



# **SOFTLOGIC HOLDINGS PLC**

INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
30 SEPTEMBER 2014

## Dear Shareholders,

I am pleased to report the second quarter financial results of FY 2014/15. Consolidated Revenue for the quarter increased by 20.7% to Rs. 8.7 Bn taking the cumulative revenue to near Rs.17 Bn, (up 17.7%). Retail cluster outperformed with a 25.6% contribution to the Group's cumulative turnover for 1H of FY15 followed by Healthcare Services with a 25.1%, Financial Services and ICT each contributing 24.4% and 22.4% respectively.

We expect 2H of FY2014/15 to report much stronger numbers with most of our business segments skewed towards the seasonal peak; viz, Retail, Insurance, Healthcare and Leisure.

Consolidated Gross Profit increased by 18.7% to reach Rs. 3.1 Bn during the second quarter of the financial year with cumulative first half Gross Profit increasing 19.3% to Rs. 6.1 Bn. Operational expenses increased 46.7% to Rs. 2.6 Bn during the quarter whilst accumulated operating expenses for 1H of FY2014/15 grew 40.2% to Rs. 4.7 Bn. With the Group's ongoing expansions, an increase in operating cost margins were noted during the cumulative period to 28.5% from 23.9% last year.

Finance Income, which registered an exceptional three-fold growth to Rs. 1.2 Bn (Rs. 800.3 Mn during the quarter), was primarily led by investment portfolio gains at Asian Alliance Insurance PLC which registered Rs. 1.1 Bn gain in its fixed and equity investments for the cumulative period under review. Finance expenses declined to Rs. 684.3 Mn as opposed to Rs. 733.1 Mn in the comparative quarter. Cumulative finance expenses also reduced to Rs. 1.3 Bn with declining interest rates in the wider economy which has assisted the Group's rapid growth momentum. At this juncture, debt is a much cheaper source of funds in comparison to equity. However, necessary steps are being taken to address Group's gearing position to bring to acceptable levels.

Group PBT registered over a two-fold growth to Rs. 427.0 Mn during the quarter taking cumulative PBT to 721.8 Mn (Rs. 343.0 Mn in 1H of FY2013/14). Profit for the six-month period amounted to Rs. 579.1 Mn (up by a strong 91%) with the 2Q of FY2013/14 reporting Rs. 353.8 Mn (up 198.8%).

During the quarter, your Company executed a groundbreaking acquisition of Odel PLC. This was cheered by all sections of the business community. We believe that with the acquisition of Odel which could be combined with the existing Group synergies in retailing this could become one of the most significant accomplishments for your Company.

The market value of investments where we hold controlling interest in quoted subsidiaries (Asiri Hospital Holdings PLC and Softlogic Capital PLC) reflects a veritable surplus of Rs. 10 Bn from the time of acquisition. It is noteworthy that LRA has highlighted this in its rating report. Should this be factored in a pro-forma balance sheet, overall leverage would be considerably lower.

## Information & Communication Technology

Information & Communication Technology continued to improve its contribution to Group Revenue with the quarter recording 23% (Versus 21.4% of Consolidated Revenue in 2Q of FY2013/14). Cumulative sector contribution stood at 22.4% opposed to 21.1% in 1H of FY14. The sector recorded a strong improvement in its topline by 29.4% to Rs. 2 Bn during the quarter and 25% growth for the cumulative period to Rs. 3.7 Bn.

This growth was propelled by the Communications Division led by the strengthening of its distribution network. Promotional activities and improving demand in Smart phone range added to the sector's volume driven growth. Group's IT segment also strongly progressed providing services for many new IT infrastructure projects.

This segment's Operating Profit improved contribution to the Group accounting for 24.8% during the first half of FY2014/15 to Rs. 417.8 Mn (Rs. 378 Mn which is a 20.2% contribution during the comparative period).

Sector PBT improved by 98.4% to Rs. 264.5 Mn during the cumulative period (Rs.126.9 Mn during 2Q of FY2013/14, up 96.5%). ICT sector PAT increased 51.1% to Rs.218.0 Mn with 37.6% of that amount going directly to Group PAT during 1H of FY2014/15.

### **Retail**

Retail sector contributed 25.6% to Group turnover registering a 18.3% growth to Rs. 4.3 Bn during the cumulative period whilst the quarter saw an improvement of 26.4% to Rs. 2.2 Bn making up 25.4% to the quarterly Consolidated Revenue. This was led by improving footfall rates at our existing showrooms coupled with new brands and store sales.

Operating profit reduced by 24.9% to Rs. 335.3 Mn in comparison with Rs. 446.5 Mn in 1H of FY2013/14. The quarter also witnessed increasing operational expenses with the sector's expansion to result in a marginal decline in operating profit to Rs. 180.6 Mn. Consequently, contribution to the Consolidated Cumulative Operating profit declined to 19.9% from 23.9% in the previous year. Sector's finance cost dropped by 10% to Rs. 262.5 Mn during the six month period.

Sector's PBT dipped 17.8% to Rs.56.1 Mn for the quarter dragging down the cumulative PBT by 46.9% to Rs. 142.4 Mn. Sector's PAT reduced by 15.7% to Rs. 57.5 Mn during 2Q of FY2014/15 with the aggregate PAT for 1H of FY2014/15 also registering a decline of 46.9% to Rs. 142.4 Mn. We believe that the retail cluster's performance would improve with the consolidation of Odel PLC. No doubt, synergies are expected to be significant for Retail in the upcoming periods with integration of the local and international marques to be retailed under one roof.

The Consumer Electronics opened its 191st showroom at Panadura taking its cumulative retail space to 250,000 sq. ft.

Softlogic Brands has obtained distributorship rights for 'Crocs' and 'Pepe' during the period under review.

### **Healthcare Services**

Healthcare Services continued its outstanding performance during the six-month period with strong marks across its three key hospitals; Central Hospital Ltd, Asiri Surgical Hospital PLC and Asiri Hospital Holdings PLC. The Sector added Rs. 4.2 Bn to Group topline (25.1% contribution), which is 11.1% growth during 1H of FY2014/15 with the quarter reporting 10.2% increase to Rs. 2.1 Bn (i.e., 24.1% contribution to the Group topline).

