 Bn (down 0.7%). Administrative expenses increased 21.3% to Rs. 11.9 Bn during the nine months while an increase of 38.7% to Rs. 4.8 Bn was noted for the quarter. This increase in administrative expenses is led by the Group's increase in headcount, lease rentals and depreciation for strategic expansions. Consequently, cumulative operational cost margins edged up to 26.8% in 1-3QFY19 from 24.9% in the comparative period. Quarterly operational cost margin also witnessed an increase of 28.9% (23.7% in 3QFY18).

Other operating income declined 63.4% to Rs. 578 Mn during 1-3QFY19 (Rs. 1.5 Bn in 1-3QFY18) while the quarter also witnessed a decline of 72.1% to Rs. 201 Mn. This decline primarily emerged from Asiri Group which reported a one-off gain in the comparative period.

Cumulative Group EBITDA was Rs. 7.9 Bn while quarterly EBITDA touched Rs 2.7 Bn.

Cumulative operating profit amounted to Rs. 5.8 Bn while the quarterly operating profit reached Rs. 1.9 Bn.

Softlogic Life Insurance PLC's investment portfolio is the prime contributor to Group's finance income which reported Rs. 872 Mn for the nine months under review while an increase of 36.6% to Rs. 421 Mn was reported during the quarter.

Group foreign exchange losses for the period amounted to Rs. 335 Mn. This was particularly in the aftermath of the Rupee depreciation in the retail and leisure sector.

Net finance expenses increased 15.7% to Rs. 1.5 Bn during the quarter while the cumulative period witnessed a marginal increase of 7.5% to Rs. 3.8 Bn.

A transfer of Rs. 1.5 Bn to insurance policyholders was witnessed during the cumulative period as opposed to Rs. 1.3 Bn in 1-3QFY18 while the quarter witnessed a change in insurance contract liabilities of Rs. 645 Mn (Rs. 455 Mn in 3QFY18).

## **Performance Review of Core Verticals**

### **Retail**

Cumulative revenue of the retail sector grew 2% to Rs. 27.4 Bn while the quarter reported a topline of Rs. 9.7 Bn. This import-oriented sector was impacted by the depreciation of the Rupee (LKR//USD increased from Rs. 155.97 as at 29th March to Rs. 182.75 as at 31st December). This sector was also clouded by various other macro-economic challenges including 100% cash margin imposition on imports of selected durables and other import restrictions on footwear and apparel.

Tourist shopping, brand-conscious customers, accelerated migration of population to urban regions are the core drivers of upmarket retail trade in Sri Lanka. Our retail outlets at Colombo City Centre received strong customer response. As we are probably the only retailer with over 100 international retail brands, our presence as anchor tenants in the upcoming malls have become essential for a shopping mall's value proposition for success. It is noteworthy that our calculated expansion of fashion and retail stores has not cannibalized revenue growth at our other existing stores.

We will be occupying around 110,000 sq. ft at One Galle Face by Shangri La. We will be retailing Odel, Armani Exchange, Diesel, Love Moschino, Mango, Bodyshop, Furla, Tommy Hilfiger, Mothercare, Toy Store, Charles & Keith, Aldo, Hallmark, Swarovski, Longines, Tissot, Adidas, Nike, Yamamy, Cotton Collection, Sketchers and Guess at this mall which is expected to open in June.

Consumer Electronics business has an island-wide network of 211 stores with the latest

store being opened in Kegalle in December. We now have a total retail space of 325,500 sq. ft in the Consumer Electronics business. The expansion strategy of this segment now focuses on 'Softlogic Max' and larger company-managed stores in prime cities and towns. These stores now retail a range of furniture manufactured in-house and fitness equipment in addition to top-of-the-line TVs, electric appliances, phones and computers.

Performance of Samsung and Nokia business progressed amidst numerous systemic challenges.

Our supermarket outlet, 'Softlogic Glomark', in Delkanda has attracted positive customer response with the outlet performance exceeding expectations. We will be opening in Kottawa, Mount Lavinia, Colombo 7, Negombo and Malabe. An essential outlet concept of around 2,000-3,000 sq.ft. is being developed to be set up at Asiri Central, Asiri Kandy, Orion City and in Kurunegala.

Sector's operating profit was Rs. 2.2 Bn during 1-3QFY19 while the quarter reported an operating profit of Rs. 624 Mn.

Sector EBITDA was Rs. 2.8 Bn for the cumulative period while Rs. 836 Mn was reported during the quarter.

Sector PAT for the cumulative period was Rs. 181 Mn.

## **Healthcare Services**

Performance of Asiri Group continued on a positive note as the hospital chain awaits the opening of its 190-bed multi-specialty facility in Kandy soon. This facility will provide a range of state-of-the-art medical solutions which would be the first for the region.

Asiri Health revenues steadily increased 10% to Rs. 9.9 Bn during 1-3QFY19 while the quarter reported a topline of Rs. 3.4 Bn (up 12.9%). The revenue was led by Central Hospital Ltd., (36.5% contribution), followed by Asiri Hospital Holdings PLC (30.7%) and Asiri Surgical Hospital PLC (25.6%).

Sector's operating profit declined 14.1% to Rs. 2.4 Bn during the cumulative period while the quarterly operating earnings reported Rs. 825 Mn (down 35.5%). This decline is attributable to one-off gain reported in the comparative period.

Sector EBITDA was Rs. 3 Bn during the period under review with the quarter reporting an EBITDA of Rs.1 Bn.

Asiri's profitability for the period was Rs. 1.3 Bn while the quarter registered a PAT of Rs. 443 Mn.

## **Information Technology**

IT sector, which now comprises the B2B IT solutions business, saw its revenue for the cumulative period improving 12.3% to Rs. 2.9 Bn while the quarter reported revenues of Rs. 1.1 Bn.

Quarterly operating earnings increased 38.7% to Rs. 89 Mn taking cumulative operating earnings to Rs. 208 Mn (up 42.5%).

EBITDA of the sector moved up 52% to Rs. 108 Mn for the quarter while cumulative EBITDA reported a 31.3% growth to Rs. 266 Mn. Sector PBT was Rs. 54 Mn for the cumulative period while the quarter reported

Rs. 18 Mn PBT. The sector concluded the nine-months with a PAT of Rs. 41 Mn.

## **Financial Services**

Financial Services witnessed a topline growth of 24.1% to Rs. 10 Bn during 1-3QFY19 as the quarterly revenue also improved 23.4% to Rs. 3.6 Bn. Cumulative Operating profit was Rs. 1.4 Bn while the quarter reported an operating profit of Rs. 521 Mn. Sector PBT for the quarter was Rs. 148 Mn while cumulative PBT reached Rs. 387 Mn. PAT of the sector registered a 160.2% growth to Rs. 2.6 Bn during 1-3QFY19 while the quarter reported a profitability of Rs. 171 Mn.

Softlogic Life Insurance holds the status as the fastest growing life-insurance company in Sri Lanka with Gross Premiums reaching Rs. 10 Bn (up 32%) for its financial year 2018. The Company has produced a 6-year CAGR of 30.4%, consistently more than doubling the industry growth. Global Insurance Fund, Leapfrog Investments, purchased shares from FMO who previously held 19% of the company since 2012. This transaction which was over Rs. 2 Bn was executed at a substantial premium to market.

Significant flows from foreign clients and local high net-worth clients enabled Softlogic Stockbrokers to retain its position as the No. 2 player in the Industry despite lackluster market conditions.

Softlogic Capital has commenced an initiative that will target Portfolio Management, Equity and Debt Capital Markets, Research and Corporate Advisory to address the vast market potential that is expected in the near future.

Softlogic Finance's assets was Rs. 22.5 Bn as at 31<sup>st</sup> December 2018 while Customer Deposits was Rs. 16 Bn. The uptick in interest rates has made credit more expensive, while restrictions on motor vehicle imports has dampened business zeal in this respect with several hurdles evident for the RFC.

## **Performance Review of Non-Core Verticals**

### **Automobile**

Automobile sector generated revenues of Rs.1.5 Bn (up 21.9%) during the nine months of financial year end 2019. A contract to supply ambulances to the Ministry of Health, the delivery of which was completed in February.

Suzuki Motors is capitalizing on Group's financial strength and existing distribution infrastructure to support its aggressive expansion phase. The company now has 70 dealers (26 dealers at time of acquisition in 2017).

### **Leisure & Real Estates**

Leisure sector topline increased to Rs. 1.9 Bn (up 11.3%) during 1-3QFY19. Quarterly revenue rose 12.9% to Rs. 769 Mn in 3QFY19.

Centara emerged to be the key contributor to the sector while Movenpick is yet to contribute to earnings. Movenpick's performance was affected by unrealized forex losses resulting from the hotel's USD denominated borrowings.

