



SOFTLOGIC HOLDINGS PLC

INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
31 DECEMBER 2016

Dear Shareholders,

I am pleased to report the third quarter financial performance of your Company for FY2016/17, despite the overall economic challenges prevailing in the country in terms of rising interest and tax rates and falling consumer confidence which affected retail and services.

Group's cumulative turnover crossed Rs. 45 Bn (up 9.9%) for period ending 31 December 2016 while the quarterly revenue improved marginally to Rs. 15.7 Bn. This slow growth was primarily due to the Group's substantial downsizing of 'Nokia' operations.

Contributors to the Group turnover were primarily derived from Retail (33.8% contribution to Group topline) and ICT (30.1% of Group revenue) sectors followed by Healthcare Services (17.5%) and Financial Services (14.6%).

Consolidated Gross Profit improved 5.3% to Rs. 5.2 Bn during the quarter taking the cumulative Gross Profit to Rs. 14.4 Bn (up 6.6%) with a slight reduction in Gross profit margin.

Quarterly operating expenses increased 20.3% to Rs. 4 Bn while cumulative operating expense rose 16% to Rs. 10.8 Bn. This was as a result of pre-operational costs of Mövenpick City Hotel, Group's rapid expansion and marketing efforts of its new/ upcoming operations which are yet provide returns on the investments. Financial discipline and Group synergies helped operational cost margins to remain in the range of 23%-25% amidst Softlogic's increasing scale of operations. Administration and Distribution costs increased to 18.2% and 8.9% to Rs. 8.6 Bn and Rs. 2.3 Bn respectively for the first three quarters of the financial year. The quarter reported an increase of 23.8% in administrative costs to Rs. 3.1 Mn due to one-off expenditure pertaining to rebranding while distribution costs saw a marginal increase of 9.6% to Rs. 881.8 Mn.

Quarterly operating profit reached Rs. 1.4 Bn while the cumulative operating profit was Rs. 4.3 Bn.

Group EBITDA for the cumulative period was Rs. 5.8 Bn with the quarter reporting Rs. 1.9 Bn.

Finance income for the cumulative period declined 22% to Rs. 576.2 Mn while the quarter also denoted a 41.9% decrease to Rs. 164 Mn. Stock market fluctuations and increasing interest rates affected the investment portfolio of the insurance company which however will improve with the stabilization of the interest rates. Finance expenses of the Group increased 49.8% to Rs. 1.2 Bn for the quarter with finance expenses for the cumulative period also increasing 40.2% to Rs. 3.3 Bn. This was primarily led by the increase in interest rates from last year.

Other operating income continued to increase by 38.3% to Rs. 741.5 mn for the period while the quarter witnessed a 73.8% surge to Rs. 204.3 Mn. This was primarily led by fees generated from granting new loans at Softlogic Finance PLC.

Associate company, Sabre Travel Network, the leading Global Distribution System (GDS) provider to Sri Lanka's travel network, is 40% owned by Softlogic. Sabre reported more than two-fold growth in earning to Rs. 43.6 Mn for the nine-month period with an improvement in Net Effective Fee (NEF) during the period.

The change in insurance contract liabilities excludes the Life Insurance surplus for the December quarter pending approval of the Regulator and will be accounted for in the March quarter.

Quarterly PBT was Rs. 274.1 Mn while the cumulative PBT reached Rs. 1.5 Bn.

Sale of the general insurance business of the Group was concluded during the quarter and the resulting gain has been disclosed as discontinued operations

PAT for nine months of FY2016/17 was Rs. 1.1 Bn with 3QFY17 reporting Rs. 351.8 Mn.

Information & Communication Technology

Information & Communication Technology continued on a steady pace as they reported a revenue of Rs. 13.6 Bn (up 8.6%) for the cumulative period with Rs. 4.6 Bn as quarterly revenue. The substantial downsizing of 'Nokia' business has had an impact on the segment's topline.

ICT's operating profits declined 11.1% to Rs. 577.7 Mn. This was mainly due to Samsung business which yields lower margin. Nonetheless, this is compensated by the volume driven business that the 'Samsung' phones entail.

Sectoral PBT for the cumulative period was Rs. 331.6 Mn while the quarterly ICT sector PBT was Rs. 68.4 Mn.

Sectorial PAT was Rs. 259 Mn with the quarterly segmental PAT being at Rs. 58.8 Mn (up 117.1%).

'Samsung' commands over 50% of Sri Lanka's handset market with Softlogic being a key local distributor of the brand. Group's IT segment progressed with its B2B operations successfully penetrating the data center space and becoming a leader in this domain.

Retail

Retail sector recorded a 8.5% revenue growth to Rs. 15.2 Bn during 1-3QFY17 while the quarter registered a 6.2% improvement in sector revenue to Rs. 5.6 Bn.

Operating profit improved strongly by 21.0% to Rs. 759.1 Mn during 1-3QFY17 while the quarterly operating profit of the sector grew 26.8% to Rs. 734 Mn. Operating profit margins continued to improve to 11.4% for the

cumulative period as opposed to 9.7% reported in the comparative period despite the sector's rapid expansion.

Retail sector's cumulative PBT improved 21.0% to Rs, 759.1 Mn with the quarter reporting a PBT increase of 27% to Rs. 389.3 Mn. Sectorial PAT for the quarter increased 24.6% to Rs, 293 Mn while cumulative PAT increased 18.3% to Rs. 550.6 Mn.

The Consumer Electronics opened its 237th showroom in Bibile taking its cumulative retail space to sq.ft as of today 294,500 sq.ft.

Better utilizing its retail space, ODEL opened a 16,000 sq.ft open-air lounge, the ODEL Promenade, that consists of two a-la-carte spaces that include restaurants, a café and a bistro, eight food and drink vendor outlets, a nail and foot spa. This has now become a popular hang-out spot for ODEL customers. The construction of ODEL's Mega Mall has been planned and will be initiated soon.

BURGER KING® opened its 13th restaurant at Nugegoda.

Healthcare Services

The Sector added Rs. 7.9 Bn to Group cumulative topline (17.5% contribution), which is 8% growth. The quarterly revenue grew 7.2% to Rs. 2.8 Bn. The quarter reported 12.1% increase to Rs. 2.7 Bn.

The segmental revenue was led by Asiri Central Hospital Ltd. which contributed 35.6%, Asiri Medical Hospital PLC (30% of segmental revenue) and Asiri Surgical Hospital PLC (27% of segmental revenue).

Operating profit of the sector was Rs. 570.4 Mn during the quarter with the cumulative operating earnings reaching Rs. 1.6 Bn.

Sector PBT stood at Rs. 355.3 Mn for the quarter with the cumulative period reporting Rs. 954 Mn. Sector PAT for the cumulative period was Rs. 869.3 Mn.