Operating Profit of the sector was Rs. 461.2 Mn during the quarter with the cumulative number reading Rs. 1 Bn. Sector's PBT stood at Rs. 332.7 Mn during the quarter with the 1H of FY2014/15 reporting a 13.9% to Rs. 722.8 Mn. Healthcare's dominant contribution to Group's performance continued as it reported Rs. 628.4 Mn for the six months ended September 2014.

We expect investments in some of our new facilities—Beauty Central—to augment performance in the upcoming quarters.

### **Financial Services**

Financial Services saw a 15.6% growth in topline to Rs. 2.1 Bn during 2Q of FY2014/15 with its contribution to the Group revenue being 24.2% while cumulative sector revenue registered a 14.8% to Rs. 4.1 Bn. The sector's PBT achieved Rs. 299.7 Mn for 1H of FY2014/15 against a loss of Rs. 197.4 Mn during the comparative period.

The strong result of the Sector was led by Asian Alliance Insurance PLC delivering an excellent performance that saw YTD total GWP at Rs. 3.4 Bn with Life premiums

increasing by Rs. 374 Mn, which in absolute terms was amongst the highest in the industry. This reflected an increase of 20.8% that well surpassed industry growth of 7.6%. Company is also having an upswing with investment income far surpassing its peer group on the back of favourable conditions in Equity and Fixed Income markets.

Softlogic Finance PLC saw Loan Advances growth of 17.5% compared to the previous year while Customer Deposits increased by a strong 56% to Rs. 10.7 Bn, with Total Assets of the Company recording Rs. 19.3 Bn.

Softlogic Stockbrokers that embarked on a new strategy at the beginning of the financial year has seen a complete turnaround with Rs. 89.6 Mn turnover recorded for the first half elevating the Company to rank amongst Top 05 in the market.

#### **Automobile**

Automobile sector recorded an improvement of 17.3% to Rs. 287.4 Mn in 1HFY15. The quarter, however, witnessed a marginal decline to Rs. 153 Mn. However, the sector closed the first half of FY 2014/15 with a loss of Rs. 15.7 Mn Versus a loss Rs. 27.3 Mn compared with the previous year. Budget for 2015 has had a positive impact on the automotive industry with the integration of taxes and simplification of the vehicle import tax structure.

Our King Long range, China's most reputed and leading national bus manufacturer has been progressing with the growing demand for luxury transport consequent to the tourist boom and ever increasing highway transportation needs.

#### **Leisure**

Local tourists dominated our bookings during the off-peak season at our brand new resort, Centara Ceysands Resort & Spa. Reservations from tour operators for November-March peak has been impressive.

Shell and core construction work of the 24 floors was completed as per envisaged time lines at Movenpick, Colombo. We expect the hotel to be operational towards the later end of 2015.

#### **Future Outlook**

We are cognizant of the need to garner equity for sustained growth and expansion needs. With this, your Company, will continue to restructure its balance sheet with regard to debt and equity mix so that earning potential to equity holders will be optimal.

*-sgd-*

**Ashok Pathirage**  
**Chairman**

**14 November 2014**

# Softlogic Holdings PLC

## CONSOLIDATED INCOME STATEMENT

In Rs.	Unaudited 6 months to 30-09-2014	Unaudited 6 months to 30-09-2013	Change as a %	Unaudited 3 months to 30-09-2014	Unaudited 3 months to 30-09-2013	Change as a %
Revenue	16,690,787,758	14,186,457,987	17.65	8,647,335,553	7,167,474,725	20.65
Cost of sales	(10,634,844,909)	(9,109,591,372)	16.74	(5,523,166,229)	(4,535,595,536)	21.77
<b>Gross profit</b>	<b>6,055,942,849</b>	<b>5,076,866,615</b>	<b>19.29</b>	<b>3,124,169,324</b>	<b>2,631,879,189</b>	<b>18.70</b>
Other operating income	382,001,879	179,198,323	113.17	274,152,539	96,892,559	182.94
Distribution expenses	(1,070,750,610)	(699,022,005)	53.18	(650,712,796)	(413,834,872)	57.24
Administrative expenses	(3,679,054,367)	(2,689,565,180)	36.79	(1,957,562,294)	(1,363,928,292)	43.52
<b>Results from operating activities</b>	<b>1,688,139,751</b>	<b>1,867,477,753</b>	<b>(9.60)</b>	<b>790,046,773</b>	<b>951,008,584</b>	<b>(16.93)</b>
Finance income	1,222,959,793	312,521,516	291.32	800,333,577	104,292,450	667.39
Finance expenses	(1,309,972,605)	(1,410,874,015)	(7.15)	(684,328,738)	(733,085,622)	(6.65)
<b>Net finance cost</b>	<b>(87,012,812)</b>	<b>(1,098,352,499)</b>	<b>(92.08)</b>	<b>116,004,839</b>	<b>(628,793,172)</b>	<b>(118.45)</b>
Change in fair value of investment property	-	7,410,000	-	-	7,410,000	(100.00)
Share of profit of equity accounted investees	6,173,797	7,366,298	(16.19)	3,831,870	3,090,521	23.99
Change in insurance contract liabilities	(885,451,468)	(440,940,240)	100.81	(482,924,148)	(206,518,095)	133.84
<b>Profit before tax</b>	<b>721,849,268</b>	<b>342,961,312</b>	<b>110.48</b>	<b>426,959,334</b>	<b>126,197,838</b>	<b>238.33</b>
Tax expense	(142,701,621)	(39,695,768)	259.49	(73,117,907)	(7,767,911)	841.28
<b>Profit for the period</b>	<b>579,147,647</b>	<b>303,265,544</b>	<b>90.97</b>	<b>353,841,427</b>	<b>118,429,927</b>	<b>198.78</b>
<b>Attributable to:</b>						
Equity holders of the parent	143,382,806	92,913,259	54.32	102,693,210	53,942,123	90.38
Non-controlling interest	435,764,841	210,352,285	107.16	251,148,217	64,487,804	289.45
	<b>579,147,647</b>	<b>303,265,544</b>	<b>90.97</b>	<b>353,841,427</b>	<b>118,429,927</b>	<b>198.78</b>
<b>Earnings per share - Basic (Rs.)</b>	<b>0.19</b>	<b>0.12</b>	<b>54.38</b>	<b>0.13</b>	<b>0.07</b>	<b>90.45</b>
<b>Dividend per share</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	