## **Future Outlook**

Although these are challenging times, the Group expansion plans in core sectors will continue as we are optimistic about future consumer demand. Sri Lankans are becoming more sophisticated and are aware of modern global lifestyle changes and hence continued demand for premium brands is expected to grow in conjunction with the tourist influx.

With this in mind, we are making every effort to improve Group synergy with a view to focus on cost-discipline and plans are afoot to buff equity at subsidiary levels to support our expansion plans. With the stabilizing of the Rupee at these levels, we expect the Group to consolidate its efforts with a view to enhance the existing synergies.

We believe that Government policies would be calibrated to inspire the country towards becoming a tourist shopping destination given its strategic location.

**Ashok Pathirage**  
**Chairman**  
**15 February 2019**

# Softlogic Holdings PLC

## CONSOLIDATED INCOME STATEMENT

In Rs. '000	Un-audited 09 months to 31-12-2018	Un-audited 09 months to 31-12-2017	Change as a %	Un-audited 03 months to 31-12-2018	Un-audited 03 months to 31-12-2017	Change as a %	Audited 12 months to 31-03-2018
<b>Continuing operations</b>							
Revenue	53,584,086	49,423,800	8.42	19,711,347	18,337,783	7.49	66,018,915
Cost of sales	(33,971,171)	(31,792,588)	6.85	(12,274,420)	(11,858,263)	3.51	(42,346,048)
<b>Gross profit</b>	<b>19,612,915</b>	<b>17,631,212</b>	<b>11.24</b>	<b>7,436,927</b>	<b>6,479,520</b>	<b>14.78</b>	<b>23,672,867</b>
Other operating income	577,873	1,579,742	(63.42)	200,790	719,604	(72.10)	1,761,747
Distribution expenses	(2,489,387)	(2,506,844)	(0.70)	(943,874)	(917,976)	2.82	(3,114,739)
Administrative expenses	(11,878,109)	(9,796,461)	21.25	(4,753,062)	(3,425,813)	38.74	(14,013,166)
<b>Results from operating activities</b>	<b>5,823,292</b>	<b>6,907,649</b>	<b>(15.70)</b>	<b>1,940,781</b>	<b>2,855,335</b>	<b>(32.03)</b>	<b>8,306,709</b>
Finance income	871,668	879,468	(0.89)	421,006	308,179	36.61	1,103,805
Finance expenses	(4,625,783)	(4,371,234)	5.82	(1,949,915)	(1,629,928)	19.63	(5,959,866)
<b>Net finance cost</b>	<b>(3,754,115)</b>	<b>(3,491,766)</b>	<b>7.51</b>	<b>(1,528,909)</b>	<b>(1,321,749)</b>	<b>15.67</b>	<b>(4,856,061)</b>
Change in fair value of investment property	-	-	-	-	-	-	198,000
Share of profit of equity accounted investees	3,668	15,323	(76.06)	(4,590)	6,543	(170.15)	19,787
Change in insurance contract liabilities	(1,454,977)	(1,328,415)	9.53	(644,451)	(455,107)	41.60	(1,374,037)
Change in contract liability due to transfer of one-off surplus	-	-	-	-	-	-	798,004
<b>Profit before tax</b>	<b>617,868</b>	<b>2,102,791</b>	<b>(70.62)</b>	<b>(237,169)</b>	<b>1,085,022</b>	<b>(121.86)</b>	<b>3,092,402</b>
Tax expense	1,481,702	(471,834)	(414.03)	(89,811)	(131,931)	(31.93)	(814,359)
<b>Profit for the period</b>	<b>2,099,570</b>	<b>1,630,957</b>	<b>28.73</b>	<b>(326,980)</b>	<b>953,091</b>	<b>(134.31)</b>	<b>2,278,043</b>
<b>Attributable to:</b>							
Equity holders of the parent	74,832	79,461	(5.83)	(346,621)	76,998	(550.17)	204,200
Non-controlling interest	2,024,738	1,551,496	30.50	19,641	876,093	(97.76)	2,073,843
	<b>2,099,570</b>	<b>1,630,957</b>	<b>28.73</b>	<b>(326,980)</b>	<b>953,091</b>	<b>(134.31)</b>	<b>2,278,043</b>
<b>Earnings per share - Basic (Rs.)</b>	<b>0.07</b>	0.10	<b>(34.36)</b>	<b>(0.29)</b>	0.10	<b>(392.33)</b>	0.26
<b>Dividend per share - Rs.</b>	<b>0.50</b>	0.65	<b>(23.08)</b>	-	-	-	0.65

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In Rs. '000	Un-audited 09 months to 31-12-2018	Un-audited 09 months to 31-12-2017	Change as a %	Un-audited 03 months to 31-12-2018	Un-audited 03 months to 31-12-2017	Change as a %	Audited 12 months to 31-03-2018
<b>Profit for the period</b>	<b>2,099,570</b>	<b>1,630,957</b>	<b>28.73</b>	<b>(326,980)</b>	<b>953,091</b>	<b>(134.31)</b>	<b>2,278,043</b>
<b>Other comprehensive income</b>							
<b>Continuing operations</b>							
<b>Other comprehensive income to be reclassified to income statement in subsequent periods</b>							
Currency translation of foreign operations	(7,984)	(4,221)	89.15	(4,744)	473	(1,102.96)	(3,063)
Net change in fair value on derivative financial instruments	(747,400)	3,070	(24,445.28)	(379,414)	(1,585)	23,837.79	(34,266)
Net (loss) / gain on available-for-sale financial assets	(552,456)	522,876	(205.66)	(134,910)	151,760	(188.90)	463,171
Available-for-sale financial assets reclassified to income statement	9,031	6,850	31.84	14,129	1,312	976.91	17,641
Net other comprehensive income/ (loss) to be reclassified to income statement in subsequent periods	(1,298,809)	528,575	(345.72)	(504,939)	151,960	(432.28)	443,483
<b>Other comprehensive income not to be reclassified to income statement in subsequent periods</b>							
Revaluation of land and buildings	-	23,533	(100.00)	-	23,533	(100.00)	2,580,861
Re-measurement gain/ (loss) on employee benefit liabilities	(3,075)	2,451	(225.46)	(3,075)	2,451	(225.46)	(74,103)
Share of other comprehensive income of equity accounted investments (net of tax)	-	-	-	-	-	-	(80)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	-	-	-	-	-	-	(2,401,415)
Net other comprehensive income not to be reclassified to income statement in subsequent periods	(3,075)	25,984	(111.83)	(3,075)	25,984	(111.83)	105,263
<b>Other comprehensive income/ (loss) from continuing operations for the period, net of tax</b>	<b>(1,301,884)</b>	<b>554,559</b>	<b>(334.76)</b>	<b>(508,014)</b>	<b>177,944</b>	<b>(385.49)</b>	<b>548,746</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>797,686</b>	<b>2,185,516</b>	<b>(63.50)</b>	<b>(834,994)</b>	<b>1,131,035</b>	<b>(173.83)</b>	<b>2,826,789</b>
<b>Attributable to:</b>							
Equity holders of the parent	(896,744)	294,380	(404.62)	(777,755)	122,942	(732.62)	450,413
Non-controlling interest	1,694,430	1,891,136	(10.40)	(57,239)	1,008,093	(105.68)	2,376,376
	<b>797,686</b>	<b>2,185,516</b>	<b>(63.50)</b>	<b>(834,994)</b>	<b>1,131,035</b>	<b>(173.83)</b>	<b>2,826,789</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Rs. '000	Un-audited as at 31-12-2018	Un-audited as at 31-12-2017	Audited as at 31-03-2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	44,098,270	38,062,855	41,337,923
Lease rentals paid in advance	804,734	855,779	805,601
Investment property	1,423,062	1,037,000	1,238,300
Intangible assets	8,812,518	8,551,027	8,610,364
Investments in equity accounted investments	74,803	107,502	111,885
Non-current financial assets	15,375,699	11,958,379	10,564,380
Rental receivable on lease assets and hire purchase	1,547,941	807,721	1,042,759
Other non-current assets	2,588,558	339,745	928,503
Deferred tax assets	3,052,512	923,641	749,406
	<b>77,778,097</b>	<b>62,643,649</b>	<b>65,389,121</b>
<b>Current assets</b>			
Inventories	12,136,916	9,320,647	11,250,539
Trade and other receivables	12,870,926	9,915,678	11,838,130
Loans and advances	9,051,196	11,267,843	13,098,641
Rental receivable on lease assets and hire purchase	476,941	157,644	523,777
Amounts due from related parties	3,628	757	807
Other current assets	5,783,930	5,820,267	3,449,051
Short term investments	6,834,878	6,733,399	7,120,608
Cash in hand and at bank	3,189,309	5,206,646	6,151,833
	<b>50,347,724</b>	<b>48,422,881</b>	<b>53,433,386</b>
<b>Total assets</b>	<b>128,125,821</b>	<b>111,066,530</b>	<b>118,822,507</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	12,119,235	5,089,000	8,195,383
Revenue reserves	(1,100,036)	(312,739)	(577,403)
Other components of equity	2,892,151	3,679,141	3,973,279
	<b>13,911,350</b>	<b>8,455,402</b>	<b>11,591,259</b>
Non-controlling interests	10,629,140	8,843,790	9,325,667
<b>Total equity</b>	<b>24,540,490</b>	<b>17,299,192</b>	<b>20,916,926</b>
<b>Non-current liabilities</b>			
Insurance contract liabilities	8,612,568	7,944,973	7,192,591
Interest bearing borrowings	23,762,200	26,109,395	25,729,331
Public deposits	3,840,648	3,811,335	3,237,633
Deferred tax liabilities	2,933,587	447,509	2,829,959
Employee benefit liabilities	1,116,446	882,039	1,012,888
Other deferred liabilities	105,871	125,320	127,635
Other non-current financial liabilities	115,208	38,576	122,502
	<b>40,486,528</b>	<b>39,359,147</b>	<b>40,252,539</b>
<b>Current liabilities</b>			
Trade and other payables	7,505,803	7,792,720	7,268,577
Amounts due to related parties	8,642	12,657	7,566
Income tax liabilities	227,996	487,874	348,372
Other current financial liabilities	24,088,081	20,788,156	23,607,505
Current portion of interest bearing borrowings	9,593,848	6,703,535	7,244,641
Other current liabilities	1,892,258	1,347,674	1,467,326
Public deposits	12,040,643	13,129,274	13,063,838
Bank overdrafts	7,741,532	4,146,301	4,645,217
	<b>63,098,803</b>	<b>54,408,191</b>	<b>57,653,042</b>
<b>Total equity and liabilities</b>	<b>128,125,821</b>	<b>111,066,530</b>	<b>118,822,507</b>