In order to improve access to Asiri Health laboratory services across the country, the laboratory operations rapidly expanded its footprint to now stand with 42 collection centres (21 centres reported last quarter).

Construction of Asiri Kandy is well in progress to commence operations by end next year.

Financial Services

The Financial Services segment witnessed a steady 16.7% growth in topline to Rs. 6.6 Bn during 1-3QFY17 with its contribution to the Group revenue remaining at 14.6%. The quarterly sector revenue registered a 13.2% growth to Rs. 2.2 Bn. The sector's cumulative PBT achieved Rs. 766.2 Mn.

Softlogic Life Insurance achieved top line Gross Written Premiums of Rs 5.6 Bn with a 38% increase over the previous 12months which is expected to almost double industry growth.

Loan Advances at Softlogic Finance PLC reached Rs. 17.9 Bn and grew at 8.6% compared to the previous year with Customer Deposits increasing to Rs. 15.5 Bn. Total Assets of the Company were recorded at Rs. 22.5 Bn.

Softlogic Stockbrokers maintained its ranking in the top three broking slot amidst volatile market conditions. Its strong foreign as well as high net worth local client base supported its growth momentum.

Automobile

Automotive sector revenue grew 16.8% during the nine months of the financial year while the quarterly revenue was Rs. 351.4 Mn.

Ford Ranger drove the volumes while its after sales business also reported a steady increase in revenues. The luxury coach business gathered momentum after relaxation of leasing restrictions for tourist buses from 70% to 100%.

Leisure

Softlogic unveiled Colombo's first international five-star hotel in three decades, Mövenpick City Hotel. This 219-room property, which officially opened on 16th January, is Mövenpick Hotels & Resorts, a Swiss management firm.

Leisure sector witnessed a cumulative revenue growth of 16.6% to Rs. 670 Mn during the nine-month period of the financial year while the quarter saw an improvement of 16.5% to Rs. 271.8 Mn.

We expect this sector to increase its contribution to Group earnings in the periods to come with Ceysand Resorts being almost fully booked for Winter-peak and fresh earnings flow from our new city hotel.

Group Outlook

The opening of Mövenpick City Hotel, a substantial investment of the Group, received rave reviews from the industry. This is the first new five-star luxury hotel to operate after almost three decades in the city of Colombo. The Group's diversity is well entrenched although the economic outlook is beset by unforeseen challenges.

ODEL Mall will commence in the near future so that its unrivalled leadership in retailing would take the country to its next level of consumerism and life style improvements.

With Asiri Kandy, the Central Province will see its landscape change offering the best services in the medical world. The Group's outlook has tremendous potential for increasing its overall value substantially through its strategic investments in growing sectors of the economy.

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Ashok Pathirage
Chairman

14 February 2017

Softlogic Holdings PLC

CONSOLIDATED INCOME STATEMENT

In Rs.	Unaudited 9 months to 31-12-2016	Unaudited 9 months to 31-12-2015	Change as a %	Unaudited 3 months to 31-12-2016	Unaudited 3 months to 31-12-2015	Change as a %	Audited 12 months to 31-03-2016
Continuing operations							
Revenue	45,099,193,829	41,049,451,455	9.87	15,690,682,324	15,559,192,327	0.85	56,112,601,331
Cost of sales	(30,707,897,388)	(27,553,065,976)	11.45	(10,501,959,918)	(10,629,818,879)	(1.20)	(37,396,361,596)
Gross profit	14,391,296,441	13,496,385,479	6.63	5,188,722,406	4,929,373,448	5.26	18,716,239,735
Other operating income	741,537,092	536,644,040	38.18	204,264,365	117,499,611	73.84	968,112,564
Distribution expenses	(2,263,589,538)	(2,084,846,443)	8.57	(881,828,381)	(804,644,669)	9.59	(2,971,178,595)
Administrative expenses	(8,564,382,981)	(7,245,962,386)	18.20	(3,110,054,682)	(2,512,778,117)	23.77	(10,434,482,932)
Results from operating activities	4,304,861,014	4,702,220,690	(8.45)	1,401,103,708	1,729,450,273	(18.99)	6,278,690,772
Finance income	576,216,057	738,973,260	(22.02)	163,984,626	282,369,974	(41.93)	1,059,256,615
Finance expenses	(3,316,913,695)	(2,365,201,208)	40.24	(1,212,226,784)	(809,384,821)	49.77	(3,249,698,879)
Net finance cost	(2,740,697,638)	(1,626,227,948)	68.53	(1,048,242,158)	(527,014,847)	98.90	(2,190,442,264)
Change in fair value of investment property	-	-	-	-	-	-	13,532,000
Share of profit of equity accounted investees	19,621,735	13,934,053	40.82	4,133,754	8,105,538	(49.00)	13,501,860
Change in insurance contract liabilities	(95,488,739)	(847,871,303)	(88.74)	(82,929,535)	12,578,830	(759.28)	(1,028,927,837)
Profit before tax	1,488,296,372	2,242,055,492	(33.62)	274,065,769	1,223,119,794	(77.59)	3,086,354,531
Tax expense	(492,170,415)	(740,201,525)	(33.51)	(178,557,523)	(366,301,666)	(51.25)	(905,301,158)
Profit for the period from continuing operations	996,125,957	1,501,853,967	(33.67)	95,508,246	856,818,128	(88.85)	2,181,053,373
Profit/ (loss) for the period from discontinued operation	145,315,170	2,076,753	6,897.23	256,321,166	(38,279,800)	(769.60)	-
Profit for the year	1,141,441,127	1,503,930,720	(24.10)	351,829,412	818,538,328	(57.02)	2,181,053,373
Attributable to:							
Equity holders of the parent	347,067,165	425,793,797	(18.49)	151,481,747	226,112,667	(33.01)	722,046,693
Non-controlling interest	794,373,962	1,078,136,923	(26.32)	200,347,665	592,425,661	(66.18)	1,459,006,680
	1,141,441,127	1,503,930,720	(24.10)	351,829,412	818,538,328	(57.02)	2,181,053,373
Earnings per share - Basic	0.45	0.55	(18.46)	0.20	0.29	(32.98)	0.93
Dividend per share	0.50	0.25	100.00	-	-	-	0.25