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 6 months to 30-09-2014	Unaudited 6 months to 30-09-2013	Change as a %	Unaudited 3 months to 30-09-2014	Unaudited 3 months to 30-09-2013	Change as a %
<b>Profit for the period</b>	<b>579,147,647</b>	<b>303,265,544</b>	<b>90.97</b>	<b>353,841,427</b>	<b>118,429,927</b>	<b>198.78</b>
<b>Other comprehensive income</b>						
Currency translation of foreign operations	20,203,053	4,376,293	361.65	18,598,510	3,362,678	453.09
Revaluation of land and buildings	-	60,300,500	(100.00)	-	60,300,500	(100.00)
Net (loss) / gain on available-for-sale financial assets	501,427,133	(241,243,266)	307.85	382,140,320	(240,916,064)	258.62
Net change in fair value on derivative financial instruments	-	-	-	-	-	-
Actuarial gains/ (loss) on retirement benefits	(31,361,799)	-	-	221,760	-	-
Share of other comprehensive income of equity accounted investments	-	-	-	-	-	-
Tax on other comprehensive income	-	-	-	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>490,268,387</b>	<b>(176,566,473)</b>	<b>377.67</b>	<b>400,960,590</b>	<b>(177,252,886)</b>	<b>326.21</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>1,069,416,034</b>	<b>126,699,071</b>	<b>744.06</b>	<b>754,802,017</b>	<b>(58,822,959)</b>	<b>1,383.18</b>
<b>Attributable to:</b>						
Equity holders of the parent	391,207,296	(14,408,921)	2,815.04	297,893,057	(55,406,244)	637.65
Non-controlling interest	678,208,738	141,107,992	380.63	456,908,960	(3,416,715)	13,472.76
	<b>1,069,416,034</b>	<b>126,699,071</b>	<b>744.06</b>	<b>754,802,017</b>	<b>(58,822,959)</b>	<b>1,383.18</b>

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 30-09-2014	Unaudited as at 30-09-2013	Audited as at 31-03-2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	19,023,979,258	15,392,863,359	17,538,277,279
Lease rentals paid in advance	855,314,383	153,830,656	153,312,190
Investment property	81,510,000	2,182,455,500	2,266,146,000
Intangible assets	7,654,599,389	7,565,702,585	7,731,412,573
Investments in associates	2,731,844,617	36,984,632	24,746,404
Other non-current financial assets	8,005,860,903	5,689,032,911	6,166,907,715
Rental receivable on lease assets and hire purchase	3,219,572,715	4,105,132,282	3,738,692,476
Other non-current assets	283,221,237	51,339,913	142,966,541
Deferred tax assets	289,681,338	264,756,674	307,629,785
	<b>42,145,583,840</b>	<b>35,442,098,512</b>	<b>38,070,090,963</b>
<b>Current assets</b>			
Inventories	4,650,432,363	3,617,667,577	5,109,353,850
Assets held-for-sale	2,184,636,000	-	-
Trade and other receivables	6,672,554,302	5,007,748,853	5,095,125,317
Loans and advances	4,246,055,362	2,210,707,434	2,077,038,702
Rental receivable on lease assets and hire purchase	4,642,803,659	4,092,512,026	4,616,673,501
Amounts due from related parties	1,694,686	5,037,523	778,460
Other current assets	3,065,600,232	2,623,311,215	2,773,900,450
Short term investments	6,957,175,256	3,340,759,573	6,358,330,664
Cash in hand and at bank	1,670,165,480	955,576,642	1,762,101,994
	<b>34,091,117,340</b>	<b>21,853,320,843</b>	<b>27,793,302,938</b>
<b>Total assets</b>	<b>76,236,701,180</b>	<b>57,295,419,355</b>	<b>65,863,393,901</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	5,089,000,000	5,089,000,000	5,089,000,000
Revenue reserves	721,786,076	816,658,007	628,907,044
Other components of equity	1,405,822,664	1,421,159,241	1,083,932,574
	<b>7,216,608,740</b>	<b>7,326,817,248</b>	<b>6,801,839,618</b>
Non-controlling interests	7,249,262,033	6,324,199,037	6,548,905,153
<b>Total equity</b>	<b>14,465,870,773</b>	<b>13,651,016,285</b>	<b>13,350,744,771</b>
<b>Non-current liabilities</b>			
Insurance contract liabilities	5,070,374,825	3,659,317,677	4,184,923,357
Interest bearing borrowings	19,139,040,967	11,983,015,189	12,999,848,935
Public deposits	2,309,393,553	1,043,134,631	1,885,402,009
Deferred tax liabilities	343,040,344	359,529,113	332,324,498
Employee benefit liabilities	507,551,301	408,784,272	444,467,274
Other deferred liabilities	63,623,332	101,884,311	64,557,961
Other non-current financial liabilities	6,260,352	1,812,828,000	6,260,352
	<b>27,439,284,674</b>	<b>19,368,493,193</b>	<b>19,917,784,386</b>
<b>Current liabilities</b>			
Trade and other payables	5,693,963,426	4,444,366,304	5,751,656,617
Amounts due to related parties	17,940,213	22,161,282	19,508,602
Income tax liabilities	133,546,541	47,551,897	174,142,951
Short term borrowings	13,314,024,987	8,590,739,311	11,822,115,977
Current portion of interest bearing borrowings	3,003,381,164	3,411,036,627	4,144,437,836
Other current liabilities	1,852,491,511	222,614,129	712,784,853
Public deposits	8,490,602,398	5,918,845,592	7,418,343,338
Bank overdrafts	1,825,595,493	1,618,594,735	2,551,874,570
	<b>34,331,545,733</b>	<b>24,275,909,877</b>	<b>32,594,864,744</b>
<b>Total equity and liabilities</b>	<b>76,236,701,180</b>	<b>57,295,419,355</b>	<b>65,863,393,901</b>

Note : Figures in brackets indicate deductions.

