



# **SOFTLOGIC HOLDINGS PLC**

INTERIM FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED  
31 DECEMBER 2014

Dear Shareholders,

I am pleased to report the third quarter financial results of FY2014/15. Quarterly Group Revenue increased by 46.4% to Rs.11.1 Bn with the cumulative period of performance nearing Rs. 28 Bn, (up 27.7%). This growth momentum was supported by the consolidation of Odel PLC's results during the quarter in which a period spanning two months was included.

Consequently, retail led the Group's cumulative turnover with a 30.7% dominant contribution for 1-3QFY15 followed by Healthcare Services with a 22.9%, ICT and Financial Services each contributing 21.9% and 21.2% respectively.

Consolidated Gross Profit was Rs. 4.0 Bn, reflecting an increase of 36.6%, during the third quarter of the financial year with cumulative Gross Profit increasing 25.6% to reach Rs. 10.0 Bn.

Operational expenses increased 41.5% to Rs. 2.9 Bn during the quarter with collective operating expenses for 1-3QFY15 also growing by a similar rate to Rs. 7.7 Bn. The increasing operational expenses can be explained with the Group's retail expansion and consolidation of Odel PLC. Hence, operating cost margins expanded to 27.6% from 25.0% during the cumulative comparative period. The quarter registered an increase of 37.4% in administrative costs to Rs. 2.3 Bn and 61.0% increase in distribution costs to Rs. 569.4 Mn. Thereby, distribution costs increased to Rs. 1.6 Bn (up 55.8%) while administration costs reached Rs. 6.0 Bn (up 37.0%) for the cumulative period under review.

Finance Income, which registered a 63.1% growth to Rs. 979.5 Mn during the nine-month period, declined during the quarter to post a loss of Rs. 243.5 Mn. This was due to mark-to-market losses on Asian Alliance Insurance PLC's equity investment portfolio during the quarter. The life insurer's fixed income also declined with the interest rates edging up slightly in the short term treasury/ bond market during the quarter. Rs. 750.1 Mn (up 42.1%) was transferred as share to life policy holders/insurance contract liabilities during the nine-month period whilst a reversal transfer of Rs. 135.3 Mn was made during the third quarter on the back of statutory actuarial valuation.

Finance expenses increased by 25.0% to Rs. 753.8 Mn during the quarter; however, the cumulative finance expenses registered a marginal increase to Rs. 2.1 Bn. The increase in Group interest bearing borrowings was partially due to the debt funded acquisition of Odel PLC notwithstanding and Softlogic Finance PLC debenture issue that came in during the period under review. The low market interest rate regime is expected to continue despite the changes at the helm of the Central Bank given the benign trending of inflation.

Group PBT reported Rs. 709.0 Mn during the quarter taking cumulative PBT to Rs. 1.4 Bn (up 39.5%). Profit after tax for the period during the nine months of FY2014/15 amounted to Rs. 1.1 Bn (up by 37.4%) with 3QFY15 reporting Rs. 524.0 Mn.

### **Information & Communication Technology**

Information & Communication Technology continued on a positive note adding 21.9% to the Group Revenue which increased 34.9% to Rs. 6.1 Bn during the cumulative period (versus 20.8% contribution in 1-3QFY14). The sector recorded consistent improvement in topline by 54.4% to Rs. 2.4 Bn during the quarter with the seasonal period intervening.

This segment's Operating Profit improved 23.5% to Rs. 635.5 Mn to contribute 19.5% to Group operating profit (Rs. 514.5 Mn which is a 17.4% contribution in the comparative period) during 1-3QFY15.

Sector PBT improved to Rs. 398.6 Mn during the cumulative period (Rs.181.1 Mn during 1-3QFY14) whilst the quarter registered a 180.7% growth to Rs. 134.1 Mn. A decline in finance cost by 28.8% during the nine-month period to Rs. 239.2 Mn also supported the improvement in PBT. ICT, fully-owned sector Holding company, saw its PAT increasing 79.3% to Rs. 313.4 Mn during the nine months.

ICT sector's was driven by the Communications Division with satisfactory performance at the Group's B2B IT segment.

The aggressive sales team steered the sector performance with a volume driven strategy for its Smart phone range. Softlogic Mobile Distribution (Pvt) Ltd, which was incorporated to handle Samsung distribution, proceeded well closing the period with a positive bottom line during its first month of operation.