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

Softlogic Holdings PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In Rs.	Unaudited 9 months to 31-12-2016	Unaudited 9 months to 31-12-2015	Change as a %	Unaudited 3 months to 31-12-2016	Unaudited 3 months to 31-12-2015	Change as a %	Audited 12 months to 31-03-2016
Continuing operations							
Profit for the period	1,141,441,127	1,503,930,720	(24.10)	351,829,412	818,538,328	(57.02)	2,181,053,373
Other comprehensive income							
Other comprehensive income to be reclassified to income statement in subsequent periods							
Currency translation of foreign operations	1,329,456	(7,020,578)	(118.94)	2,478,825	(14,003,153)	(117.70)	(11,538,598)
Net change in fair value on derivative financial instruments	(28,052,471)	-	-	(15,680,589)	-	-	(106,930,240)
Net (loss) / gain on available-for-sale financial assets	(201,754,187)	(775,784,179)	73.99	(310,124,992)	(309,662,042)	(0.15)	(1,767,968,821)
Tax on other comprehensive income to be reclassified to income statement in subsequent periods	(9,143,113)	-	-	-	-	-	22,606,454
Net other comprehensive income to be reclassified to income statement in subsequent periods	(237,620,315)	(782,804,757)	(69.65)	(323,326,756)	(323,665,195)	(0.10)	(1,863,831,205)
Other comprehensive income not to be reclassified to income statement in subsequent periods							
Revaluation of land and buildings	-	-	-	-	-	-	2,827,760,341
Re-measurement gain/ (loss) on retirement benefits	(13,304,325)	70,882	(18,869.68)	(13,304,325)	70,882	(18,869.68)	66,613,655
Share of other comprehensive income of equity accounted investments	-	-	-	-	-	-	(376,419)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	-	-	-	-	-	-	(41,590,810)
Net other comprehensive income not to be reclassified to income statement in subsequent periods	(13,304,325)	70,882	(18,869.68)	(13,304,325)	70,882	-	2,852,406,767
Other comprehensive income from continuing operations for the period, net of tax	890,516,487	721,196,845	23.48	15,198,331	494,944,015	(96.93)	3,169,628,935
Other comprehensive income from discontinued operations for the period, net of tax	72,882,792	(134,367,225)	154.24	69,575,389	(101,269,537)	168.70	-
Total comprehensive income for the period, net of tax	963,399,279	586,829,620	64.17	84,773,720	393,674,478	(78.47)	3,169,628,935
Attributable to:							
Equity holders of the parent	170,995,186	11,657,848	1,366.78	(271,839,937)	(11,745,784)	2,214.36	1,986,262,915
Non-controlling interest	792,404,093	575,171,772	37.77	356,613,657	405,420,262	(12.04)	1,183,366,020
	963,399,279	586,829,620	64.17	84,773,720	393,674,478	(78.47)	3,169,628,935

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In Rs.	Unaudited as at 31-12-2016	Unaudited as at 31-12-2015	Audited as at 31-03-2016
ASSETS			
Non-current assets			
Property, plant and equipment	34,020,070,101	27,142,713,793	30,760,141,516
Lease rentals paid in advance	852,981,272	854,018,205	853,758,972
Investment property	682,880,000	94,848,000	682,880,000
Intangible assets	8,567,953,460	8,717,916,298	8,701,078,597
Investments in associates	77,863,056	35,248,624	60,241,336
Other non-current financial assets	11,118,988,773	12,249,550,867	11,770,455,928
Rental receivable on lease assets and hire purchase	299,541,215	552,885,344	481,364,790
Other non-current assets	295,916,992	308,787,279	385,626,456
Deferred tax assets	358,078,890	267,395,411	245,373,503
	56,274,273,759	50,223,363,821	53,940,921,098
Current assets			
Inventories	8,597,822,595	7,558,086,212	8,730,040,986
Trade and other receivables	9,227,590,472	9,975,858,511	8,444,525,068
Loans and advances	14,289,739,281	10,973,091,794	11,222,013,402
Rental receivable on lease assets and hire purchase	540,398,383	996,755,295	1,102,341,200
Amounts due from related parties	261,776	2,702,988	807,734
Other current assets	4,091,870,133	3,208,481,827	3,551,690,639
Short term investments	4,078,993,503	7,010,275,133	4,508,634,254
Cash in hand and at bank	2,719,064,534	2,227,177,259	2,958,753,845
	43,545,740,677	41,952,429,019	40,518,807,128
Total assets	99,820,014,436	92,175,792,840	94,459,728,226
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	5,089,000,000	5,089,000,000	5,089,000,000
Revenue reserves	1,523,571,048	1,349,919,261	1,643,838,961
Other components of equity	2,576,722,219	838,371,106	2,666,667,707
	9,189,293,267	7,277,290,367	9,399,506,668
Non-controlling interests	8,349,943,888	8,408,975,606	8,046,845,071
Total equity	17,539,237,155	15,686,265,973	17,446,351,739
Non-current liabilities			
Insurance contract liabilities	6,253,688,916	5,977,143,642	6,158,200,177
Interest bearing borrowings	27,772,659,428	21,086,823,213	21,231,336,127
Public deposits	1,366,965,999	1,606,370,505	1,521,942,995
Deferred tax liabilities	373,200,137	296,986,590	381,478,410
Employee benefit liabilities	743,001,932	729,017,677	688,105,084
Other deferred liabilities	165,954,850	26,895,200	1,609,638
Other non-current financial liabilities	25,029,581	42,871,747	28,732,581
	36,700,500,843	29,766,108,574	30,011,405,012
Current liabilities			
Trade and other payables	6,265,654,417	7,134,001,547	7,725,457,941
Amounts due to related parties	16,423,550	14,397,029	47,339,959
Income tax liabilities	392,484,038	427,766,546	403,919,344
Other current financial liabilities	13,791,307,433	14,171,577,017	14,875,266,676
Current portion of interest bearing borrowings	5,869,748,679	8,560,110,607	7,188,714,116
Other current liabilities	1,353,111,986	1,284,867,000	1,155,142,814
Public deposits	14,566,754,054	12,778,852,107	12,470,267,755
Bank overdrafts	3,324,792,281	2,351,846,440	3,135,862,870
	45,580,276,438	46,723,418,293	47,001,971,475
Total equity and liabilities	99,820,014,436	92,175,792,840	94,459,728,226

Note : The above figures are not audited unless otherwise stated.