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-**

Director

**-sgd-**

Director

14 November 2014  
Colombo

# Softlogic Holdings PLC

## CONSOLIDATED CASH FLOW STATEMENT

In Rs.	Unaudited 6 months to 30-09-2014	Unaudited 6 months to 30-09-2013	Audited 12 months to 31-03-2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>	<b>721,849,268</b>	<b>342,961,312</b>	<b>1,257,998,837</b>
<b>Adjustments for:</b>			
Finance income	(1,222,959,793)	(312,521,516)	(1,194,912,822)
Finance costs	1,309,972,605	1,410,874,015	2,660,026,602
Change in fair value of investment property	-	(7,410,000)	(91,100,500)
Share of results of associates	(6,173,797)	(7,366,298)	(13,280,969)
Gratuity provision and related costs	56,348,605	49,568,474	105,555,003
Provision for impairment of receivables	29,345,388	-	34,210,138
Provision for impairment of inventories	18,915,328	-	49,765,780
Depreciation of property, plant and equipment	512,782,462	436,956,114	901,836,851
Profit on sale of property, plant and equipment	(12,221,094)	(18,039,255)	(34,808,911)
Profit on sale of short term investments	(131,571,179)	(34,169,827)	(222,795,432)
Unrealised (gain)/loss on foreign exchange	31,278,719	52,889,294	25,855,552
Amortisation / impairment of intangible assets	112,835,772	85,436,555	204,045,351
Amortisation of prepaid lease rentals	518,467	518,469	1,036,927
Provision for put option liability	-	-	6,260,352
Increase / (decrease) in deferred income	(934,629)	(14,957,203)	(61,646,822)
Impairment & derecognition of property, plant & equipment	5,589,573	-	29,691,599
<b>Profit before working capital changes</b>	<b>1,425,575,695</b>	<b>1,984,740,134</b>	<b>3,657,737,536</b>
(Increase) / decrease in inventories	440,006,159	87,655,519	(1,453,796,534)
(Increase) / decrease in trade and other receivable	(1,595,766,336)	(659,334,630)	(860,489,097)
(Increase) / decrease in loans and advances	(2,273,289,201)	(628,047,366)	(818,798,373)
(Increase) / decrease in investments in lease and hire purchase	492,989,602	(932,446,623)	(1,102,821,152)
(Increase) / decrease in other current assets	(291,699,782)	(955,069,768)	(1,105,659,002)
(Increase) / decrease in amount due from related parties	(916,226)	18,582,355	93,603,954
Increase / (decrease) in trade and other payables	(83,808,884)	549,860,047	1,876,437,387
Increase / (decrease) in amount due to related parties	(1,568,389)	140,423	(2,512,237)
Increase / (decrease) in other current liabilities	1,139,706,658	(9,846,346)	500,247,453
Increase / (decrease) in public deposits	1,496,250,604	5,029,176	2,346,794,300
Increase / (decrease) in Insurance provision	885,451,468	440,940,240	966,545,920
<b>Cash generated from / (used in) operations</b>	<b>1,632,931,368</b>	<b>(97,796,839)</b>	<b>4,097,290,155</b>
Finance income received	1,195,749,581	294,988,045	770,592,161
Finance expenses paid	(1,300,907,150)	(1,410,874,015)	(2,650,623,018)
Dividend received	1,000,000	27,000,000	27,000,000
Tax paid	(153,330,129)	(213,689,382)	(429,862,142)
Gratuity paid/ transfers	(23,796,618)	(19,652,003)	(38,898,992)
<b>Net cash flow from / (used in) operating activities</b>	<b>1,351,647,052</b>	<b>(1,420,024,194)</b>	<b>1,775,498,164</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase and construction of property, plant and equipment	(1,929,647,671)	(1,186,418,158)	(3,459,164,705)
Additions to Lease rentals paid in advance	(702,520,660)	-	-
Addition to intangible assets	(45,060,845)	(20,359,031)	(305,007,400)
(Increase)/ decrease in other non current assets	(140,254,696)	28,488,196	(63,138,432)
(Purchase) / disposal of short term investments (net)	40,100,727	201,110,702	469,049,446
Dividends Received	27,210,212	37,350,296	146,289,554
(Purchase) / disposal of other non current financial assets	(1,233,878,896)	(436,533,927)	(1,989,235,451)
Acquisition of associate	(2,703,653,078)	-	-
Proceeds from sale of property, plant and equipment	27,119,399	69,519,235	91,402,882
<b>Net cash flow used in investing activities</b>	<b>(6,660,585,508)</b>	<b>(1,306,842,687)</b>	<b>(5,109,804,106)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>			
Dividend paid to non controlling interest	-	(20,730,992)	(613,590,164)
Proceeds from shareholders with non-controlling interest on issue of rights in subsidiaries	177,776,292	-	-
Proceeds from long term borrowings	8,057,685,372	3,872,228,805	7,546,880,910
(Increase) / decrease of controlling interest	(118,471,800)	(115,026,776)	(2,529,972,054)
Repayment of long term borrowings	(3,145,716,498)	(1,558,046,300)	(3,554,156,028)
Proceeds from / (repayment of) short term borrowings (net)	1,491,909,010	1,469,475,894	4,643,339,981
Direct cost on issue of shares	(12,343,758)	-	(5,871,054)
Unamortisation of debenture issue expense/ loan processing fee	-	-	(20,136,995)
Dividend paid to equity holders of parent	-	-	(120,033,286)
<b>Net cash flow from financing activities</b>	<b>6,450,838,618</b>	<b>3,647,900,631</b>	<b>5,346,461,310</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,141,900,162</b>	<b>921,033,750</b>	<b>2,012,155,368</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>1,700,038,527</b>	<b>(312,393,037)</b>	<b>(312,393,037)</b>
Effect of exchange rate changes	(183,460)	(20,381)	276,196
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>2,841,755,229</b>	<b>608,620,332</b>	<b>1,700,038,527</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
<b>Favourable balances</b>			
Cash in hand and at bank	1,670,165,480	955,576,642	1,762,101,994
Short term investments	2,997,185,242	1,271,638,425	2,489,811,103
<b>Unfavourable balances</b>			
Bank overdrafts	(1,825,595,493)	(1,618,594,735)	(2,551,874,570)
<b>Cash and cash equivalents</b>	<b>2,841,755,229</b>	<b>608,620,332</b>	<b>1,700,038,527</b>

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.