### **Retail**

Retail sector contributed 30.7% to Group turnover registering a 49.8% growth to Rs. 8.5 Bn during the cumulative period with the quarter posting Rs. 4.3 Bn (versus Rs. 2.1 Bn in 3QFY14). This jump in performance is due to post-consolidation of Odel PLC. Two months of Odel's revenue totalled to Rs. 1.0 Bn. Improving footfalls at our existing showrooms coupled with new brands and store sales of our Consumer Electronics and Branded Apparel business further strengthened this sector's performance.

Operating profit improved 12.8% to Rs. 792.1 Mn (24.3% contribution to Group). Quarterly operating profit of the sector increased 78.5% to Rs. 456.8 Mn contributing 29.1% to quarterly Group operating profit base.

Sector's finance cost increased to Rs. 203.1 Mn during 3QFY15 with the cumulative figure moving up 43.6% to Rs. 465.6 Mn. This was primarily due to borrowing to acquire Odel PLC which moved the sector borrowings to Rs. 10.0 Bn as at 31<sup>st</sup> Dec'14 (Rs. 4.7 Bn as at 30<sup>th</sup> June'14). Finance Income of the sector declined to Rs. 37.5 Mn during 1-3QFY15 compared with Rs. 76.0 Mn made in the previous period. This was due to a change in sales strategy where our Hire Purchase model focuses on interest free schemes that yield better margins. Hence, sector's PBT dipped 21.1% to Rs. 363.9 Mn for the cumulative period notwithstanding the provisions made for stocks and debtors amounting to Rs. 72 Mn during the same period. The quarter however registered a growth in PBT to Rs. 247.5 Mn (up 11.1%) following Odel's consolidation. Sector closed the quarter with a PAT of Rs. 212.8 Mn (13.9% increase) whilst the accumulated PAT for the period read Rs. 355.2 Mn.

The Consumer Electronics opened its 195th showroom at Seruwila taking its cumulative retail space to 256,000 sq. ft.

An exclusive 'Splash' store was opened in Colombo whilst 'Mothercare' and 'Dockers' were housed at Odel in December. Plans are ahead to strategically place local as well as international apparel brands at Odel retail points. We also entered into franchise agreements with 'Louis Philippe', 'Van Heusen', 'Allen Solly', 'Peter England' and 'Puma' during the period.

#### **Healthcare Services**

Asiri chain continued its healthy operations during the quarter with strong performance registered across its three key hospitals; Central Hospital Ltd, Asiri Surgical Hospital PLC and Asiri Hospital Holdings PLC. The sector added Rs. 6.4 Bn to Group topline (22.9% contribution), which is 10.4% growth during 1-3QFY15 with the quarter reporting 8.9% increase to Rs. 2.2 Bn (i.e 19.6% contribution to the Group topline).

Operating Profit of the sector was Rs. 493.9 Mn during the quarter with the cumulative number reading Rs. 1.5 Bn. Finance Income of the cluster moved up to Rs. 67.3 Mn (versus Rs. 33.4 Mn in 1-3QFY14) during the cumulative period. Sector PBT stood at Rs. 347.7 Mn during the quarter with 1-3QFY15 reporting a 5.4% growth to Rs. 1.1 Bn. Segment's dominant contribution to Group performance continued as it reported Rs. 919.2 Mn for the nine months ended December 2014.

Asiri continued with its investments in advanced medical technology as Central Hospital Ltd successfully launched a state-of-the-art Cardiac Centre in November 2014 which recorded six successful surgeries during its first month of operation.

Preconstruction procedure is in progress and piling / sub-structural work to commence by April 2015 for Asiri Hospital Kandy (Pvt) Ltd whilst the face-lift of Asiri Hospital Holdings – Kirula Road, and the construction of the new state-of-the-art laboratory building adjacent to the hospital commenced construction in January and targets completion by December 2015.

#### **Financial Services**

Financial Services segment registered a marginal growth in topline to Rs. 5.9 Bn during 1-3QFY15 with its contribution to the Group revenue constituting 21.2% with the quarter generating revenues of Rs. 1.8 Bn.