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

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Director

14 February 2017
Colombo

Softlogic Holdings PLC

CONSOLIDATED CASH FLOW STATEMENT

In Rs.	Unaudited 9 months to 31-12-2016	Unaudited 9 months to 31-12-2015	Audited 12 months to 31-03-2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax from continuing operations	1,488,296,372	2,242,055,492	3,086,354,531
Profit/ (loss) before tax from discontinuing operations	146,731,877	(37,428,743)	-
Profit before tax	1,635,028,249	2,204,626,749	3,086,354,531
Adjustments for:			
Finance income	(651,026,409)	(860,600,820)	(1,059,256,615)
Finance cost	3,320,595,233	2,371,518,093	3,249,698,879
Change in fair value of investment property	-	-	(13,532,000)
Share of results of associates	(19,621,735)	(13,934,053)	(13,501,860)
Gratuity provision and related costs	130,962,576	105,644,401	151,091,113
Provisions for/ write off of impaired receivables	120,344,647	149,634,731	124,450,862
Provision for impairment of inventories	161,607,650	92,121,423	216,992,560
Provisions for/ write off of loans and advances	279,169,853	125,700,589	244,287,301
Provisions for/ write off of investments in lease and hire purchase	26,561,968	249,950,349	104,384,153
Depreciation of property, plant and equipment	1,233,769,405	1,120,258,379	1,535,469,422
(Profit)/ loss on sale of property, plant and equipment	(10,816,146)	1,787,783	(3,328,749)
Profit on sale of investments	(297,380,934)	(97,187,864)	(110,282,192)
(Profit)/ loss on disposal of investment property	-	(2,000,000)	803,680
Unrealised (gain)/ loss on foreign exchange	(2,776,374)	-	17,392,624
Amortisation/ impairment of intangible assets	224,833,092	212,390,844	279,697,721
Amortisation of prepaid lease rentals	777,700	777,700	1,036,933
Provision for financial liabilities at fair value through profit or loss	-	-	3,096,355
Increase / (decrease) in deferred income	200,159,000	15,669,406	22,721,610
Impairment and derecognition of property, plant & equipment and Intangible assets	927,957	42,574,548	21,357,916
Profit before working capital changes	6,353,115,732	5,718,932,258	7,858,934,244
(Increase) / decrease in inventories	(36,241,626)	19,355,210	(1,277,470,701)
(Increase) / decrease in trade and other receivables	(1,323,164,990)	(3,461,740,136)	(2,095,457,658)
(Increase) / decrease in loans and advances	(2,165,340,980)	(6,299,347,359)	(2,916,785,712)
(Increase) / decrease in investments in lease and hire purchase	717,204,424	4,751,706,192	1,414,495,531
(Increase) / decrease in other current assets	(505,082,793)	551,615,381	(237,179,200)
(Increase) / decrease in amounts due from related parties	545,958	(2,130,935)	(235,681)
Increase / (decrease) in trade and other payables	226,321,688	92,161,434	673,189,714
Increase / (decrease) in amounts due to related parties	(30,916,409)	(1,573,755)	1,369,175
Increase / (decrease) in other current liabilities	358,348,197	162,156,575	94,619
Increase / (decrease) in public deposits	1,941,509,304	2,332,166,423	1,939,154,560
Increase / (decrease) in insurance provision	95,488,739	847,871,302	1,028,927,838
Cash generated from operations	5,631,787,244	4,711,172,590	6,389,036,729
Finance income received	636,555,876	574,209,081	809,484,568
Finance expenses paid	(3,277,648,533)	(2,272,617,358)	(3,213,373,741)
Dividend received	1,800,014	1,000,000	8,998,000
Tax paid	(691,711,257)	(405,469,047)	(550,268,367)
Gratuity paid	(71,242,580)	(37,635,899)	(52,297,920)
Net cash flow from operating activities	2,229,540,764	2,570,659,367	3,391,579,269
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment	(4,570,215,260)	(3,147,067,002)	(4,759,704,651)
Addition to intangible assets	(91,907,955)	(81,273,448)	(131,742,624)
(Increase)/ decrease in other non-current assets	(58,806,823)	(15,994,313)	(92,833,490)
(Purchase) / disposal of short term investments (net)	(1,292,111,258)	(1,031,817,068)	(743,727,475)
Dividends received	10,794,764	87,462,628	135,944,407
(Purchase) / disposal of other non-current financial assets	(654,337,958)	(1,294,807,100)	(1,251,117,200)
Proceeds from disposal of subsidiary (A)	1,257,566,421	-	-
Proceeds from sale of investment property (net of tax)	-	1,500,000,000	1,497,196,320
Proceeds from sale of property, plant and equipment	126,864,176	93,716,565	109,327,701
Net cash flow from used in investing activities	(5,272,153,893)	(3,889,779,738)	(5,236,657,012)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Dividend paid to non-controlling interest	(439,442,677)	(190,451,130)	(181,008,974)
Proceeds from shareholders with non-controlling interest on issue of shares in subsidiaries	-	845,708,336	845,708,336
Repayment of non-controlling interest on repurchase of shares in subsidiaries	-	-	(368,726,833)
Proceeds from long term borrowings	11,452,540,049	9,798,442,038	10,812,256,492
(Increase) / decrease of controlling interest	(215,877,436)	(1,175,961,681)	(1,860,957,354)
(Increase) / decrease in other non-current financial liabilities	(3,703,000)	11,161,127	3,282,313
Repayment of long term borrowings	(6,514,384,748)	(8,185,746,445)	(10,403,803,296)
Proceeds from / (repayment of) short term borrowings (net)	(1,083,959,243)	(615,607,761)	109,057,570
Direct cost on issue of shares/ share repurchase	(40,718,147)	(1,823,890)	(32,797,264)
Dividend paid to equity holders of parent	(387,204,152)	(193,602,075)	(193,602,071)
Net cash flow from/ (used in) financing activities	2,767,250,646	292,118,519	(1,270,591,081)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(275,362,483)	(1,027,001,852)	(3,115,668,824)
CASH AND CASH EQUIVALENTS AT THE BEGINNING	2,531,997,653	5,648,046,408	5,648,046,408
Effect of exchange rate changes	23,750	(96,263)	(379,931)
CASH AND CASH EQUIVALENTS AT THE END	2,256,658,920	4,620,948,293	2,531,997,653
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Continuing operations			
Favourable balances			
Cash in hand and at Bank	2,719,064,534	2,227,177,259	2,958,753,845
Short term investments	2,862,386,667	4,745,617,474	2,709,106,678
Unfavourable balances			
Bank overdrafts	(3,324,792,281)	(2,351,846,440)	(3,135,862,870)
Cash and cash equivalents	2,256,658,920	4,620,948,293	2,531,997,653

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

CONSOLIDATED CASH FLOW STATEMENT

(A) Disposal of subsidiaries

Asian Alliance General Insurance Ltd, which is a 43.97% owned subsidiary of Softlogic Holdings PLC via investment under Softlogic Life Insurance PLC (previously known as Asian Alliance Insurance PLC), was disposed on 3 October 2016 by way of sale all of the shares it held at Asian Alliance General Insurance Ltd.

The disposal had the following effect on the group's assets and liabilities.