# Softlogic Holdings PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### GROUP

In Rs.	Attributable to equity holders of parent								Total	Non-controlling interest	Total equity
	Stated capital	Treasury Shares	Revaluation reserve	Exchange translation reserve	Available-for-sale reserve	Statutory reserve fund	Other reserves - restated	Revenue reserve - restated			
<b>As at 01 April 2014</b>	5,089,000,000	(55,921,185)	1,461,774,873	(75,358,862)	176,573,503	149,167,942	(572,303,697)	628,907,044	<b>6,801,839,618</b>	6,548,905,153	<b>13,350,744,771</b>
Profit for the period	-	-	-	-	-	-	-	143,382,806	<b>143,382,806</b>	435,764,841	<b>579,147,647</b>
Other Comprehensive income	-	-	-	20,203,053	247,970,998	-	-	(20,349,561)	<b>247,824,490</b>	242,443,897	<b>490,268,387</b>
<b>Total Comprehensive income</b>	-	-	-	20,203,053	247,970,998	-	-	123,033,245	<b>391,207,296</b>	678,208,738	<b>1,069,416,034</b>
Direct cost on issue of shares	-	-	-	-	-	-	-	(10,285,508)	<b>(10,285,508)</b>	(2,058,250)	<b>(12,343,758)</b>
Transfer to reserve fund	-	-	-	-	-	19,868,705	-	(19,868,705)	-	-	-
Acquisitions, disposals and changes in holding	-	-	-	-	-	-	33,847,334	-	<b>33,847,334</b>	24,206,392	<b>58,053,726</b>
<b>As at 30 September 2014</b>	5,089,000,000	(55,921,185)	1,461,774,873	(55,155,809)	424,544,501	169,036,647	(538,456,363)	721,786,076	<b>7,216,608,740</b>	7,249,262,033	<b>14,465,870,773</b>
<b>As at 01 April 2013</b>	5,089,000,000	(47,753,697)	1,337,323,892	(93,885,610)	240,463,858	87,790,590	-	753,383,812	<b>7,366,322,845</b>	6,298,335,034	<b>13,664,657,879</b>
Profit for the period	-	-	-	-	-	-	-	92,913,259	<b>92,913,259</b>	210,352,285	<b>303,265,544</b>
Other Comprehensive income	-	-	60,300,500	4,376,293	(171,998,973)	-	-	-	<b>(107,322,180)</b>	(69,244,293)	<b>(176,566,473)</b>
<b>Total Comprehensive income</b>	-	-	60,300,500	4,376,293	(171,998,973)	-	-	92,913,259	<b>(14,408,921)</b>	141,107,992	<b>126,699,071</b>
Treasury shares purchased during the period	-	(8,167,491)	-	-	-	-	-	-	<b>(8,167,491)</b>	-	<b>(8,167,491)</b>
Transfer to reserve fund	-	-	-	-	-	29,639,064	-	(29,639,064)	-	-	-
Acquisitions, disposals and changes in holding	-	-	-	-	-	-	(16,929,185)	-	<b>(16,929,185)</b>	(94,512,997)	<b>(111,442,182)</b>
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	(20,730,992)	<b>(20,730,992)</b>
<b>As at 30 September 2013</b>	5,089,000,000	(55,921,188)	1,397,624,392	(89,509,317)	68,464,885	117,429,654	(16,929,185)	816,658,007	<b>7,326,817,248</b>	6,324,199,037	<b>13,651,016,285</b>

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

# Softlogic Holdings PLC

## COMPANY INCOME STATEMENT

In Rs.	Unaudited 6 months to 30-09-2014	Unaudited 6 months to 30-09-2013	Change as a %	Unaudited 3 months to 30-09-2014	Unaudited 3 months to 30-09-2013	Change as a %
Revenue	204,253,820	181,579,150	12.49	102,531,810	90,432,325	13.38
Cost of sales	(42,188,370)	(46,640,705)	(9.55)	(21,574,600)	(19,815,983)	8.87
<b>Gross profit</b>	<b>162,065,450</b>	<b>134,938,445</b>	<b>20.10</b>	<b>80,957,210</b>	<b>70,616,342</b>	<b>14.64</b>
Dividend income	114,900,000	30,544,176	276.18	114,725,954	30,328,346	278.28
Other operating income	1,977,819	18,272,178	(89.18)	104,600	3,048,758	(96.57)
Administrative expenses	(130,960,382)	(115,029,520)	13.85	(67,565,822)	(62,547,713)	8.02
<b>Results from Operating Activities</b>	<b>147,982,887</b>	<b>68,725,279</b>	<b>115.33</b>	<b>128,221,942</b>	<b>41,445,733</b>	<b>209.37</b>
Finance income	112,460,085	145,607,680	(22.77)	66,677,692	90,282,871	(26.15)
Finance expenses	(473,562,440)	(426,984,916)	10.91	(231,699,408)	(237,268,449)	(2.35)
<b>Net Finance Cost</b>	<b>(361,102,355)</b>	<b>(281,377,236)</b>	<b>28.33</b>	<b>(165,021,716)</b>	<b>(146,985,578)</b>	<b>12.27</b>
Change in fair value of investment property	-	60,300,500	(100.00)	-	60,300,500	(100.00)
<b>Loss before tax</b>	<b>(213,119,468)</b>	<b>(152,351,457)</b>	<b>39.89</b>	<b>(36,799,774)</b>	<b>(45,239,345)</b>	<b>(18.66)</b>
Tax expense	-	-	-	-	-	-
<b>Loss for the period</b>	<b>(213,119,468)</b>	<b>(152,351,457)</b>	<b>39.89</b>	<b>(36,799,774)</b>	<b>(45,239,345)</b>	<b>(18.66)</b>

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

# Softlogic Holdings PLC

## COMPANY STATEMENT OF COMPREHENSIVE INCOME

In Rs.	Unaudited 6 months to 30-09-2014	Unaudited 6 months to 30-09-2013	Change as a %	Unaudited 3 months to 30-09-2014	Unaudited 3 months to 30-09-2013	Change as a %
<b>Loss for the period</b>	<b>(213,119,468)</b>	<b>(152,351,457)</b>	<b>39.89</b>	<b>(36,799,774)</b>	<b>(45,239,345)</b>	<b>(18.66)</b>
<b>Other comprehensive income</b>						
Net (loss) / gain on available-for-sale financial assets	-	(684,499)	(100.00)	-	(2,295,992)	(100.00)
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>(684,499)</b>	<b>(100.00)</b>	<b>-</b>	<b>(2,295,992)</b>	<b>(100.00)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>(213,119,468)</b>	<b>(153,035,956)</b>	<b>39.26</b>	<b>(36,799,774)</b>	<b>(47,535,337)</b>	<b>(22.58)</b>