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

**-sgd-**

Group Chief Financial Officer

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

**-sgd-**

Chairman

**-sgd-**

Director

15 February 2019  
Colombo



# Softlogic Holdings PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### GROUP

In Rs. '000	Attributable to equity holders of parent										Non-controlling interest	Total equity	
	Stated capital	Treasury shares	Restricted regulatory reserve	Revaluation reserve	Foreign currency translation reserve	Available-for-sale reserve	Statutory reserve fund	Other reserves	Cash flow hedge reserve	Revenue reserve			Total
<b>As at 01 April 2018</b>	8,195,383	-	309,613	4,774,665	(46,325)	(530,887)	215,063	(569,884)	(178,966)	(577,403)	<b>11,591,259</b>	9,325,667	<b>20,916,926</b>
Profit for the period	-	-	-	-	-	-	-	-	-	74,832	<b>74,832</b>	2,024,738	<b>2,099,570</b>
Other comprehensive income	-	-	-	-	(7,984)	(215,642)	-	-	(746,757)	(1,193)	<b>(971,576)</b>	(330,308)	<b>(1,301,884)</b>
<b>Total Comprehensive income</b>	-	-	-	-	(7,984)	(215,642)	-	-	(746,757)	73,639	<b>(896,744)</b>	1,694,430	<b>797,686</b>
Issue of shares	3,923,852	-	-	-	-	-	-	-	-	-	<b>3,923,852</b>	-	<b>3,923,852</b>
Acquisitions, disposals and changes in non-controlling interest	-	-	-	-	-	-	-	(110,745)	-	-	<b>(110,745)</b>	(359,932)	<b>(470,677)</b>
Dividend paid	-	-	-	-	-	-	-	-	-	(596,272)	<b>(596,272)</b>	-	<b>(596,272)</b>
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(31,025)	<b>(31,025)</b>
<b>As at 31 December 2018</b>	<b>12,119,235</b>	-	<b>309,613</b>	<b>4,774,665</b>	<b>(54,309)</b>	<b>(746,529)</b>	<b>215,063</b>	<b>(680,629)</b>	<b>(925,723)</b>	<b>(1,100,036)</b>	<b>13,911,350</b>	<b>10,629,140</b>	<b>24,540,490</b>
<b>As at 01 April 2017</b>	5,089,000	(55,921)	-	4,628,655	(43,263)	(718,502)	175,022	(491,235)	(144,727)	108,358	<b>8,547,387</b>	7,075,209	<b>15,622,596</b>
Profit for the period	-	-	-	-	-	-	-	-	-	79,461	<b>79,461</b>	1,551,496	<b>1,630,957</b>
Other Comprehensive income	-	-	-	9,131	(4,221)	205,995	-	-	3,063	951	<b>214,919</b>	339,640	<b>554,559</b>
<b>Total Comprehensive income</b>	-	-	-	9,131	(4,221)	205,995	-	-	3,063	80,412	<b>294,380</b>	1,891,136	<b>2,185,516</b>
Transfer to reserve fund	-	-	-	-	-	-	(1,856)	-	-	1,856	-	-	-
Acquisitions, disposals and changes in non-controlling interest	-	-	-	-	-	-	-	117,000	-	-	<b>117,000</b>	20,791	<b>137,791</b>
Dividend paid	-	-	-	-	-	-	-	-	-	(503,365)	<b>(503,365)</b>	-	<b>(503,365)</b>
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(143,346)	<b>(143,346)</b>
<b>As at 31 December 2017</b>	<b>5,089,000</b>	<b>(55,921)</b>	-	<b>4,637,786</b>	<b>(47,484)</b>	<b>(512,507)</b>	<b>173,166</b>	<b>(374,235)</b>	<b>(141,664)</b>	<b>(312,739)</b>	<b>8,455,402</b>	<b>8,843,790</b>	<b>17,299,192</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## CONSOLIDATED CASH FLOW STATEMENT

In Rs. '000	Un-audited 09 months to 31-12-2018	Un-audited 09 months to 31-12-2017	Audited 12 months to 31-03-2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax from continuing operations	617,868	2,102,791	3,092,402
<b>Adjustments for:</b>			
Finance income	(871,668)	(879,468)	(1,103,805)
Finance cost	4,625,783	4,371,234	5,959,866
Change in fair value of investment property	-	-	(198,000)
Share of results of equity accounted investees	(3,668)	(15,323)	(19,787)
Gratuity provision and related cost	159,008	146,602	218,953
Provisions for/ write-off of impaired receivables	256,262	114,779	252,445
Provision for write-off of inventories	53,044	77,584	108,930
Provisions for/ write-off of loans and advances	5,778	7,955	102,829
Provisions for/ write-off of investments in lease and hire purchase	14,561	(39,343)	(18,091)
Depreciation of property, plant and equipment	1,853,061	1,694,947	2,284,583
Profit on sale of property, plant and equipment	(7,004)	(12,098)	(19,558)
Loss/ (profit) on sale of investments	75,145	(185,500)	(335,499)
Unrealised (profit)/ loss on foreign exchange	11,170	(28,171)	19,271
Amortisation/ impairment of intangible assets	261,700	268,919	358,068
Amortisation of prepaid lease rentals	867	827	1,116
Increase/ (decrease) in deferred income	(38,788)	(40,834)	(7,483)
Impairment & derecognition of property, plant & equipment	15,499	8,778	18,705
<b>Profit before working capital changes</b>	<b>7,028,618</b>	<b>7,593,679</b>	<b>10,714,945</b>
(Increase) / decrease in inventories	(749,827)	(294,612)	(2,255,849)
(Increase) / decrease in trade and other receivables	(1,559,316)	(1,457,318)	(3,125,663)
(Increase) / decrease in loans and advances	335,734	1,312,104	1,092,599
(Increase) / decrease in investments in lease and hire purchase	(472,906)	(98,081)	(720,680)
(Increase) / decrease in other current assets	(2,485,595)	(2,131,099)	(735,564)
(Increase) / decrease in amounts due from related parties	(2,821)	(423)	(474)
Increase / (decrease) in trade and other payables	(44,037)	838,976	295,561
Increase / (decrease) in amounts due to related parties	1,077	(4,908)	(10,000)
Increase / (decrease) in other current liabilities	441,954	(90,763)	(11,009)
Increase / (decrease) in public deposits	(420,180)	905,111	265,973
Increase / (decrease) in insurance contract liabilities	1,419,977	1,328,415	576,033
<b>Cash generated from/ (used in) operations</b>	<b>3,492,678</b>	<b>7,901,081</b>	<b>6,085,872</b>
Finance income received	898,658	416,480	947,843
Finance expenses paid	(4,369,556)	(4,289,847)	(5,899,483)
Dividend received	35,045	3,015	3,015
Tax paid	(725,477)	(817,963)	(1,265,120)
Gratuity paid	(92,058)	(69,845)	(87,901)
<b>Net cash flow from/ (used in) operating activities</b>	<b>(760,710)</b>	<b>3,142,921</b>	<b>(215,774)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase and construction of property, plant and equipment	(4,116,987)	(3,285,495)	(4,510,011)
Addition to investment property	(18,225)	-	(3,300)
Addition to intangible assets	(100,629)	(119,645)	(256,485)
(Increase)/ decrease in other non-current assets	(1,618,530)	(103,199)	(691,957)
(Purchase) / disposal of short term investments (net)	(1,208,681)	(1,378,883)	(1,125,217)
Dividends received	11,491	41,015	68,279
(Purchase) / disposal of non-current financial assets	(1,179,934)	778,362	991,812
Acquisition of subsidiaries (A)	(948,259)	(215,100)	(214,050)
Increase in interest in subsidiaries	(384,050)	(460,997)	(513,932)
Proceeds from disposal of controlling interest	-	582,336	794,836
Proceeds from sale of treasury shares (net)	-	-	89,863
Proceeds from sale of property, plant and equipment	41,233	80,088	59,385
<b>Net cash flow used in investing activities</b>	<b>(9,522,571)</b>	<b>(4,081,518)</b>	<b>(5,310,777)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from issue of equity shares	3,923,852	-	3,106,383
Dividend paid to non-controlling interest	(31,025)	(143,346)	(615,648)
Proceeds from long term borrowings	4,700,862	1,672,901	3,878,419
Repayment of long term borrowings	(5,627,323)	(4,947,719)	(6,697,977)
(Increase) / decrease in other non-current financial liabilities	(7,293)	403	84,339
Proceeds from / (repayment of) other current financial liabilities (net)	480,576	8,476,956	11,297,002
Dividend paid to equity holders of parent	(596,272)	(503,365)	(503,365)
<b>Net cash flow from financing activities</b>	<b>2,843,377</b>	<b>4,555,830</b>	<b>10,549,153</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,439,904)</b>	<b>3,617,233</b>	<b>5,022,602</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>5,888,960</b>	<b>866,428</b>	<b>866,428</b>
Effect of exchange rate changes	59	(64)	(70)
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>(1,550,885)</b>	<b>4,483,597</b>	<b>5,888,960</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
<b>Favourable balances</b>			
Cash in hand and at Bank	3,189,309	5,206,646	6,151,833
Short term investments	3,001,338	3,423,252	4,382,344
<b>Unfavourable balances</b>			
Bank overdrafts	(7,741,532)	(4,146,301)	(4,645,217)
<b>Cash and cash equivalents</b>	<b>(1,550,885)</b>	<b>4,483,597</b>	<b>5,888,960</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## CONSOLIDATED CASH FLOW STATEMENT