In Rs.	Unaudited 9 months to 31-12-2016
Property, plant and equipment	43,772,478
Intangible assets	200,000
Other non current assets	148,516,287
Deferred tax assets	52,675,692
Inventories	6,852,368
Trade and other receivables	633,065,940
Other current assets	93,598,631
Short term investments	1,937,644,252
Cash in hand and at bank	49,243,310
Deferred tax liabilities	(240,093)
Employee benefit liabilities	(18,127,472)
Trade and other payables	(1,676,241,565)
Income tax liabilities	(23,708,572)
Other current liabilities	(196,192,814)
Bank overdrafts	(30,722,929)
Net identifiable assets and liabilities	1,020,335,513
Share of net assets disposed	448,614,346
Non controlling interest investment reversal	784,457,291
Gain on disposal	256,326,165
Cash (net) consideration to be received on disposal of non-current investments	(213,311,000)
Cash consideration received on disposal of non-current investments	1,276,086,802
Net cash and cash in hand disposed	(18,520,381)
Net cash inflow on disposal of non-current investments	1,257,566,421

The assets and liabilities as at the acquisition date are stated at their provisional fair values and may be amended in accordance with SLFRS 3 - Business Combinations.

Softlogic Holdings PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

GROUP

In Rs.	Attributable to equity holders of the parent										Non-controlling interests	Total equity
	Stated capital	Treasury shares	Revaluation reserve	Exchange translation reserve	Available-for-sale reserve	Statutory reserve fund	Other reserves	Cash flow hedge reserve	Revenue reserve	Total		
As at 01 April 2016	5,089,000,000	(55,921,185)	3,754,705,394	(38,314,379)	(575,351,439)	190,324,200	(502,065,112)	(106,709,772)	1,643,838,961	9,399,506,668	8,046,845,071	17,446,351,739
Profit for the period	-	-	-	-	-	-	-	-	347,067,165	347,067,165	794,373,962	1,141,441,127
Other Comprehensive income	-	-	-	1,329,456	(143,557,244)	-	-	(27,994,633)	(5,849,557)	(176,071,978)	(1,969,869)	(178,041,847)
Total Comprehensive income	-	-	-	1,329,456	(143,557,244)	-	-	(27,994,633)	341,217,608	170,995,187	792,404,093	963,399,280
Dividend paid	-	-	-	-	-	-	-	-	(387,204,152)	(387,204,152)	-	(387,204,152)
Direct cost on issue of shares	-	-	-	-	-	-	-	-	(18,978,120)	(18,978,120)	(21,740,027)	(40,718,147)
Transfer to reserve fund	-	-	-	-	-	55,303,249	-	-	(55,303,249)	-	-	-
Acquisitions, disposals and changes in non-controlling interest	-	-	-	-	-	-	24,973,684	-	-	24,973,684	(28,122,572)	(3,148,888)
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(439,442,677)	(439,442,677)
As at 31 December 2016	5,089,000,000	(55,921,185)	3,754,705,394	(36,984,923)	(718,908,683)	245,627,449	(477,091,428)	(134,704,405)	1,523,571,048	9,189,293,267	8,349,943,888	17,539,237,155
As at 01 April 2015	5,089,000,000	(55,921,185)	1,636,375,397	(26,775,781)	200,328,059	116,532,044	(502,197,708)	-	1,167,195,634	7,624,536,460	8,157,436,153	15,781,972,613
Profit for the period	-	-	-	-	-	-	-	-	425,793,797	425,793,797	1,078,136,923	1,503,930,720
Other Comprehensive income	-	-	-	(7,020,578)	(404,903,696)	-	-	-	(2,211,675)	(414,135,949)	(502,965,151)	(917,101,100)
Total Comprehensive income	-	-	-	(7,020,578)	(404,903,696)	-	-	-	423,582,122	11,657,848	575,171,772	586,829,620
Dividend paid	-	-	-	-	-	-	-	-	(193,602,075)	(193,602,075)	-	(193,602,075)
Direct cost on issue of shares	-	-	-	-	-	-	-	-	(1,820,742)	(1,820,742)	(3,148)	(1,823,890)
Transfer to reserve fund	-	-	-	-	-	45,435,678	-	-	(45,435,678)	-	-	-
Acquisitions, disposals and changes in non-controlling interest	-	-	-	-	-	-	(163,481,124)	-	-	(163,481,124)	809,150,016	645,668,892
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(1,132,779,187)	(1,132,779,187)
As at 31 December 2015	5,089,000,000	(55,921,185)	1,636,375,397	(33,796,359)	(204,575,637)	161,967,722	(665,678,832)	-	1,349,919,261	7,277,290,367	8,408,975,606	15,686,265,973

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

Softlogic Holdings PLC

COMPANY INCOME STATEMENT

In Rs.	Unaudited 9 months to 31-12-2016	Unaudited 9 months to 31-12-2015	Change as a %	Unaudited 3 months to 31-12-2016	Unaudited 3 months to 31-12-2015	Change as a %	Audited 12 months to 31-03-2016
Revenue	469,683,431	443,928,135	5.80	159,877,000	148,458,419	7.69	600,385,932
Cost of sales	(148,565,221)	(133,918,822)	10.94	(52,269,398)	(46,868,200)	11.52	(179,629,772)
Gross profit	321,118,210	310,009,313	3.58	107,607,602	101,590,219	5.92	420,756,160
Dividend income	374,543,387	1,146,277,334	(67.33)	-	999,803,909	(100.00)	1,169,827,933
Other operating income	1,111,459,709	18,405,550	5,938.72	8,532,300	5,906,632	44.45	719,453,832
Administrative expenses	(421,826,349)	(244,917,534)	72.23	(124,945,402)	(87,394,272)	42.97	(385,586,997)
Results from operating activities	1,385,294,957	1,229,774,663	12.65	(8,805,500)	1,019,906,488	(100.86)	1,924,450,928
Finance income	706,549,248	250,811,208	181.71	320,415,339	98,167,132	226.40	359,796,925
Finance expenses	(1,473,008,505)	(863,063,961)	70.67	(554,936,755)	(309,961,558)	79.03	(1,220,414,677)
Net finance cost	(766,459,257)	(612,252,753)	25.19	(234,521,416)	(211,794,426)	10.73	(860,617,752)
Change in fair value of investment property	-	-	-	-	-	-	95,383,063
Profit/ (loss) before tax	618,835,700	617,521,910	(0.21)	(243,326,916)	808,112,062	(130.11)	1,159,216,239
Tax expense	(47,500,000)	(36,391,292)	30.53	(32,500,000)	(32,391,292)	0.34	(127,446,638)
Profit/ (loss) for the period	571,335,700	581,130,618	1.69	(275,826,916)	775,720,770	(135.56)	1,031,769,601