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 30-09-2014	Unaudited as at 30-09-2013	Audited as at 31-03-2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	139,806,535	153,060,468	150,325,511
Investment property	394,000,000	394,000,000	394,000,000
Intangible assets	4,353,240	6,979,893	5,341,896
Investments in subsidiaries	10,647,537,451	8,732,039,002	9,007,349,758
Investments in associates	1,362,827,589	861,989,404	11,000,000
Other non-current financial assets	1,867,064,164	210,680,648	57,797,565
	<b>14,415,588,979</b>	<b>10,358,749,415</b>	<b>9,625,814,730</b>
<b>Current assets</b>			
Trade and other receivables	252,451,140	100,009,745	167,169,840
Amounts due from related parties	949,791,021	2,477,152,417	2,453,097,064
Other current assets	38,499,226	61,805,115	31,136,264
Short term investments	392,187,480	985,175,226	1,643,996,056
Cash in hand and at bank	28,348,502	27,815,499	279,766,916
	<b>1,661,277,369</b>	<b>3,651,958,002</b>	<b>4,575,166,140</b>
<b>Total assets</b>	<b>16,076,866,348</b>	<b>14,010,707,417</b>	<b>14,200,980,870</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	5,089,000,000	5,089,000,000	5,089,000,000
Revenue reserves	9,878,549	218,458,564	222,998,017
Other components of equity	-	(3,433,870)	-
<b>Total equity</b>	<b>5,098,878,549</b>	<b>5,304,024,694</b>	<b>5,311,998,017</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	3,445,869,667	3,641,975,649	2,448,181,474
Employee benefit liabilities	33,683,785	24,716,274	30,083,785
Other non-current financial liabilities	-	906,414,000	-
	<b>3,479,553,452</b>	<b>4,573,105,923</b>	<b>2,478,265,259</b>
<b>Current liabilities</b>			
Trade and other payables	32,952,520	33,684,643	14,569,828
Amounts due to related parties	1,178,812,853	967,964,751	946,657,314
Short term borrowings	5,480,540,069	2,501,979,988	3,920,810,772
Current portion of interest bearing borrowings	743,419,205	561,558,955	1,455,262,816
Other current liabilities	22,753,196	43,064,192	18,028,772
Bank overdrafts	39,956,504	25,324,271	55,388,092
	<b>7,498,434,347</b>	<b>4,133,576,800</b>	<b>6,410,717,594</b>
<b>Total equity and liabilities</b>	<b>16,076,866,348</b>	<b>14,010,707,417</b>	<b>14,200,980,870</b>

Note : Figures in brackets indicate deductions.

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-

Director

-sgd-

Director

14 August 2014  
Colombo

# Softlogic Holdings PLC

## COMPANY STATEMENT OF CASH FLOW

In Rs.	Unaudited 6 months to 30-09-2014	Unaudited 6 months to 30-09-2013	Audited 12 months to 31-03-2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax	(213,119,468)	(152,351,457)	(22,339,263)
<b>Adjustments for:</b>			
Finance income	(112,460,085)	(145,607,680)	(354,457,046)
Dividend income	(114,900,000)	(30,544,176)	(403,985,123)
Finance costs	473,562,440	426,984,916	980,482,527
Change in fair value of investment property	-	(60,300,500)	(60,300,500)
Gratuity provision and related costs	3,600,000	3,523,774	6,319,025
(Appreciation)/ depreciation in market value of quoted shares	-	545,519	-
Provision for impairment of receivables	3,250,000	-	4,577,366
Depreciation of property, plant and equipment	12,672,665	13,223,426	25,452,041
Profit on sale of property, plant and equipment	(1,720,066)	(11,115,499)	(16,622,339)
Profit on sale of short term investments	-	-	(56,984,480)
Amortisation / impairment of intangible assets	1,608,656	97,136	2,221,133
<b>Profit before working capital changes</b>	<b>52,494,142</b>	<b>44,455,459</b>	<b>104,363,341</b>
(Increase) / decrease in trade and other receivable	(87,875,739)	3,337,155	(68,400,306)
(Increase) / decrease in other current assets	(7,362,962)	(47,004,397)	(3,221,346)
(Increase) / decrease in amount due from related parties	(739,515,447)	(1,576,106,425)	(1,951,918,164)
Increase / (decrease) in trade and other payables	18,382,692	26,156,542	(502,247)
Increase / (decrease) in amount due to related parties	232,155,539	(327,501,519)	(348,808,956)
Increase / (decrease) in other current liabilities	4,724,424	18,723,350	(6,312,073)
<b>Cash generated from / (used in) operations</b>	<b>(526,997,351)</b>	<b>(1,857,939,835)</b>	<b>(2,274,799,751)</b>
Finance income received	112,460,085	145,607,680	352,968,194
Finance expenses paid	(466,705,611)	(426,984,916)	(965,397,880)
Dividend received	114,900,000	30,544,176	403,985,123
Tax paid	(655,561)	-	(14,310,092)
Gratuity paid/ transfers	-	(243,000)	(1,335,500)
<b>Net cash flow from / (used in) operating activities</b>	<b>(766,998,438)</b>	<b>(2,109,015,895)</b>	<b>(2,498,889,906)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase and construction of property, plant and equipment	(5,584,685)	(6,688,720)	(14,782,876)
Addition to intangible assets	(620,000)	(7,077,029)	(7,563,029)
(Purchase) / disposal of short term investments (net)	(261,567,863)	507,224,210	507,968,637
(Purchase) / disposal of other non current financial assets	33,054,925	14,965,726	36,324,001
Increase in interest in subsidiaries	(1,239,687,727)	(462,896,001)	(326,688,191)
Acquisition of associate	(1,351,827,589)	-	-
Proceeds from sale of property, plant and equipment	5,151,063	15,970,143	24,095,340
<b>Net cash flow used in investing activities</b>	<b>(2,821,081,876)</b>	<b>61,498,329</b>	<b>219,353,882</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from long term borrowings	1,350,000,000	2,000,000,000	2,000,000,000
Repayment of long term borrowings	(1,071,012,249)	(191,448,803)	(492,003,416)
Proceeds from / (repayment of) short term borrowings (net)	1,559,729,298	1,554,543,842	2,973,374,625
Unamortisation of debenture issue expense/ loan processing fee	-	-	(11,094,231)
Dividend paid to equity holders of parent	-	-	(120,745,000)
<b>Net cash flow from financing activities</b>	<b>1,838,717,049</b>	<b>3,363,095,039</b>	<b>4,349,531,978</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,749,363,265)</b>	<b>1,315,577,473</b>	<b>2,069,995,954</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>1,737,755,263</b>	<b>(332,240,692)</b>	<b>(332,240,691)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>(11,608,002)</b>	<b>983,336,781</b>	<b>1,737,755,263</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
<b>Favourable balances</b>			
Cash in hand and at bank	28,348,502	27,815,499	279,766,916
Short term investments	-	980,845,555	1,513,376,439
<b>Unfavourable balances</b>			
Bank overdrafts	(39,956,504)	(25,324,273)	(55,388,092)
<b>Cash and cash equivalents</b>	<b>(11,608,002)</b>	<b>983,336,781</b>	<b>1,737,755,263</b>