Asian Alliance Insurance PLC completed a strong year based on the December Financial Year End recording revenue growth of 17% with GWP of R. 4.8 Bn. The Life operation of the company once again more than doubled industry standards to record GWP of Rs. 3.0 Bn which is a 21% growth compared with the previous year and continues to command the highest average policy premium in the industry. The General Insurance business was revamped during the year with special emphasis on re-structuring both Sales and Operations that saw new concepts introduced to the market such as "Drive Thru Insurance" and "365 Day Insurance". General Insurance revenue for the year was Rs. 1.7 Bn, that grew 11% compared with the previous year. The figures reported that correspond to the Group financials show the insurer's turnover for the nine months ended December 2014 at Rs. 4.5 Bn.

Softlogic Finance PLC progressed steadily over the period to record Total Assets of Rs. 19.5 Bn and is comfortably on track to go past Total Assets of Rs. 20 Bn and Net Capital of Rs. 1.5 Bn prescribed by the Central Bank and due in 2016. The company's Total Assets grew by 23%, whilst Loan Advances increased by 21% to reach Rs. 14.3 Bn. Customer Deposits saw a major increase, growing to Rs. 11.7 Bn whilst recording a substantial increase of 54% compared with the previous year. Similar to other Industry players, the Company was impacted by impairments related to its Leasing and HP portfolio that saw PAT for the nine months subsiding to Rs. 153.0 Mn, yet an increase of 38% compared to the previous year. Net interest income increased 23% to Rs 1.1 Bn and Total Income rose by 32% to Rs 1.4 Bn. The Company has executed a timely change with regard to its Lending Strategy that has seen a healthy state of affairs during the period.

Softlogic Stockbrokers (Pvt) Ltd gained by the resurgence of the Equity market to deliver revenues of Rs. 166.9 Mn for the cumulative period under review and was ranked within the Top 3 in the market.

## **Automobile**

Automobile sector revenue recorded an improvement of 83.9% to Rs. 572.3 Mn in 1-3QFY15 with the three months reading Rs. 284.9 Mn (versus Rs. 66.1 Mn). This was primarily led by bus sales, body & paint and after sales unit. However, the sector closed the nine months of FY2014/15 with a loss of Rs. 57.7 Mn Versus a loss Rs. 20.3 Mn in the comparative period due to liquidation of ageing inventory of brands that are not sold any more.

GoSL's Interim Budget in January relating to the automotive industry was the relaxation of the import point taxes by 15% for vehicles below the engine capacity of 1,000 CC, which has no impact on our business lines. Revision of the excise duty on hybrid motor vehicles and the removal of depreciation table currently used for the import of used motor vehicles are expected to increase demand for brand new gasoline vehicles and hence is expected to have a positive impact on our performance. The import license fee of Rs.1.5 Mn p.a for motor vehicle importers would eliminate small players in the highly fragmented motor industry.

Our King Long bus range made a commendable and notable entry into the bus segment and is fast becoming the bus of choice for passenger transport and tourist operators.

## **Leisure**

Centara Ceysands Resort & Spa has commenced its first leg of the winter season and is trending ahead of expectations as we foresee strong earnings flow in the fourth quarter of this financial year. Construction of Movenpick City Hotel is progressing well and is in line with our target timelines.