### (A) Obtaining control of subsidiaries

#### During FY 1819

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

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

#### During FY 1718

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

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

In Rs. '000	2018	2017
<b>For the nine months ended 31 December</b>		
Property, plant and equipment	<b>701,198</b>	106,052
Lease rentals paid in advance	-	3,884
Intangible assets	<b>1,971</b>	-
Non-current financial assets	-	27,655
Other non-current assets	<b>41,525</b>	-
Inventories	<b>189,596</b>	123,655
Trade and other receivables	<b>198,839</b>	98,250
Income tax refund due	-	7,328
Other current assets	-	31,775
Cash in hand and at bank	<b>42,273</b>	-
Interest bearing borrowings	<b>(243,913)</b>	(10,654)
Deferred tax liabilities	<b>(53,018)</b>	-
Employee benefit liabilities	<b>(22,230)</b>	(5,803)
Other non-current financial liabilities	-	(9,323)
Trade and other payables	<b>(270,095)</b>	-
Other current financial liabilities	-	(254,963)
Other current liabilities	-	(16,368)
Bank overdrafts	<b>(240,532)</b>	(50,100)
Net identifiable assets	<b>345,614</b>	51,388
Non controlling interest holding	<b>227,625</b>	18
Intangible recognised on acquisition	<b>360,690</b>	131,064
	<b>933,929</b>	182,470
Investment by Non controlling interest	<b>(183,929)</b>	(17,470)
	<b>750,000</b>	165,000
<b>Total purchase price paid</b>		
Cash consideration	<b>750,000</b>	165,000
Cash at bank and in hand acquired	<b>198,259</b>	50,100
	<b>948,259</b>	215,100

# Softlogic Holdings PLC

## COMPANY INCOME STATEMENT

In Rs. '000	Un-audited 09 months to 31-12-2018	Un-audited 09 months to 31-12-2017	Change as a %	Un-audited 03 months to 31-12-2018	Un-audited 03 months to 31-12-2017	Change as a %	Audited 12 months to 31-03-2018
Revenue	482,198	488,726	(1.34)	161,510	161,220	0.18	649,823
Cost of sales	(178,778)	(159,599)	12.02	(64,782)	(54,701)	18.43	(216,633)
<b>Gross profit</b>	<b>303,420</b>	<b>329,127</b>	<b>(7.81)</b>	<b>96,728</b>	<b>106,519</b>	<b>(9.19)</b>	<b>433,190</b>
Dividend income	51,006	195,065	(73.85)	-	190,279	(100.00)	893,013
Other operating income	19,244	35,650	(46.02)	(1,362)	13,496	(110.09)	4,634,942
Administrative expenses	(357,233)	(323,463)	10.44	(129,907)	(120,729)	7.60	(523,053)
<b>Results from operating activities</b>	<b>16,437</b>	<b>236,379</b>	<b>(93.05)</b>	<b>(34,541)</b>	<b>189,565</b>	<b>(118.22)</b>	<b>5,438,092</b>
Finance income	1,043,386	793,314	31.52	488,090	357,688	36.46	1,122,857
Finance expenses	(1,860,506)	(1,943,688)	(4.28)	(783,953)	(775,882)	1.04	(2,695,998)
<b>Net finance cost</b>	<b>(817,120)</b>	<b>(1,150,374)</b>	<b>(28.97)</b>	<b>(295,863)</b>	<b>(418,194)</b>	<b>(29.25)</b>	<b>(1,573,141)</b>
Change in fair value of investment property	-	-	-	-	-	-	92,475
<b>Profit/ (loss) before tax</b>	<b>(800,683)</b>	<b>(913,995)</b>	<b>(12.40)</b>	<b>(330,404)</b>	<b>(228,629)</b>	<b>44.52</b>	<b>3,957,426</b>
Tax expense	(55,117)	(104,233)	(47.12)	(17,381)	(56,036)	(68.98)	(258,757)
<b>Profit/ (loss) for the period</b>	<b>(855,800)</b>	<b>(1,018,228)</b>	<b>(15.95)</b>	<b>(347,785)</b>	<b>(284,665)</b>	<b>22.17</b>	<b>3,698,669</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## STATEMENT OF COMPREHENSIVE INCOME

In Rs. '000	Un-audited 09 months to 31-12-2018	Un-audited 09 months to 31-12-2017	Change as a %	Un-audited 03 months to 31-12-2018	Un-audited 03 months to 31-12-2017	Change as a %	Audited 12 months to 31-03-2018
<b>Profit/ (loss) for the period</b>	<b>(855,800)</b>	<b>(1,018,228)</b>	<b>(15.95)</b>	<b>(347,785)</b>	<b>(284,665)</b>	<b>22.17</b>	<b>3,698,669</b>
<b>Other comprehensive income</b>							
<b>Other comprehensive income not to be reclassified to income statement in subsequent periods</b>							
Actuarial loss on retirement benefits	-	-	-	-	-	-	(10,219)
Net other comprehensive loss not to be reclassified to income statement in subsequent periods	-	-	-	-	-	-	(10,219)
Tax on other comprehensive income	-	-	-	-	-	-	2,861
<b>Other comprehensive loss for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,358)</b>
<b>Total comprehensive income/ (loss) for the period, net of tax</b>	<b>(855,800)</b>	<b>(1,018,228)</b>	<b>(15.95)</b>	<b>(347,785)</b>	<b>(284,665)</b>	<b>22.17</b>	<b>3,691,311</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## COMPANY STATEMENT OF FINANCIAL POSITION