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	Available-for-sale reserve	Revenue reserve	Total
<b>As at 01 April 2014</b>	5,089,000,000	-	222,998,017	5,311,998,017
Loss for the period	-	-	(213,119,468)	(213,119,468)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	(213,119,468)	(213,119,468)
<b>As at 30 September 2014</b>	5,089,000,000	-	9,878,549	5,098,878,549
<b>As at 01 April 2013</b>	5,089,000,000	(2,749,371)	370,810,021	5,457,060,650
Loss for the period	-	-	(152,351,457)	(152,351,457)
Other comprehensive income	-	(684,499)	-	(684,499)
<b>Total comprehensive income</b>	-	(684,499)	(152,351,457)	(153,035,956)
<b>As at 30 September 2013</b>	5,089,000,000	(3,433,870)	218,458,564	5,304,024,694

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 06 months ended 30 September 2014 were authorised for issue by the Board of directors on 14 November 2014.

### 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 2014.

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.

#### Changes in accounting policies

##### SLFRS 13 Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements.

SLFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The application of SLFRS 13 has not materially impacted the fair value measurements carried out by the Group.

### 3. CHANGE IN LIFE INSURANCE CONTRACT LIABILITIES

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

### 4. SHARE INFORMATION

#### 4.1 Public Share Holdings

The percentage of shares held by the public as at 30 September 2014 was 29.10% (number of public shareholders - 14,759)

#### 4.2 Directors' Share Holdings

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

As at	30-09-2014
A K Pathirage - Chairman/ Managing Director	362,856,869
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 Selliah	2,000,000
W M P L De Alwis, PC	Nil
G L H Premaratne	Nil
R A Ebell	Nil
	<u>548,091,669</u>

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4.3 Twenty Largest Shareholders of the Company are as follows:

As at	Number of shares 30-09-2014	%
1 Mr. A K Pthirage	323,906,869	41.58
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 HSBC INTL NOM LTD - UBS AG ZURICH	10,743,419	1.38
8 Bank of Ceylon A/C Ceybank Unit Trust	7,853,568	1.01
9 Employees Provident Fund	7,230,500	0.93
10 Asian Alliance Insurance PLC - A/C 02 (Life Fund)	4,591,702	0.59
11 Mrs. A Selliah	4,236,000	0.54
12 Arunodhaya Investments (Private) Limited	3,950,000	0.51
13 Arunodhaya Industries (Private) Limited	3,950,000	0.51
14 Arunodhaya (Private) Limited	3,950,000	0.51
15 Miss. S Subramaniam	3,800,000	0.49
16 Mr. V Kailasapillai	3,800,000	0.49
17 Mrs. A Kailasapillai	3,800,000	0.49
18 Sampath Bank PLC - A/C No. 1	3,594,000	0.46
19 Mr. K Aravinthan	3,500,000	0.45
20 Waldock Mackenzie Ltd/Hi-Line Trading (Pvt) Ltd	3,365,646	0.43

### 5. STATED CAPITAL MOVEMENTS

#### 5.1 No of shares

	No of shares
As at 01 April 2014	779,000,000
<b>As at 30 September 2014</b>	<b>779,000,000</b>

#### 5.2 Value of shares

	Rs
As at 01 April 2014	5,089,000,000.00
<b>As at 30 September 2014</b>	<b>5,089,000,000.00</b>

### 6. INVESTOR INFORMATION

#### 6.1 Market Value of Shares

	30-09-2014
The market value of an ordinary share of Softlogic Holdings PLC was as follows.	
Closing price on (Rs.)	15.90
Highest price recorded for the three months ending (Rs.)	16.90
Lowest price recorded for the three months ending (Rs.)	13.70
Market Capitalisation (Rs. mn)	12,386.10

#### 6.2 Ratios

Net assets per share at the period end (Rs.)	9.26
--	------

#### 6.3 Share Trading information from 01 July 2014 to 30 September 2014

Number of shares traded	37,201,531
Value of shares traded (Rs.)	564,442,173.50

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 7. LISTED DEBENTURES

#### 7.1 Details regarding the listed debentures are as follows;

10,000,000 rated unsecured redeemable debentures at the face value of Rs. 100.00 each with an annual effective interest rate of 16.70% were issued on 09 September 2013 which will be matured on 09 September 2016.

Interest rate of comparable Government Securities as at 30 September, 2014 - 7.07% (net of tax)

#### 7.2 Ratios

30-09-2014

Debt/ equity ratio	2.60
Quick asset ratio	0.90
Interest cover	1.90

#### 7.3 Debenture Trading information from 01 July 2014 to 30 September 2014

30-09-2014

Closing price on	N/A
Highest price recorded for the three months ending	N/A
Lowest price recorded for the three months ending	N/A
Interest Yield	N/A
Year to maturity of trade	N/A

Debentures were not traded during the period from 01 July 2014 to 30 September 2014

### 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 Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Asiri Hospital Matara (Pvt) Ltd

Pending litigations against Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Asiri Hospital Matara (Pvt) Ltd with a maximum liability of Rs. 43 mn, Rs. 50 mn and Rs. 51 mn respectively exist as at 30 September 2014 (2013 - Asiri Hospital Holdings PLC : Rs. 43 mn, Asiri Surgical Hospital PLC : Rs. Nil and Asiri Hospital Matara (Pvt) Ltd - Rs. 51 mn).