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**Ashok Pathirage**

**Chairman**

**13 February 2015**

# Softlogic Holdings PLC

## CONSOLIDATED INCOME STATEMENT

In Rs.	Unaudited 9 months to 31-12-2014	Unaudited 9 months to 31-12-2013	Change as a %	Unaudited 3 months to 31-12-2014	Unaudited 3 months to 31-12-2013	Change as a %
Revenue	27,786,158,197	21,766,743,379	27.65	11,095,370,439	7,580,285,392	46.37
Cost of sales	(17,766,065,514)	(13,787,662,218)	28.85	(7,131,220,605)	(4,678,070,845)	52.44
<b>Gross profit</b>	<b>10,020,092,683</b>	<b>7,979,081,161</b>	<b>25.58</b>	<b>3,964,149,834</b>	<b>2,902,214,547</b>	<b>36.59</b>
Other operating income	902,883,305	421,481,276	114.22	520,881,426	242,282,953	114.99
Distribution expenses	(1,640,112,910)	(1,052,611,708)	55.81	(569,362,300)	(353,589,702)	61.02
Administrative expenses	(6,025,102,074)	(4,396,547,108)	37.04	(2,346,047,707)	(1,706,981,928)	37.44
<b>Results from operating activities</b>	<b>3,257,761,004</b>	<b>2,951,403,621</b>	<b>10.38</b>	<b>1,569,621,253</b>	<b>1,083,925,870</b>	<b>44.81</b>
Finance income	979,489,378	600,465,329	63.12	(243,470,414)	287,943,813	(184.55)
Finance expenses	(2,063,762,696)	(2,013,911,368)	2.48	(753,790,091)	(603,037,353)	25.00
<b>Net finance cost</b>	<b>(1,084,273,318)</b>	<b>(1,413,446,039)</b>	<b>(23.29)</b>	<b>(997,260,505)</b>	<b>(315,093,540)</b>	<b>216.50</b>
Change in fair value of investment property	-	7,410,000	(100.00)	-	-	-
Share of profit of equity accounted investees	7,480,446	8,273,133	(9.58)	1,306,648	906,834	44.09
Change in insurance contract liabilities	(750,143,860)	(528,086,763)	42.05	135,307,608	(87,146,523)	(255.26)
<b>Profit before tax</b>	<b>1,430,824,272</b>	<b>1,025,553,952</b>	<b>39.52</b>	<b>708,975,004</b>	<b>682,592,641</b>	<b>3.87</b>
Tax expense	(327,669,262)	(222,433,575)	47.31	(184,967,641)	(123,573,686)	49.68
<b>Profit for the period</b>	<b>1,103,155,010</b>	<b>803,120,377</b>	<b>37.36</b>	<b>524,007,363</b>	<b>559,018,955</b>	<b>(6.26)</b>
<b>Attributable to:</b>						
Equity holders of the parent	322,511,299	196,274,093	64.32	179,128,493	162,524,956	10.22
Non-controlling interest	780,643,711	606,846,284	28.64	344,878,870	396,493,999	(13.02)
	<b>1,103,155,010</b>	<b>803,120,377</b>	<b>37.36</b>	<b>524,007,363</b>	<b>559,018,955</b>	<b>(6.26)</b>
<b>Earnings per share - Basic (Rs.)</b>	<b>0.42</b>	<b>0.25</b>	<b>64.38</b>	<b>0.23</b>	<b>0.21</b>	<b>10.26</b>
<b>Dividend per share</b>	<b>-</b>	<b>0.155</b>	<b>(100.00)</b>	<b>-</b>	<b>0.155</b>	<b>(100.00)</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 9 months to 31-12-2014	Unaudited 9 months to 31-12-2013	Change as a %	Unaudited 3 months to 31-12-2014	Unaudited 3 months to 31-12-2013	Change as a %
<b>Profit for the period</b>	<b>1,103,155,010</b>	<b>803,120,377</b>	<b>37.36</b>	<b>524,007,363</b>	<b>559,018,955</b>	<b>(6.26)</b>
<b>Other comprehensive income</b>						
Currency translation of foreign operations	32,056,098	31,568,508	1.54	11,853,045	27,192,215	(56.41)
Revaluation of land and buildings	-	60,300,500	(100.00)	-	-	-
Net (loss) / gain on available-for-sale financial assets	411,648,322	(218,374,577)	288.51	(88,528,045)	22,868,689	487.11
Net change in fair value on derivative financial instruments	30,540,342	-	-	30,540,342	-	-
Actuarial gains/ (loss) on retirement benefits	(29,981,181)	-	-	1,380,618	-	-
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>444,263,581</b>	<b>(126,505,569)</b>	<b>451.18</b>	<b>(44,754,040)</b>	<b>50,060,904</b>	<b>(189.40)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>1,547,418,591</b>	<b>676,614,808</b>	<b>128.70</b>	<b>479,253,323</b>	<b>609,079,859</b>	<b>(21.32)</b>