In Rs. '000	Un-audited as at 31-12-2018	Un-audited as at 31-12-2017	Audited as at 31-03-2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	179,455	202,302	208,459
Investment property	704,000	611,525	704,000
Intangible assets	1,367	1,179	593
Investments in subsidiaries	20,028,700	15,229,602	19,856,700
Investments in associates	11,000	11,000	11,000
Other non current financial assets	1,394,616	721,109	828,355
	<b>22,319,138</b>	<b>16,776,717</b>	<b>21,609,107</b>
<b>Current assets</b>			
Trade and other receivables	468,511	522,914	362,930
Amounts due from related parties	12,796,750	8,738,326	8,588,380
Other current assets	91,645	17,172	16,709
Short term investments	132,357	1,701,043	1,719,676
Cash in hand and at bank	185,616	189,183	2,916,160
	<b>13,674,879</b>	<b>11,168,638</b>	<b>13,603,855</b>
<b>Total assets</b>	<b>35,994,017</b>	<b>27,945,355</b>	<b>35,212,962</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	12,119,235	5,089,000	8,195,383
Revenue reserves	3,741,064	483,597	5,193,136
<b>Total equity</b>	<b>15,860,299</b>	<b>5,572,597</b>	<b>13,388,519</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	5,646,234	6,692,489	7,453,907
Deferred tax liabilities	157,916	23,696	157,916
Employee benefit liabilities	75,143	53,961	68,252
Other deferred liabilities	84,685	120,721	111,712
Other non current financial liabilities	186,200	186,200	186,200
	<b>6,150,178</b>	<b>7,077,067</b>	<b>7,977,987</b>
<b>Current liabilities</b>			
Trade and other payables	26,175	44,274	44,415
Amounts due to related parties	69,293	8,278	17,877
Income tax liabilities	11,269	45,000	33,309
Other current financial liabilities	10,368,580	12,499,749	10,526,355
Current portion of interest bearing borrowings	3,219,481	2,598,435	2,984,531
Other current liabilities	87,726	90,637	86,221
Bank overdrafts	201,016	9,318	153,748
	<b>13,983,540</b>	<b>15,295,691</b>	<b>13,846,456</b>
<b>Total equity and liabilities</b>	<b>35,994,017</b>	<b>27,945,355</b>	<b>35,212,962</b>

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

**-sgd-**

Group Chief Financial Officer

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

**-sgd-**

Chairman

**-sgd-**

Director

15 February 2019  
Colombo

# Softlogic Holdings PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY

### COMPANY

In Rs. '000	Stated capital	Revenue reserve	Total
<b>As at 01 April 2018</b>	8,195,383	5,193,136	<b>13,388,519</b>
Loss for the period	-	(855,800)	<b>(855,800)</b>
<b>Total comprehensive income</b>	-	(855,800)	<b>(855,800)</b>
Issue of shares	3,923,852	-	<b>3,923,852</b>
Dividend paid	-	(596,272)	<b>(596,272)</b>
<b>As at 31 December 2018</b>	<b>12,119,235</b>	<b>3,741,064</b>	<b>15,860,299</b>
<b>As at 01 April 2017</b>	5,089,000	2,008,175	<b>7,097,175</b>
Loss for the period	-	(1,018,228)	<b>(1,018,228)</b>
<b>Total comprehensive income</b>	-	(1,018,228)	<b>(1,018,228)</b>
Dividend paid	-	(506,350)	<b>(506,350)</b>
<b>As at 31 December 2017</b>	<b>5,089,000</b>	<b>483,597</b>	<b>5,572,597</b>

Note : Figures in brackets indicate deductions.

# Softlogic Holdings PLC

## COMPANY STATEMENT OF CASH FLOW

In Rs. '000	Un-audited 09 months to 31-12-2018	Un-audited 09 months to 31-12-2017	Audited 12 months to 31-03-2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/ (loss) before tax	(800,683)	(913,995)	3,957,426
<b>Adjustments for:</b>			
Finance income	(1,043,386)	(793,314)	(1,122,857)
Dividend income	(51,006)	(195,065)	(893,013)
Finance cost	1,860,506	1,943,688	2,695,998
Change in fair value of investment property	-	-	(92,475)
Gratuity provision and related costs	9,523	7,233	13,222
Provisions for/ write-off of impaired receivables	-	-	64,000
Provisions for/ write off of impaired investments	-	-	24,900
Depreciation of property, plant and equipment	27,277	26,987	36,039
Profit on sale of property, plant and equipment	(2,342)	(8,095)	(10,100)
Loss/ (profit) on sale of investments	10,575	-	(4,588,114)
Amortisation/ impairment of intangible assets	1,983	2,238	5,738
Increase / (decrease) in deferred income	(27,027)	(27,027)	(36,036)
<b>Profit before working capital changes</b>	<b>(14,580)</b>	<b>42,650</b>	<b>54,728</b>
(Increase) / decrease in trade and other receivable	(105,581)	120,689	90,394
(Increase) / decrease in other current assets	(70,288)	(1,663)	120
(Increase) / decrease in amount due from related parties	(4,944,631)	(3,783,542)	(3,495,009)
Increase / (decrease) in trade and other payables	(18,239)	20,141	20,282
Increase / (decrease) in amount due to related parties	49,415	(59,786)	(50,186)
Increase / (decrease) in other current liabilities	1,505	17,287	12,872
<b>Cash generated used in operations</b>	<b>(5,102,399)</b>	<b>(3,644,224)</b>	<b>(3,366,799)</b>
Finance income received	1,069,905	755,289	1,067,003
Finance expenses paid	(1,783,389)	(1,936,022)	(2,689,213)
Dividend received	51,006	4,786	893,013
Tax paid	(81,805)	(114,467)	(136,584)
Gratuity paid	(2,632)	(2,402)	(4,319)
<b>Net cash flow used in operating activities</b>	<b>(5,849,314)</b>	<b>(4,937,040)</b>	<b>(4,236,899)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase and construction of property, plant and equipment	(1,385)	(32,715)	(49,384)
Addition to investment property	-	(2,140)	(2,140)
Addition to intangible assets	(2,757)	(2,377)	(2,377)
(Purchase) / disposal of short term investments (net)	1,550,225	2,012	1,208
(Purchase) / disposal of other non current financial assets	-	-	(341,522)
Increase in interest in subsidiaries	-	(141,303)	(179,381)
Proceeds from sale of property, plant and equipment	5,453	12,808	16,241
<b>Net cash flow used in investing activities</b>	<b>1,551,536</b>	<b>(163,715)</b>	<b>(557,355)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from issue of shares	3,923,852	-	3,106,383
Proceeds from long term borrowings	201,220	66,930	1,866,930
Repayment of long term borrowings	(1,851,059)	(1,873,669)	(2,530,612)
Proceeds from / (repayment of) short term borrowings (net)	(157,775)	8,051,752	6,078,358
Dividend paid to equity holders of parent	(596,272)	(506,350)	(506,350)
<b>Net cash flow from financing activities</b>	<b>1,519,966</b>	<b>5,738,663</b>	<b>8,014,709</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,777,812)</b>	<b>637,908</b>	<b>3,220,455</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>2,762,412</b>	<b>(458,043)</b>	<b>(458,043)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>(15,400)</b>	<b>179,865</b>	<b>2,762,412</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
<b>Favourable balances</b>			
Cash in hand and at bank	185,616	189,183	2,916,160
<b>Unfavourable balances</b>			
Bank overdrafts	(201,016)	(9,318)	(153,748)
<b>Cash and cash equivalents</b>	<b>(15,400)</b>	<b>179,865</b>	<b>2,762,412</b>

Note : Figures in brackets indicate deductions.



# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### OPERATING SEGMENT INFORMATION