Although there can be no assurance, the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely to have a material adverse effect on the company or on the group. Accordingly, no provision for any liability has been made in these financial statements.

#### 8.2 Asian Alliance Insurance PLC

VAT Assessments were received by Asian Alliance Insurance PLC in October 2011 and April 2013 in relation to taxable periods ended 31 December 2009 and 31 December 2010 amounting to Rs. 4.90 mn and Rs. 26.90 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 is in the process of appealing 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.

### 9. CAPITAL COMMITMENTS

As at 30 September 2014, the group had capital commitments contracted but not provided in the financial statements amounting to Rs. 2,480 mn (30 September 2013 - 2,410 mn).

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 10. EVENTS AFTER THE REPORTING PERIOD

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

#### 10.1 Investment in Odel PLC

Softlogic Holdings PLC and Softlogic Retail (Pvt) Ltd, a subsidiary of Softlogic Holdings PLC acquired 122,894,000 (45.16%) ordinary shares of Odel PLC respectively at a price of Rs. 22.00 per share on 11 September 2014.

This acquisition resulted in Softlogic Holdings PLC and Softlogic Retail (Pvt) Ltd having to make a mandatory offer to the shareholders of Odel PLC to acquire all remaining shares of Odel PLC at a price of Rs. 22.00 per share which is the highest price paid by them within the previous twelve months.

The Joint Mandatory Offer made by Softlogic Holdings PLC and Softlogic Retail (Pvt) Ltd to the shareholders of Odel PLC expired on 13 October 2014 and the total number of shares:

	No. of Shares	Percentage
- for which acceptance of the offer have been received	130,739,418	48.04
- held by Softlogic Holdings PLC and Softlogic Retail (Pvt) Ltd (the Joint Offerors) before	122,894,000	45.16

#### 10.2 Sale of land - Asiri Central Hospitals PLC

Asiri Central Hospitals PLC, a subsidiary of Softlogic Holdings PLC approved and authorized, as a special resolution and as required by Section 185 of the Companies Act No. 07 of 2007, the sale of the land and premises located at No. 37, Horton Place, Colombo 07 to Ms. P P M Edwards at a total consideration of Rs. 2,600,000,000.00 or to such other purchaser approved by the Board of Directors of the Company at a minimum consideration reflecting the value of the said land and premises as arrived at by an independent valuer.

#### 10.3 Delisting of the Ordinary Shares - Asiri Central Hospitals PLC

Asiri Central Hospitals PLC, a subsidiary of Softlogic Holdings PLC has successfully completed the sale of securities of the shareholders who wished to sell their securities on 16 October 2014.

Asiri Hospital Holdings PLC ("the Offeror"), a subsidiary of Softlogic Holdings PLC has made the respective payments to all shareholders who accepted the offer. After the completion of the sale of shares, the Offeror holds 22,265,721 shares in Asiri Central Hospitals PLC (i.e. 99.69% of the total issued shares of the Company).

In terms of Rule 5(7) of the Securities and Exchange Commission of Sri Lanka Rules 2001, the Colombo Stock Exchange De-listed Asiri Central Hospital PLC from the Official List of the Colombo Stock Exchange with effect from 30 October 2014.

#### 10.4 Disposal of Softlogic Capital PLC shares

Softlogic Holdings PLC, which is the parent company of Softlogic Capital PLC disposed 50,000,000 shares held by Softlogic Holdings PLC in Softlogic Capital PLC on 14 October 2014. Immediately after the disposal, the controlling stake of the entity decreased to 73.11% from 80.38%.

As a result of it, the effective holding of Softlogic Holdings PLC in Softlogic Finance PLC, Asian Alliance Insurance PLC and Softlogic Stockbrokers (Pvt) Ltd decreased to 47.14% from 51.67%, 42.94% from 47.20% and 73.11% from 80.38% respectively.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 11. RELATED PARTY TRANSACTIONS

#### 11.1 Transactions with related parties

In Rs.	Group		Company	
	Unaudited 6 months to 30-09-2014	Unaudited 6 months to 30-09-2013	Unaudited 6 months to 30-09-2014	Unaudited 6 months to 30-09-2013
<b>Subsidiaries</b>				
(Purchases) / sales of goods	-	-	(18,261,891)	(11,478,907)
(Receiving) / rendering of services	-	-	185,677,820	166,705,150
(Purchases) / sale of property plant & equipment	-	-	(1,633,406)	(6,372,972)
Loans given / (obtained)	-	-	(364,284,969)	1,809,755,000
Interest received / (paid)	-	-	50,226,524	130,149,415
Rent received / (paid)	-	-	11,432,004	8,490,000
Dividend received	-	-	114,900,000	30,544,176
Guarantee charges received	-	-	39,599,000	-
Guarantees given / (obtained)	-	-	9,719,800,000	8,274,478,000
<b>Associates</b>				
(Purchases) / sale of property plant & equipment	1,352,880	22,122,687	-	-
(Receiving) / rendering of services	4,034,747	6,028,450	6,024,000	5,784,000
Dividend received	-	-	1,000,000	27,000,000
<b>Key management personnel</b>				
(Receiving) / rendering of services	-	-	-	-
<b>Close family members of KMP</b>				
(Receiving) / rendering of services	-	-	-	-
<b>Post employment benefit plan</b>				
Contributions to the provident fund	6,094,265	4,841,955	1,735,500	1,565,175

#### 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

### Contact Details

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

Dr S Selliah

G L H Premaratne

G W D H U Gunawardena

H Kaimal

R A Ebell

R J Perera

R Rasool

W M P L De Alwis, PC

### Audit Committee

R A Ebell - Chairman

Dr S Selliah

G L H Premaratne

W M P L De Alwis, PC

### Remuneration Committee

W M P L De Alwis - Chairman

G L H Premaratne

### Secretaries and Registrars

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 000

Fax : +94 11 2595 441

### 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

Commercial Bank Ceylon PLC

Deutsche Bank AG, Colombo

DFCC Bank PLC

DFCC Vardhana Bank PLC

Hatton National Bank PLC

Hongkong & Shanghai Banking Corporation

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