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

COMPANY INCOME STATEMENT

In Rs.	Unaudited 9 months to 31-12-2016	Unaudited 9 months to 31-12-2015	Change as a %	Unaudited 3 months to 31-12-2016	Unaudited 3 months to 31-12-2015	Change as a %	Audited 12 months to 31-03-2016
Profit/ (loss) for the period	571,335,700	581,130,618	1.69	(275,826,916)	775,720,770	(135.56)	1,031,769,601
Other comprehensive income							
Other comprehensive income not to be reclassified to income statement in subsequent periods							
Re-measurement gain/ (loss) on retirement benefits	-	-	-	-	-	-	(7,236,739)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	-	-	-	-	-	-	2,026,286
Other comprehensive loss for the period, net of tax	-	-	-	-	-	-	(5,210,453)
Total comprehensive income/ (loss) for the period, net of tax	571,335,700	581,130,618	(1.69)	(275,826,916)	775,720,770	(135.56)	1,026,559,148

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

Softlogic Holdings PLC

COMPANY STATEMENT OF FINANCIAL POSITION

In Rs.	Unaudited as at 31-12-2016	Unaudited as at 31-12-2015	Audited as at 31-03-2016
ASSETS			
Non-current assets			
Property, plant and equipment	188,058,100	133,270,868	130,772,378
Investment property	547,208,683	442,641,386	546,500,000
Intangible assets	1,976,176	3,438,393	2,510,822
Investments in subsidiaries	13,291,103,997	11,052,354,944	12,062,825,177
Investments in associates	11,000,000	11,000,000	11,000,000
Other non-current financial assets	2,673,913,823	1,277,947,548	468,957,025
Deferred tax assets	-	38,426,265	-
	16,713,260,779	12,959,079,404	13,222,565,402
Current assets			
Trade and other receivables	117,049,748	369,184,077	251,924,055
Amounts due from related parties	4,539,358,828	4,070,934,783	5,183,549,885
Other current assets	21,483,040	46,477,451	45,288,342
Short term investments	1,591,727,115	2,377,580,826	2,110,363,247
Cash in hand and at bank	263,315,935	37,501,927	105,683,489
	6,532,934,666	6,901,679,064	7,696,809,018
Total assets	23,246,195,445	19,860,758,468	20,919,374,420
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Stated capital	5,089,000,000	5,089,000,000	5,089,000,000
Revenue reserves	1,555,058,072	927,793,842	1,373,222,372
Total equity	6,644,058,072	6,016,793,842	6,462,222,372
Non-current liabilities			
Interest bearing borrowings	7,720,110,566	4,546,295,270	4,533,628,353
Deferred tax liabilities	22,689,470	-	22,689,470
Employee benefit liabilities	46,092,161	35,920,576	43,389,551
Other deferred liabilities	156,756,757	-	-
Other non-current financial liabilities	165,000,000	165,000,000	165,000,000
	8,110,648,954	4,747,215,846	4,764,707,374
Current liabilities			
Trade and other payables	43,263,705	62,313,349	31,361,772
Amounts due to related parties	131,613,356	105,830,518	270,683,835
Income tax liabilities	60,790,786	6,000,000	36,662,162
Other current financial liabilities	5,633,832,445	4,714,866,668	6,727,193,704
Current portion of interest bearing borrowings	2,261,234,170	4,125,061,837	2,354,816,617
Other current liabilities	58,940,984	18,079,172	30,333,590
Bank overdrafts	301,812,973	64,597,236	241,392,994
	8,491,488,419	9,096,748,780	9,692,444,674
Total equity and liabilities	23,246,195,445	19,860,758,468	20,919,374,420

Note : The above figures are not audited unless otherwise stated.

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

14 February 2017
Colombo

Softlogic Holdings PLC

COMPANY STATEMENT OF CASH FLOW

In Rs.	Unaudited 9 months to 31-12-2016	Unaudited 9 months to 31-12-2015	Audited 12 months to 31-03-2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax	618,835,700	617,521,910	1,159,216,239
Adjustments for:			
Finance income	(706,549,248)	(250,811,208)	(359,796,925)
Dividend income	(374,543,387)	(1,146,277,334)	(1,169,827,933)
Finance costs	1,473,008,505	863,063,961	1,220,414,677
Change in fair value of investment property	-	-	(95,383,063)
Gratuity provision and related costs	7,747,124	5,789,156	6,988,842
Provision for impairment of receivables	66,666,664	29,237,769	-
Provisions for/ write off of impaired investments	54,008,330	-	91,737,770
Depreciation of property, plant and equipment	20,752,716	16,648,096	21,199,039
Loss/ (profit) on sale of property, plant and equipment	(4,577,010)	6,067	63,245
Profit on sale of investments	(1,097,248,468)	-	(700,929,730)
Amortisation / impairment of intangible assets	2,780,178	1,419,072	2,346,643
Increase / (decrease) in deferred income	156,756,757	-	-
Impairment & derecognition of property, plant & equipment	-	142,878	142,878
Profit before working capital changes	217,637,861	136,740,367	176,171,682
(Increase) / decrease in trade and other receivable	68,357,643	(156,626,155)	(10,199,464)
(Increase) / decrease in other current assets	3,227,575	(22,987,256)	(23,564,241)
(Increase) / decrease in amount due from related parties	(1,713,415,740)	(1,554,104,184)	(2,893,042,004)
Increase / (decrease) in trade and other payables	11,901,933	32,781,999	26,354,760
Increase / (decrease) in amount due to related parties	(139,070,479)	(544,741,498)	122,678,201
Increase / (decrease) in other current liabilities	28,607,394	(5,930,166)	6,324,253
Cash generated from / (used in) operations	(1,522,753,813)	(2,114,866,893)	(2,595,276,813)
Finance income received	577,685,380	248,545,499	370,641,133
Finance expenses paid	(1,425,433,392)	(854,086,769)	(1,209,603,618)
Dividend received	374,543,387	21,033,133	169,648,939
Tax paid	(2,793,650)	(1,766,094)	-
Gratuity paid/ transfers	(5,044,514)	(538,311)	(1,505,761)
Net cash flow from / (used in) operating activities	(2,003,796,602)	(2,701,679,435)	(3,266,096,120)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Purchase and construction of property, plant and equipment	(41,808,349)	(6,764,015)	(10,902,646)
Addition to investment property	(708,683)	-	(8,475,551)
Addition to intangible assets	(2,245,532)	(3,133,957)	(3,133,957)
(Purchase) / disposal of other non current financial assets	-	(301,803,722)	808,990,523
Increase in interest in subsidiaries	(1,188,244,503)	-	(1,838,945,320)
Proceeds from disposal of controlling interest	1,153,205,820	-	1,979,727,343
Proceeds from sale of property, plant and equipment	17,034,921	16,729,978	18,758,978
Net cash flow from/ (used in) investing activities	(62,766,326)	(294,971,716)	946,019,370
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from long term borrowings	5,317,760,537	2,524,765,770	2,524,765,770
Repayment of long term borrowings	(2,321,123,883)	(2,042,921,942)	(3,845,522,243)
Proceeds from / (repayment of) short term borrowings (net)	(1,093,361,259)	523,267,900	2,535,594,936
(Increase) / decrease in other non-current financial liabilities	-	-	(344,915,332)
Dividend paid to equity holders of parent	(389,500,000)	(194,750,000)	(194,750,000)
Net cash flow from/ (used in) financing activities	1,513,775,395	810,361,728	675,173,131
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(552,787,533)	(2,186,289,423)	(1,644,903,619)
CASH AND CASH EQUIVALENTS AT THE BEGINNING	514,290,495	2,159,194,114	2,159,194,114
CASH AND CASH EQUIVALENTS AT THE END	(38,497,038)	(27,095,309)	514,290,495
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Favourable balances			
Cash in hand and at bank	263,315,935	37,501,927	105,683,489
Short term investments	-	-	650,000,000
Unfavourable balances			
Bank overdrafts	(301,812,973)	(64,597,236)	(241,392,994)
Cash and cash equivalents	(38,497,038)	(27,095,309)	514,290,495