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

REVENUE AND PROFIT In Rs. '000 For the nine months ended 31 December	Information Technology		Leisure & Property		Retail & Telecommunication		Automobiles		Financial Services		Healthcare Services		Others		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<b>Continuing operations</b>															
Revenue																
Total revenue	3,314,958	2,929,471	2,072,015	1,831,275	28,857,374	28,363,529	1,586,821	1,313,478	10,009,097	8,049,870	10,201,017	9,283,893	506,682	509,418	56,547,964	52,280,934
Inter group	(432,998)	(363,676)	(136,378)	(92,258)	(1,506,521)	(1,548,574)	(49,094)	(51,643)	(34,533)	(10,682)	(307,046)	(289,195)	(497,308)	(501,106)	(2,963,878)	(2,857,134)
<b>Total external revenue</b>	<b>2,881,960</b>	<b>2,565,795</b>	<b>1,935,637</b>	<b>1,739,017</b>	<b>27,350,853</b>	<b>26,814,955</b>	<b>1,537,727</b>	<b>1,261,835</b>	<b>9,974,564</b>	<b>8,039,188</b>	<b>9,893,971</b>	<b>8,994,698</b>	<b>9,374</b>	<b>8,312</b>	<b>53,584,086</b>	<b>49,423,800</b>
Operating profit/ (loss)	208,423	146,303	(48,478)	(25,889)	2,194,135	2,755,301	(29,506)	(8,102)	1,356,000	1,370,344	2,393,738	2,787,539	(251,020)	(117,847)	5,823,292	6,907,649
Finance income	260	480	4,531	2,148	88,123	70,271	123	114	721,462	771,925	19,092	33,091	38,077	1,439	871,668	879,468
Finance cost	(154,534)	(69,945)	(706,932)	(378,305)	(1,921,649)	(1,782,315)	(131,615)	(88,121)	(235,269)	(201,646)	(646,256)	(658,796)	(829,528)	(1,192,106)	(4,625,783)	(4,371,234)
Share of results of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(10,980)	(5,184)	14,648	20,507	3,668	15,323
Change in insurance contract liabilities	-	-	-	-	-	-	-	-	(1,454,977)	(1,328,415)	-	-	-	-	(1,454,977)	(1,328,415)
<b>Profit/ (loss) before taxation</b>	<b>54,149</b>	<b>76,838</b>	<b>(750,879)</b>	<b>(402,046)</b>	<b>360,609</b>	<b>1,043,257</b>	<b>(160,998)</b>	<b>(96,109)</b>	<b>387,216</b>	<b>612,208</b>	<b>1,755,594</b>	<b>2,156,650</b>	<b>(1,027,823)</b>	<b>(1,288,007)</b>	<b>617,868</b>	<b>2,102,791</b>
Tax expense	(12,735)	(9,141)	691	58	(179,416)	(283,942)	-	22	2,167,801	369,843	(430,957)	(425,271)	(63,682)	(123,403)	1,481,702	(471,834)
<b>Profit/ (loss) after taxation</b>	<b>41,414</b>	<b>67,697</b>	<b>(750,188)</b>	<b>(401,988)</b>	<b>181,193</b>	<b>759,315</b>	<b>(160,998)</b>	<b>(96,087)</b>	<b>2,555,017</b>	<b>982,051</b>	<b>1,324,637</b>	<b>1,731,379</b>	<b>(1,091,505)</b>	<b>(1,411,410)</b>	<b>2,099,570</b>	<b>1,630,957</b>
Depreciation of property, plant & equipment (PPE)	45,631	49,803	459,101	401,395	508,349	363,849	27,512	63,617	138,996	129,154	646,007	659,871	27,465	27,258	1,853,061	1,694,947
Amortisation of lease rentals paid in advance	-	-	-	-	89	49	-	-	-	-	778	778	-	-	867	827
Amortisation/ impairment of intangible assets	11,781	6,330	16,368	13,228	57,743	61,698	-	-	167,382	179,633	6,443	6,391	1,983	1,639	261,700	268,919
Retirement benefit obligations and related cost	11,229	10,860	5,873	6,033	41,053	37,870	1,490	1,575	20,237	20,477	69,380	62,331	9,746	7,456	159,008	146,602
Purchase and construction of PPE	24,467	135,210	95,807	328,759	1,576,068	1,145,844	2,862	39,233	127,495	170,127	2,288,707	1,431,244	1,581	35,078	4,116,987	3,285,495
Additions to intangible assets	62,662	83,080	-	15,547	35,210	18,315	-	-	-	326	-	-	2,757	2,377	100,629	119,645

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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<b>Continuing operations</b>															
Revenue																
Total revenue	1,258,377	1,493,925	808,321	713,247	10,294,228	10,547,522	1,084,685	370,143	3,632,840	2,920,737	3,559,003	3,155,543	169,591	168,223	20,807,045	19,369,340
Inter group	(151,296)	(104,636)	(39,408)	(32,127)	(585,041)	(601,259)	(9,549)	(24,766)	(32,693)	(2,875)	(111,328)	(100,520)	(166,383)	(165,374)	(1,095,698)	(1,031,557)
<b>Total external revenue</b>	<b>1,107,081</b>	<b>1,389,289</b>	<b>768,913</b>	<b>681,120</b>	<b>9,709,187</b>	<b>9,946,263</b>	<b>1,075,136</b>	<b>345,377</b>	<b>3,600,147</b>	<b>2,917,862</b>	<b>3,447,675</b>	<b>3,055,023</b>	<b>3,208</b>	<b>2,849</b>	<b>19,711,347</b>	<b>18,337,783</b>
Operating profit/ (loss)	88,787	64,013	(1,662)	69,585	624,355	1,030,412	(13,803)	1,036	520,624	550,492	824,955	1,278,990	(102,475)	(139,193)	1,940,781	2,855,335
Finance income	76	(1,657)	663	723	53,163	17,713	50	38	364,785	267,761	2,209	24,229	60	(628)	421,006	308,179
Finance cost	(71,032)	(27,220)	(247,302)	(123,280)	(860,151)	(671,850)	(50,298)	(37,765)	(93,245)	(68,705)	(228,896)	(216,966)	(398,991)	(484,142)	(1,949,915)	(1,629,928)
Share of results of equity accounted investments	-	-	-	-	-	-	-	-	-	-	(5,976)	(2,257)	1,386	8,800	(4,590)	6,543
Change in insurance contract liabilities	-	-	-	-	-	-	-	-	(644,451)	(455,107)	-	-	-	-	(644,451)	(455,107)
<b>Profit/ (loss) before taxation</b>	<b>17,831</b>	<b>35,136</b>	<b>(248,301)</b>	<b>(52,972)</b>	<b>(182,633)</b>	<b>376,275</b>	<b>(64,051)</b>	<b>(36,691)</b>	<b>147,713</b>	<b>294,441</b>	<b>592,292</b>	<b>1,083,996</b>	<b>(500,020)</b>	<b>(615,163)</b>	<b>(237,169)</b>	<b>1,085,022</b>
Tax expense	(6,063)	(5,056)	(81)	(45,000)	59,693	(123,557)	-	-	23,530	406,594	(148,890)	(291,837)	(18,000)	(73,075)	(89,811)	(131,931)
<b>Profit/ (loss) after taxation</b>	<b>11,768</b>	<b>30,080</b>	<b>(248,382)</b>	<b>(97,972)</b>	<b>(122,940)</b>	<b>252,718</b>	<b>(64,051)</b>	<b>(36,691)</b>	<b>171,243</b>	<b>701,035</b>	<b>443,402</b>	<b>792,159</b>	<b>(518,020)</b>	<b>(688,238)</b>	<b>(326,980)</b>	<b>953,091</b>
Depreciation of property, plant & equipment (PPE)	14,420	23,664	173,513	89,969	192,407	131,736	9,744	8,791	46,703	48,809	221,937	207,890	9,099	9,673	667,823	520,532
Amortisation of lease rentals paid in advance	-	-	-	-	30	30	-	-	-	-	259	259	-	-	289	289
Amortisation/ impairment of intangible assets	4,942	(16,516)	5,462	3,350	19,399	13,897	-	-	54,538	70,234	2,182	2,130	1,390	-	87,913	73,095
Retirement benefit obligations and related cost	3,519	3,620	2,033	(1,244)	8,499	8,175	549	555	2,777	6,050	23,477	20,791	3,258	2,485	44,112	40,432
Purchase and construction of PPE	9,775	126,748	20,790	44,183	550,773	174,091	949	289	52,666	67,708	931,117	642,729	263	11,411	1,566,333	1,067,159
Additions to intangible assets	37,073	-	-	-	2,187	-	-	-	-	-	-	-	2,757	-	42,017	-