<b>Attributable to:</b>						
Equity holders of the parent	546,407,944	125,645,649	334.88	156,451,415	199,218,693	(21.47)
Non-controlling interest	1,001,010,647	550,969,159	81.68	322,801,908	409,861,166	(21.24)
	<b>1,547,418,591</b>	<b>676,614,808</b>	<b>128.70</b>	<b>479,253,323</b>	<b>609,079,859</b>	<b>(21.32)</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 31-12-2014	Unaudited as at 31-12-2013	Audited as at 31-03-2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	23,441,383,799	16,242,898,219	17,538,277,279
Lease rentals paid in advance	855,055,150	153,571,423	153,312,184
Investment property	81,510,000	2,182,455,500	2,266,146,000
Intangible assets	8,690,556,321	7,523,704,676	7,731,412,573
Investments in associates	29,132,326	37,637,553	24,746,404
Other non-current financial assets	8,067,739,363	5,965,187,850	6,166,907,714
Rental receivable on lease assets and hire purchase	2,929,363,317	4,010,764,269	3,738,692,476
Other non-current assets	315,568,858	211,638,860	142,966,541
Deferred tax assets	293,571,104	271,493,905	307,629,785
	<b>44,703,880,238</b>	<b>36,599,352,255</b>	<b>38,070,090,956</b>
<b>Current assets</b>			
Inventories	6,326,918,437	4,324,773,209	5,109,353,850
Assets held-for-sale	2,184,636,000	-	-
Trade and other receivables	6,943,379,391	5,456,710,720	5,095,125,317
Loans and advances	6,155,512,383	976,811,190	2,077,038,702
Rental receivable on lease assets and hire purchase	3,459,180,793	4,372,044,312	4,616,673,501
Amounts due from related parties	539,498	53,651,165	778,460
Other current assets	3,322,478,942	2,263,017,054	2,773,900,450
Short term investments	7,693,874,634	5,032,539,105	6,358,330,664
Cash in hand and at bank	2,522,985,264	1,339,698,980	1,762,101,994
	<b>38,609,505,342</b>	<b>23,819,245,735</b>	<b>27,793,302,938</b>
<b>Total assets</b>	<b>83,313,385,580</b>	<b>60,418,597,990</b>	<b>65,863,393,894</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	974,792,622	781,159,118	628,907,044
Other components of equity	1,312,443,699	1,473,748,199	1,083,932,574
	<b>7,376,236,321</b>	<b>7,343,907,317</b>	<b>6,801,839,618</b>
Non-controlling interests	8,108,944,803	6,728,442,067	6,548,905,153
<b>Total equity</b>	<b>15,485,181,124</b>	<b>14,072,349,384</b>	<b>13,350,744,771</b>
<b>Non-current liabilities</b>			
Insurance contract liabilities	4,935,067,218	3,746,464,195	4,184,923,357
Interest bearing borrowings	22,095,224,511	12,438,527,830	12,999,848,935
Public deposits	2,150,894,372	1,381,235,904	1,885,402,009
Deferred tax liabilities	334,568,893	417,605,806	332,324,498
Employee benefit liabilities	575,273,031	426,601,832	444,467,274
Other deferred liabilities	83,590,189	83,447,263	64,557,961
Other non-current financial liabilities	6,260,352	1,812,828,000	6,260,352
	<b>30,180,878,566</b>	<b>20,306,710,830</b>	<b>19,917,784,386</b>
<b>Current liabilities</b>			
Trade and other payables	5,941,870,848	4,858,343,391	5,751,656,617
Amounts due to related parties	14,987,529	14,551,372	19,508,602
Income tax liabilities	207,274,488	100,878,152	174,142,951
Short term borrowings	13,459,902,375	9,525,230,770	11,822,115,977
Current portion of interest bearing borrowings	3,808,153,335	3,075,570,932	4,144,437,836
Other current liabilities	2,054,863,052	403,718,998	712,784,846
Public deposits	9,584,769,912	6,258,638,444	7,418,343,338
Bank overdrafts	2,575,504,351	1,802,605,717	2,551,874,570
	<b>37,647,325,890</b>	<b>26,039,537,776</b>	<b>32,594,864,737</b>
<b>Total equity and liabilities</b>	<b>83,313,385,580</b>	<b>60,418,597,990</b>	<b>65,863,393,894</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.