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

COMPANY STATEMENT OF CHANGES IN EQUITY

COMPANY

In Rs.	Stated capital	Revenue reserve	Total
As at 01 April 2016	5,089,000,000	1,373,222,372	6,462,222,372
Profit for the period	-	571,335,700	571,335,700
Total comprehensive income	-	571,335,700	571,335,700
Dividend paid	-	(389,500,000)	(389,500,000)
As at 31 December 2016	5,089,000,000	1,555,058,072	6,644,058,072
As at 01 April 2015	5,089,000,000	541,413,224	5,630,413,224
Profit for the period	-	581,130,618	581,130,618
Total comprehensive income	-	581,130,618	581,130,618
Dividend paid	-	(194,750,000)	(194,750,000)
As at 31 December 2015	5,089,000,000	927,793,842	6,016,793,842

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The interim financial statements of the Group and the Company for the nine months ended 31 December 2016 were authorised for issue by the Board of Directors on 14 February 2017.

2. BASIS OF PREPARATION

The interim condensed financial statements have been prepared in compliance with Sri Lanka Accounting Standard LKAS 34 - Interim Financial Reporting. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2016.

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. CHANGE IN LIFE INSURANCE CONTRACT LIABILITIES

The results of Softlogic Life Insurance PLC's (previously known as Asian Alliance Insurance PLC) life business segment is consolidated line by line into the Group's consolidated income statement. The change in life insurance contract liabilities represents the difference between all income and expenditure attributable to life policy holders during the period.

Valuation of Life Insurance Fund

A valuation of the long term life insurance fund as at 31 December 2016 was conducted by Messers Towers Watson India Private Limited (known as 'Willis Towers Watson'), on behalf of Softlogic Life Insurance PLC.

Recommended transfer of surplus

Willis Towers Watson recommended a transfer from "Life Insurance Fund" to "Shareholder's Fund" of Softlogic Life Insurance PLC for the three months ended 31 December 2016 and this transfer is not accounted in the Group Interim Financial Statements pending approval from the Insurance Board of Sri Lanka (IBSL).

4. DISCONTINUING OPERATION

The directors of Softlogic Life Insurance PLC (previously known as Asian Alliance Insurance PLC), a subsidiary of Softlogic Holdings PLC announced that on 24 June 2016, the company entered into a Share Sales and Purchase Agreement for the sale of entire stake in Asian Alliance General Insurance Ltd to Fairfax Asia Ltd or another nominated member of the Fairfax Group.

The said transaction was completed on 03 October 2016 and Asian Alliance Insurance PLC divested its 100% stake in Asian Alliance General Insurance Ltd to Fairfax Asia Ltd.

The General Insurance Business segment was not previously classified as "discontinued operation". The comparative "Statements of Income" and "Statement Comprehensive Income" have been restated to reflect the impact of the discontinuation of a significant business segment (i.e. General Insurance business).

The disclosures relating to reclassification of a significant business segment (i.e. General Insurance business) as required by SLFRS - 5 "Non-Current Asset Held for Sale and Discontinued Operations" are as follows.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

4. DISCONTINUING OPERATION (Cont....)

4.1 Summarised Income Statement of discontinuing operation

For the nine months ended 31 December	2016	2015
Revenue	959,713,630	1,212,326,547
Cost of sales	(870,198,304)	(989,687,138)
Gross profit	89,515,326	222,639,409
Other operating income	32,372,499	24,344,817
Distribution expenses	(10,097,822)	(38,760,702)
Administrative expenses	(292,513,104)	(360,962,942)
Results from operating activities	(180,723,101)	(152,739,418)
Finance income	74,810,351	121,627,560
Finance expenses	(3,681,538)	(6,316,885)
Net finance cost	71,128,813	115,310,675
Profit before tax	(109,594,288)	(37,428,743)
Tax expense	(1,416,707)	39,505,496
Profit/ (loss) for the period from discontinuing operations	(111,010,995)	2,076,753
Profit on disposal of discontinued operations	256,326,165	-
Profit for the period from discontinuing operations	145,315,170	2,076,753

4.2 Summarised Other Comprehensive Income Statement of discontinuing operation

For the nine months ended 31 December	2016	2015
Net (loss) / gain on available-for-sale financial assets	95,489,246	(129,212,714)
Re-measurement gain/ (loss) on retirement benefits	-	(5,154,511)
Tax on other comprehensive income	(22,606,454)	-
Net other comprehensive income/ (loss) for the period from discontinuing operations	72,882,792	(134,367,225)

4.3 Summarised Cash flow Statement of discontinuing operation

For the nine months ended 31 December	2016	2015
Net cash flow from/ (used in) operating activities	267,963,050	(47,082,670)
Net cash flow from/ (used in) investing activities	(430,614,586)	(170,671,488)
Net cash flow from financing activities	300,000,000	-
Net increase / (decrease) in cash and cash equivalents	137,348,464	(217,754,158)
Cash and cash equivalents at the beginning	(118,828,084)	(119,438,700)
Cash and cash equivalents at the end from discontinuing operations	18,520,380	(337,192,858)

5. SHARE INFORMATION

5.1 Public share holdings

The percentage of shares held by the public as at 31 December 2016 was 28.12% (number of public shareholders - 13,099)

5.2 Directors' share holdings

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

As at	31-12-2016
A K Pathirage - Chairman/ Managing Director	365,854,498
G W D H U Gunawardena	57,527,300
R J Perera	60,836,700
H K Kaimal	64,870,800
M P R Rasool	Nil
Dr S Sellaih	2,000,000
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
	551,089,298