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

Rs. '000 As at 31 December	Information Technology		Leisure & Property		Retail		Automobiles		Financial Services		Healthcare Services		Others		Group	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Property, plant and equipment	82,420	211,781	10,620,091	11,078,619	6,312,289	7,869,218	291,851	286,822	1,120,237	1,062,332	19,275,739	15,091,272	180,105	202,893	37,882,732	35,802,937
Lease rentals paid in advance	-	-	-	-	3,715	3,834	-	-	-	-	801,019	851,945	-	-	804,734	855,779
Investment property	196,841	205,530	1,612,440	1,100,000	5,031,525	1,442,000	-	-	-	-	166,537	-	704,000	611,525	7,711,343	3,359,055
Intangible assets	378,546	307,959	23,622	32,063	394,438	316,741	-	-	91,097	117,963	726	-	1,367	1,179	889,796	775,905
Non-current financial assets	45,706	-	-	-	1,227,645	751,014	-	-	13,753,359	10,864,093	348,989	343,272	-	-	15,375,699	11,958,379
Rental receivable on lease assets and hire purchase	-	-	-	-	-	-	-	-	1,547,941	807,721	-	-	-	-	1,547,941	807,721
Other non-current assets	1,374	2,509	2,017,185	11,030	558,279	313,486	4,637	4,637	3,500	3,500	3,583	4,583	-	2,588,558	339,745	
<b>Segment non-current assets</b>	<b>704,887</b>	<b>727,779</b>	<b>14,273,338</b>	<b>12,221,712</b>	<b>13,527,891</b>	<b>10,696,293</b>	<b>296,488</b>	<b>291,459</b>	<b>16,516,134</b>	<b>12,855,609</b>	<b>20,596,593</b>	<b>16,291,072</b>	<b>885,472</b>	<b>815,597</b>	<b>66,800,803</b>	<b>53,899,521</b>
Investments in equity accounted investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74,803	107,502
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,601,193	4,238,385
Intangible assets through business combinations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,321,529	3,536,737
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,052,512	923,641
Eliminations/ adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(72,743)	(62,137)
<b>Total non-current assets</b>	<b>704,887</b>	<b>727,779</b>	<b>14,273,338</b>	<b>12,221,712</b>	<b>13,527,891</b>	<b>10,696,293</b>	<b>296,488</b>	<b>291,459</b>	<b>16,516,134</b>	<b>12,855,609</b>	<b>20,596,593</b>	<b>16,291,072</b>	<b>885,472</b>	<b>815,597</b>	<b>77,778,097</b>	<b>62,643,649</b>
Inventories	699,400	622,374	1,278,611	997,446	9,051,744	6,521,610	425,289	437,713	187,094	131,248	494,778	610,256	-	-	12,136,916	9,320,647
Trade and other receivables	886,901	1,113,108	259,187	242,153	8,597,224	6,655,379	617,018	453,804	1,841,787	864,186	656,231	573,961	12,578	13,087	12,870,926	9,915,678
Loans and advances	-	-	-	-	-	-	-	-	9,051,196	11,267,843	-	-	-	-	9,051,196	11,267,843
Rental receivable on lease assets and hire purchase	-	-	-	-	-	-	-	-	476,941	157,644	-	-	-	-	476,941	157,644
Other current assets	91,191	150,358	187,598	201,369	3,089,885	3,522,278	660,594	101,643	1,019,955	1,165,931	700,523	661,364	34,184	17,324	5,783,930	5,820,267
Short term investments	102	102	342	323	22,166	30,192	1,500	1,500	6,677,849	6,341,555	318	225,965	132,601	133,762	6,834,878	6,733,399
Cash in hand and at bank	34,887	50,876	218,805	397,941	1,115,802	1,070,089	119,716	13,993	1,283,629	2,081,834	228,952	1,390,739	187,518	201,174	3,189,309	5,206,646
<b>Segment current assets</b>	<b>1,712,481</b>	<b>1,936,818</b>	<b>1,944,543</b>	<b>1,839,232</b>	<b>21,876,821</b>	<b>17,799,548</b>	<b>1,824,117</b>	<b>1,008,653</b>	<b>20,538,451</b>	<b>22,010,241</b>	<b>2,080,802</b>	<b>3,462,285</b>	<b>366,881</b>	<b>365,347</b>	<b>50,344,096</b>	<b>48,422,124</b>
Amounts due from related parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,628	757
<b>Total current assets</b>	<b>1,712,481</b>	<b>1,936,818</b>	<b>1,944,543</b>	<b>1,839,232</b>	<b>21,876,821</b>	<b>17,799,548</b>	<b>1,824,117</b>	<b>1,008,653</b>	<b>20,538,451</b>	<b>22,010,241</b>	<b>2,080,802</b>	<b>3,462,285</b>	<b>366,881</b>	<b>365,347</b>	<b>50,347,724</b>	<b>48,422,881</b>
<b>Total assets</b>															<b>128,125,821</b>	<b>111,066,530</b>
Insurance contract liabilities	-	-	-	-	-	-	-	-	8,612,568	7,944,973	-	-	-	-	8,612,568	7,944,973
Interest bearing borrowings	54,856	77,871	7,350,767	6,052,457	3,260,188	3,348,345	19,676	45,078	1,576,190	3,366,955	5,854,290	6,526,199	5,646,233	6,692,490	23,762,200	26,109,395
Public deposits	-	-	-	-	-	-	-	-	3,840,648	3,811,335	-	-	-	-	3,840,648	3,811,335
Employee benefit liabilities	116,904	90,717	27,046	17,025	235,349	170,505	8,720	5,692	144,167	110,016	508,008	433,575	76,252	54,509	1,116,446	882,039
Other deferred liabilities	10,999	2,983	-	-	10,187	1,616	-	-	-	-	-	-	84,685	120,721	105,871	125,320
Other non-current financial liabilities	-	-	110,778	30,966	4,430	7,610	-	-	-	-	-	-	-	-	115,208	38,576
<b>Segment non-current liabilities</b>	<b>182,759</b>	<b>171,571</b>	<b>7,488,591</b>	<b>6,100,448</b>	<b>3,510,154</b>	<b>3,528,076</b>	<b>28,396</b>	<b>50,770</b>	<b>14,173,573</b>	<b>15,233,279</b>	<b>6,362,298</b>	<b>6,959,774</b>	<b>5,807,170</b>	<b>6,867,720</b>	<b>37,552,941</b>	<b>38,911,638</b>
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,933,587	447,509
<b>Total non-current liabilities</b>	<b>182,759</b>	<b>171,571</b>	<b>7,488,591</b>	<b>6,100,448</b>	<b>3,510,154</b>	<b>3,528,076</b>	<b>28,396</b>	<b>50,770</b>	<b>14,173,573</b>	<b>15,233,279</b>	<b>6,362,298</b>	<b>6,959,774</b>	<b>5,807,170</b>	<b>6,867,720</b>	<b>40,486,528</b>	<b>39,359,147</b>
Trade and other payables	1,033,774	1,300,305	599,523	427,137	3,088,958	3,482,113	17,311	3,519	1,417,091	1,405,468	1,322,070	1,149,573	27,076	24,605	7,505,803	7,792,720
Other current financial liabilities	743,876	802,202	39,599	192,272	20,597,748	12,892,455	1,324,736	665,822	1,114,055	9,357	-	-	10,368,580	12,499,749	34,188,594	27,061,857
Current portion of interest bearing borrowings	26,349	24,000	1,239,251	821,594	1,687,899	1,557,998	28,105	28,218	1,687,842	458,360	1,704,922	1,214,938	3,219,480	2,598,435	9,593,848	6,703,543
Other current liabilities	138,764	145,015	706,256	332,479	456,753	413,188	28,629	2,858	430,178	338,384	43,921	24,874	87,757	90,868	1,892,258	1,347,666
Public deposits	-	-	-	-	-	-	-	-	12,040,643	13,129,274	-	-	-	-	12,040,643	13,129,274
Bank overdrafts	97,199	15,949	575,582	560,413	1,695,261	1,165,631	24,623	44,442	1,589,835	498,685	3,572,558	1,851,864	186,474	9,317	7,741,532	4,146,301
<b>Segment current liabilities</b>	<b>2,039,962</b>	<b>2,287,471</b>	<b>3,160,211</b>	<b>2,333,895</b>	<b>27,526,619</b>	<b>19,511,385</b>	<b>1,423,404</b>	<b>744,859</b>	<b>18,279,644</b>	<b>15,839,528</b>	<b>6,643,471</b>	<b>4,241,249</b>	<b>13,889,367</b>	<b>15,222,974</b>	<b>72,962,678</b>	<b>60,181,361</b>
Income tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	227,996	487,874
Amounts due to related parties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,642	12,657
Eliminations/ adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,100,513)	(6,273,701)
<b>Total current liabilities</b>	<b>2,039,962</b>	<b>2,287,471</b>	<b>3,160,211</b>	<b>2,333,895</b>	<b>27,526,619</b>	<b>19,511,385</b>	<b>1,423,404</b>	<b>744,859</b>	<b>18,279,644</b>	<b>15,839,528</b>	<b>6,643,471</b>	<b>4,241,249</b>	<b>13,889,367</b>	<b>15,222,974</b>	<b>63,098,803</b>	<b>54,408,191</b>
<b>Total liabilities</b>															<b>103,585,331</b>	<b>93,767,338</b>
Total segment assets	2,417,368	2,664,597	16,217,881	14,060,944	35,404,712	28,495,841	2,120,605	1,300,112	37,054,585	34,865,850	22,677,395	19,753,357	1,252,353	1,180,944	117,144,899	102,321,645
Total segment liabilities	2,222,721	2,459,042	10,648,802	8,434,343	31,036,773	23,039,461	1,451,800	795,629	32,453,217	31,072,807	13,005,769	11,201,023	19,696,537	22,090,694	110,515,619	99,092,999

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

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

The interim financial statements of the Group and the Company for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 15 February 2019.

### 2. BASIS OF PREPARATION

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

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

The interim financial statements are presented in Sri Lankan Rupees.

### 3. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

#### 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 January 2018.

Accordingly, as permitted by the above SoAT, the Group has prepared the Interim Financial Statements for the quarter ended 31 December 2018 based on LKAS 39.

### 4. TAX EXPENSE

In Rs. '000	Group		Company	
	2018	2017	2018	2017
<b>Income statement</b>				
Current income tax	771,510	898,095	55,117	104,233
Deferred tax charge/ (reversal)	(2,253,212)	(426,261)	-	-
	<b>(1,481,702)</b>	<b>471,834</b>	<b>55,117</b>	<b>104,233</b>

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

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

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 5. CHANGE IN LIFE INSURANCE CONTRACT LIABILITIES

#### 5.1 Valuation of Life Insurance Fund

Transfer of a sum of Rs. 466.00 mn from the Non Participating Life Insurance Fund/ Insurance Contract Liabilities to the shareholders' fund for the nine months ended 31 December 2018; transfer of the amount of Rs. 200.00 mn declared as surplus for the quarter ended 31 December 2018, 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 2018 were audited by Messrs. KPMG, Chartered Accountants.