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Director

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Director

13 February 2015  
Colombo

# Softlogic Holdings PLC

## CONSOLIDATED CASH FLOW STATEMENT

In Rs.	Unaudited 9 months to 31-12-2014	Unaudited 9 months to 31-12-2013	Audited 12 months to 31-03-2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>	<b>1,430,824,272</b>	<b>1,025,553,952</b>	<b>1,257,998,837</b>
<b>Adjustments for:</b>			
Finance income	(485,513,019)	(378,121,407)	(1,194,912,822)
Finance costs	2,063,762,696	2,013,911,368	2,660,026,602
Change in fair value of investment property	-	(7,410,000)	(91,100,500)
Share of results of associates	(7,480,446)	(8,273,133)	(13,280,969)
Gratuity provision and related costs	86,248,676	75,618,828	105,555,003
Provision for impairment of receivables	68,901,227	-	34,210,138
Provision for impairment of inventories	63,402,375	-	49,765,780
Depreciation of property, plant and equipment	855,102,427	650,959,326	901,836,851
Profit on sale of property, plant and equipment	(15,628,414)	(28,160,848)	(34,808,911)
Profit on sale of short term investments	(493,976,359)	(222,343,922)	(222,795,432)
Unrealised (gain)/loss on foreign exchange	28,490,121	79,067,625	25,855,552
Amortisation / impairment of intangible assets	161,088,399	129,380,096	204,045,351
Amortisation of prepaid lease rentals	777,700	777,703	1,036,927
Provision for put option liability	-	-	6,260,352
Increase / (decrease) in deferred income	(41,266,081)	(33,394,250)	(61,646,822)
Impairment & derecognition of Intangible assets	15,591,464	-	-
Impairment & derecognition of property, plant & equipment	9,289,573	-	29,691,599
<b>Profit before working capital changes</b>	<b>3,739,614,611</b>	<b>3,297,565,338</b>	<b>3,657,737,536</b>
(Increase) / decrease in inventories	(77,658,125)	(619,450,112)	(1,453,796,534)
(Increase) / decrease in trade and other receivable	(1,700,229,118)	(1,137,296,496)	(860,489,097)
(Increase) / decrease in loans and advances	(4,399,918,402)	(629,362,744)	(818,798,373)
(Increase) / decrease in investments in lease and hire purchase	1,966,821,867	(1,117,610,896)	(1,102,821,152)
(Increase) / decrease in other current assets	(509,911,891)	(594,775,604)	(1,105,659,002)
(Increase) / decrease in amount due from related parties	238,962	(1,031,288)	93,603,954
Increase / (decrease) in trade and other payables	(126,574,012)	963,837,135	1,876,437,387
Increase / (decrease) in amount due to related parties	(4,521,073)	(7,469,487)	(2,512,237)
Increase / (decrease) in other current liabilities	1,336,621,485	171,258,523	500,247,453
Increase / (decrease) in public deposits	2,431,918,938	682,923,300	2,346,794,300
Increase / (decrease) in Insurance provision	750,143,861	528,086,758	966,545,920
<b>Cash generated from / (used in) operations</b>	<b>3,406,547,103</b>	<b>1,536,674,427</b>	<b>4,097,290,155</b>
Finance income received	458,302,807	261,230,027	770,592,161
Finance expenses paid	(2,022,577,596)	(1,934,843,743)	(2,650,623,018)
Dividend received	1,000,000	27,000,000	27,000,000
Tax paid	(237,520,898)	(300,123,554)	(429,862,142)
Gratuity paid/ transfers	(42,428,189)	(27,646,710)	(38,898,992)
<b>Net cash flow from / (used in) operating activities</b>	<b>1,563,323,227</b>	<b>(437,709,553)</b>	<b>1,775,498,164</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase and construction of property, plant and equipment	(2,836,884,281)	(2,215,059,191)	(3,459,164,705)
Additions to Lease rentals paid in advance	(702,520,660)	-	-
Addition to intangible assets	(51,692,785)	(22,722,587)	(305,007,400)
(Increase)/ decrease in other non current assets	(137,361,661)	(131,810,751)	(63,138,432)
(Purchase) / disposal of short term investments (net)	2,176,640,868	(1,422,969,458)	469,049,446
Dividends Received	27,210,212	89,891,380	146,289,554
(Purchase) / disposal of other non current financial assets	(1,208,161,227)	531,030,908	(1,989,235,451)
Acquisition of business, net of cash acquired	(5,629,455,225)	-	-
Proceeds from disposal of controlling interest	429,264,107	-	-
Proceeds from sale of property, plant and equipment	44,289,912	80,695,961	91,402,882
<b>Net cash flow used in investing activities</b>	<b>(7,888,670,740)</b>	<b>(3,090,943,738)</b>	<b>(5,109,804,106)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>			
Dividend paid to non controlling interest	(87,538,128)	(26,227,352)	(613,590,164)
Proceeds from shareholders with non-controlling interest on issue of rights in subsidiaries	177,776,292	-	-
Proceeds from long term borrowings	12,563,810,990	5,067,310,101	7,546,880,910
(Increase) / decrease of controlling interest	(243,868,018)	(119,950,951)	(2,529,972,054)
Repayment of long term borrowings	(5,358,770,238)	(2,522,320,330)	(3,554,156,028)
Proceeds from / (repayment of) short term borrowings (net)	1,711,246,398	2,206,454,775	4,643,339,981
Direct cost on issue of shares	(14,069,728)	(2,000,000)	(5,871,054)
Unamortisation of debenture issue expense/ loan processing fee	-	-	(20,136,995)
Dividend paid to equity holders of parent	-	(120,745,000)	(120,033,286)
<b>Net cash flow from financing activities</b>	<b>8,748,587,568</b>	<b>4,482,521,243</b>	<b>5,346,461,310</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,423,240,055</b>	<b>953,867,952</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	73,700	(34,772)	276,196
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>4,123,352,282</b>	<b>641,440,143</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	2,522,985,264	1,339,698,980	1,762,101,994
Short term investments	4,175,871,369	1,104,346,880	2,489,811,103
<b>Unfavourable balances</b>			
Bank overdrafts	(2,575,504,351)	(1,802,605,717)	(2,551,874,570)
<b>Cash and cash equivalents</b>	<b>4,123,352,282</b>	<b>641,440,143</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 CASH FLOW STATEMENT