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

5.3 Twenty largest shareholders of the company are as follows:

As at	Number of shares 31-12-2016	%
1 Mr. A K Pthirage	326,904,498	41.96
2 Mr. H K Kaimal	64,870,800	8.33
3 Mr. R J Perera	60,836,700	7.81
4 Mr. G W D H U Gunawardena	57,527,300	7.38
5 Pemberton Asian Opportunities Fund	46,000,000	5.91
6 Commercial Bank of Ceylon PLC/ A K Pathirage	38,950,000	5.00
7 Rubber Investment Trust Ltd - A/C 01	12,509,355	1.61
8 Employees Provident Fund	7,230,500	0.93
9 Softlogic Life Insurance PLC - A/C 02 (Life Fund)	4,591,702	0.59
10 Mrs. A Selliah	4,236,000	0.54
11 Arunodhaya Investments (Private) Limited	3,950,000	0.51
12 Arunodhaya Industries (Private) Limited	3,950,000	0.51
13 Arunodhaya (Private) Limited	3,950,000	0.51
14 Miss. S Subramaniam	3,800,000	0.49
15 Mr. V Kailasapillai	3,800,000	0.49
16 Mrs. A Kailasapillai	3,800,000	0.49
17 Ceylon Investment PLC - A/C 01	3,671,578	0.47
18 Mr. K Aravinthan	3,500,000	0.45
19 Deutsche Bank AG as Trustee for Namal Acuity Value	3,396,497	0.44
20 Waldock Mackenzie Ltd/ Hi-Line Trading (Pvt) Ltd	3,365,646	0.43

6. STATED CAPITAL MOVEMENTS

6.1 No of shares

	No of shares
As at 01 April 2016	779,000,000
As at 31 December 2016	779,000,000

6.2 Value of shares

	Rs
As at 01 April 2016	5,089,000,000
As at 31 December 2016	5,089,000,000

7. INVESTOR INFORMATION

7.1 Market value of shares

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

	31-12-2016
Closing price on (Rs.)	13.00
Highest price recorded for the three months ending (Rs.)	15.00
Lowest price recorded for the three months ending (Rs.)	12.70
Market Capitalisation (Rs. mn)	10,127.00

7.2 Ratios

Net assets per share at the period end (Rs.)	11.87
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7.3 Share trading information from 01 October 2016 to 31 December 2016

Number of shares traded	1,926,236
Value of shares traded (Rs.)	26,516,968

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

8. CONTINGENCIES

CONTINGENT LIABILITIES

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

8.1 Softlogic Holdings PLC

Softlogic Holdings PLC received income tax assessments from The Department of Inland Revenue for the year of assessment 2010/11. The company has lodged an appeal against the said assessment and The Department of Inland Revenue has issued their determination. The Management and the tax consultants has submitted an appeal to the Tax Appeal Commission on that determination.

Based on the information available and the advice of the tax consultants, the Directors are confident that the ultimate resolution of the above contingency is unlikely to have a material adverse effect on the company or on the group.

8.2 Softlogic Life Insurance PLC

- VAT Assessments were received by Softlogic Life Insurance PLC in October 2011 and April 2013 in relation to taxable periods ended 31 December 2009 and 31 December 2010 amounting to Rs. 9.60 mn and Rs. 52.3 mn respectively.

The Company 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 Company has appealed to the Tax Appeals Commission and awaiting the final decision.

Based on the information available and the advice of the tax consultants, the Directors are confident that the ultimate resolution of the above contingency is unlikely to have a material adverse effect on the company or on the group.

- The company has received a tax assessments letter for Life Insurance taxation for the years 2010, 2011 and 2012. The company is of the strong view that no additional tax liability is arising and also we have filed a response highlighting our view, which was done in consultation with Tax Consultants. Further even if this would materialised against the Company, no additional tax liabilities are required for the Company due to carried forward taxable losses and credits. However, the accumulated tax losses of Life business will come down by Rs. 791 mn if all assessments were confirmed.

8.3 Asiri Surgical Hospital PLC

As dispute has arisen with the Department of Inland Revenue with regard to the BOI applicable tax exemption as per the BOI agreement entered between Asiri Surgical Hospital PLC and Board of Investment (BOI) in 2000 (Court of Appeal in CA (Writ) 386/2016).

In accordance with Paragraph 92 of LKAS 37, the company does not provide further information on this and associated risks, in order not to impair the outcome and company's position in this matter.

8.4 Softlogic Communications (Pvt) Ltd

Softlogic Communications (Pvt) Ltd received income tax assessments from The Department of Inland Revenue for the years of assessment 2009/10 and 2010/11. The company has lodged appeals against the said assessments and The Department of Inland Revenue has issued their determination. The Management and the tax consultants have submitted an appeal to the Tax Appeal Commission on that determination.

Based on the information available and the advice of the tax consultants, the Directors are confident that the ultimate resolution of the above contingencies is unlikely to have a material adverse effect on the respective companies or on the group.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

9. CAPITAL COMMITMENTS

As at 31 December 2016, the group had capital commitments contracted but not provided in the financial statements amounting to Rs. 2,740.60 mn (31 December 2015 - 1,095.00 mn).

10. EVENTS AFTER THE REPORTING PERIOD

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

11. RELATED PARTY TRANSACTIONS

11.1 Transactions with related parties

In Rs.	Group		Company	
	9 months to 31-12-2016	9 months to 31-12-2015	9 months to 31-12-2016	9 months to 31-12-2015
Subsidiaries				
(Purchases) / sales of goods	-	-	(2,680,076)	(8,352,103)
(Receiving) / rendering of services	-	-	370,379,405	372,411,560
(Purchases) / sale of property plant & equipment	-	-	(24,369,414)	-
Loans given / (obtained)	-	-	576,122,585	405,179,679
Interest received / (paid)	-	-	426,895,729	140,716,995
Rent received / (paid)	-	-	35,709,367	36,303,837
Dividend received	-	-	372,743,373	1,146,097,155
Profit on disposal of shares	-	-	1,097,248,468	-
Guarantee charges received	-	-	113,920,772	90,224,096
Guarantees given / (obtained)	-	-	20,543,000,000	21,384,800,000
Associates				
(Purchases) / sale of property plant & equipment	826,714	5,734,354	-	-
(Receiving) / rendering of services	1,568,207	4,292,812	8,215,307	9,875,506
Dividend received	-	-	1,800,014	1,000,000
Key management personnel				
Guarantees given/ (received)	(730,000,000)	(1,331,000,000)	(100,000,000)	(100,000,000)
Loans given/ (deposits received)	(85,192,673)	(43,707,522)	-	-
Close family members of KMP				
(Receiving) / rendering of services	-	-	-	-

11.2 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. 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

Audit Committee

R A Ebell - Chairman

Dr S Selliah

Prof. A S Dharmasiri

A Russell-Davison

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

Related Party Transaction Committee

Dr S Selliah - Chairman

H K Kaimal

W M P L De Alwis, PC

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