#### 5.2 Transfer of One-off Surplus from Policyholder Fund to Shareholder Fund

The Insurance Regulatory Commission of Sri Lanka (IRCSL) has issued a Direction No 16 on 20 March 2018 on "Guidelines/ directions for Identification and Treatment of One-off Surplus" and has instructed all life insurance companies to comply with the new direction. Based on the new guidelines life insurance companies are directed to transfer the one-off surplus attributable to policyholder non-participating fund to shareholder fund in the reporting period ended 31 December 2017. The transfer has been presented as a separate line item in the Income Statement as "change in contract liability due to transfer of one-off surplus" and as a separate reserve in the Statement of Financial Position as "Restricted Regulatory Reserve" under equity in accordance with above Direction. As required by the said direction, the Company received approval for this transfer on 29 March 2018.

Further distribution of one-off surplus to shareholders, held as part of the "Restricted Regulatory Reserve", is subject to meeting governance requirements stipulated by the IRCSL and can only be released as dividends upon receiving approval from the IRCSL. The one-off surplus in the shareholder fund will remain invested in government debt securities and deposits as disclosed in Note 5.3 as per the directions of the IRCSL.

One-off surplus in respect of participating business is held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the shareholder fund by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No. 43 of 2000". Please refer Note 5.3 for details of assets supporting the restricted regulatory reserve as at 31 December 2018.

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

The distribution of one-off surplus to shareholders as dividends shall remain restricted until company develops appropriate policies and procedures for effective management of its business

#### 5.3 Composition of investments supporting the Restricted Regulatory Reserve as at 31 December 2018

In Rs. '000	Face value	Market value as at 31 December 2018 Rs. '000
<b>Government Securities</b>		
Treasury Bonds - LKB03044A010	100,000,000	<b>116,563</b>
<b>Deposits</b>		
Sampath Bank PLC	263,618,836	<b>279,520</b>
Sampath Bank PLC	125,000,000	<b>129,389</b>
Seylan Bank PLC	175,000,000	<b>181,145</b>
Hatton National Bank PLC	110,658,219	<b>117,201</b>
<b>Total market value of the assets</b>		<b>823,818</b>

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 6. SHARE INFORMATION

#### 6.1 Public share holdings

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

As at	31-12-2018
Public shareholding (%)	13.73
Public shareholders	10,626
Float adjusted market capitalization (Rs. Mn.)	3,520

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

#### 6.2 Directors' share holdings

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

As at	31-12-2018
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
Prof. A S Dharmasiri	Nil
A Russell-Davison	Nil
S Saraf	Nil
C K Gupta (alternate director to Mr. S Saraf)	Nil
	<b>707,535,093</b>

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

As at	Number of shares 31-12-2018	%
1 Mr. A K Pathirage	477,843,941	40.07
2 Samena Ceylon Holdings Ltd	247,432,455	20.75
3 Mr. H K Kaimal	80,439,792	6.75
4 Mr. R J Perera	75,437,508	6.33
5 Mr. G W D H U Gunawardena	71,333,852	5.98
6 Pemberton Asian Opportunities Fund	57,040,000	4.78
7 Samena Special Situations Fund III L.P.	53,553,654	4.49
8 Samena Special Situations Fund II L.P.	15,000,000	1.26
9 J. B. Cocoshell (Pvt) Ltd	8,068,054	0.68
10 Employees Provident Fund	7,230,500	0.61
11 Mrs. A Selliah	5,252,640	0.44
12 Mr. S J Fancy	4,960,000	0.42
13 Arunodhaya Industries (Private) Limited	4,757,864	0.40
14 Miss. S Subramaniam	4,712,000	0.40
15 Dr. K M P Karunaratne	4,684,171	0.39
16 Mrs. A Kailasapillai	4,512,000	0.38
17 Arunodhaya (Private) Limited	4,400,000	0.37
Arunodhaya Investments (Private) Limited	4,400,000	0.37
18 Mellon Bank N.A-Acadian Frontier Markets Equity Fund	4,310,457	0.36
19 Mr. K Aravinthan	3,801,018	0.32
20 Dr. S Selliah	2,480,000	0.21

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 7. STATED CAPITAL MOVEMENTS

#### 7.1 No of shares

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

#### 7.2 Value of shares

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

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

### 8. INVESTOR INFORMATION

#### 8.1 Market value of shares

**31-12-2018**

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

Closing price on (Rs.)	<b>21.50</b>
Highest price recorded for the three months ending (Rs.)	<b>22.20</b>
Lowest price recorded for the three months ending (Rs.)	<b>19.00</b>
Market Capitalisation (Rs. mn)	<b>25,639.68</b>

#### 8.2 Ratios

Net assets per share at the period end (Rs.)	<b>13.30</b>
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#### 8.3 Share trading information from 01 October 2018 to 31 December 2018

Number of shares traded	<b>21,426,946</b>
Value of shares traded (Rs. mn.)	<b>438.51</b>

### 9. CONTINGENCIES

#### CONTINGENT LIABILITIES

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

#### Asiri Surgical Hospital PLC

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

Since there is litigation in the Court of Appeal in CA (Writ) 386/2016 with regard to this matter, in accordance with Paragraph 92 of LKAS 37, the group is unable to provide further information on this and associated risks, in order not to impair the outcome and/ or prejudice the subsidiary's position in this matter. The aforesaid matter is coming up for argument on 15 February 2019 at the Court of Appeal.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

### 11. CAPITAL COMMITMENTS

As at 31 December 2018, the group had capital commitments contracted but not provided in the financial statements amounting to Rs. 13,072 mn (31 December 2017 - 9,630 mn).

### 12. EVENTS AFTER THE REPORTING PERIOD

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

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 13. RELATED PARTY TRANSACTIONS

#### 13.1 Transactions with related parties

In Rs. '000	Group		Company	
	09 months to 31-12-2018	09 months to 31-12-2017	09 months to 31-12-2018	09 months to 31-12-2017
<b>Subsidiaries</b>				
(Purchases) / sales of goods	-	-	(7,856)	(2,167)
(Receiving) / rendering of services	-	-	458,962	466,641
(Purchases) / sale of property plant & equipment	-	-	1,208	(21,588)
Loans given / (obtained)	-	-	2,473,332	2,904,952
Interest received / (paid)	-	-	854,318	581,481
Rent received / (paid)	-	-	40,515	40,063
Dividend received	-	-	15,920	192,050
Profit on disposal of shares	-	-	(10,575)	-
Guarantee charges received	-	-	102,973	136,719
Guarantees given / (obtained)	-	-	22,868,736	20,748,000
<b>Associates</b>				
(Purchases) / sale of property plant & equipment	9,459	11,846	-	-
(Receiving) / rendering of services	14,945	(3,561)	9,066	8,113
Dividend received	-	-	35,045	3,015
<b>Key management personnel</b>				
Loans given/ (received)	(2,966)	(7,396)	(1,992)	(1,992)
Guarantees given/ (received)	(410,000)	(510,000)	(100,000)	(100,000)
Loans given/ (customer deposits received)	(43,484)	(49,731)	-	-
Advances given/ (received)	(254,719)	(148,133)	-	-
<b>Close family members of KMP</b>				
(Receiving) / rendering of services	-	-	-	-

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

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

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



# Softlogic Holdings PLC

## CORPORATE INFORMATION

### Name of Company

Softlogic Holdings PLC

### Legal Form

Public Limited Liability Company.

Incorporated in Sri Lanka on 25 February 1998 as a Private Limited Liability Company under the Companies Act No. 17 of 1982.

Re-registered on 17 December 2007 as a Public Limited Liability Company under the Companies Act No. 07 of 2007.

The status of the Company was changed to a Public Limited Company on 10 December 2008. Subsequent to the listing of shares on the Main Board of Colombo Stock Exchange, the name of the Company was changed to Softlogic Holdings PLC on 25 August 2011.

### Company Registration No

PV 1536 PB/PQ

### Registered Office of the Company

14, De Fonseka Place,

Colombo 05

Sri Lanka

Tel : +94 11 5575 000

Fax : +94 11 2595 441

E-mail : info@softlogic.lk

Web : www.softlogic.lk

### Directors

A K Pathirage - Chairman/ Managing Director

G W D H U Gunawardena

H K Kaimal

R J Perera

M P R Rasool

Dr S Selliah

W M P L De Alwis, PC

G L H Premaratne

Prof. A S Dharmasiri

A Russell-Davison

S Saraf

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

J D N Kekulawala (appointed w.e.f. 09 January 2019)

### Audit Committee

J D N Kekulawala - Chairman

Dr S Selliah

Prof. A S Dharmasiri

W M P L De Alwis, PC

### Related Party Transaction Committee

Dr S Selliah - Chairman

H K Kaimal

W M P L De Alwis, PC

### HR and Remuneration Committee

Prof. A S Dharmasiri - Chairman

W M P L De Alwis, PC

G L H Premaratne

### Secretaries

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### Contact for Media

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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