### A. Acquisition of subsidiaries

Softlogic Holdings PLC and Softlogic Retail (Pvt) Ltd, a fully own 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 Softlogic Holdings PLC and Softlogic Retail (Pvt) Ltd, a subsidiary of Softlogic Holdings PLC acquired further 130,739,418 (48.04%) ordinary shares of Odel PLC.

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

In Rs.	Unaudited 9 months to 31-12-2014	Unaudited 9 months to 31-12-2013	Audited 12 months to 31-03-2014
Property, plant & equipment	3,870,568,723	-	-
Intangible assets	79,957,123	-	-
Deferred tax asset	2,328,157	-	-
Other financial assets	35,240,657	-	-
Inventories	1,203,308,837	-	-
Trade and other receivables	216,926,184	-	-
Income Tax Refund Due	38,666,600	-	-
Other financial assets	1,332,148,213	-	-
Cash and bank balances	97,324,122	-	-
Interest bearing borrowings	(1,321,866,834)	-	-
Deferred tax liabilities	(31,848,115)	-	-
Retirement benefit liability	(58,279,692)	-	-
Trade and other payables	(316,788,244)	-	-
Income tax payable	(2,940)	-	-
Deferred liability	(60,298,308)	-	-
Other financial liabilities	(5,456,714)	-	-
Bank Overdrafts	(146,830,472)	-	-
Net identifiable assets	4,935,097,297	-	-
Non controlling interest holding	(359,586,047)	-	-
Brand name recognised on acquisition	1,004,173,705	-	-
	5,579,684,955	-	-
Investment by Non controlling interest	263,920	-	-
	5,579,948,875	-	-
<b>Total purchase price paid</b>			
Cash consideration	5,579,948,875	-	-
Cash at bank and in hand acquired	49,506,350	-	-
	5,629,455,225	-	-

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 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	-	-	-	-	-	-	-	322,511,299	<b>322,511,299</b>	780,643,711	<b>1,103,155,010</b>
Other Comprehensive income	-	-	-	32,056,098	197,324,627	-	-	(5,484,080)	<b>223,896,645</b>	220,366,936	<b>444,263,581</b>
<b>Total Comprehensive income</b>	-	-	-	32,056,098	197,324,627	-	-	317,027,219	<b>546,407,944</b>	1,001,010,647	<b>1,547,418,591</b>
Direct cost on issue of shares	-	-	-	-	-	-	-	(11,928,550)	<b>(11,928,550)</b>	(2,141,179)	<b>(14,069,729)</b>
Transfer to reserve fund	-	-	-	-	-	(40,786,909)	-	40,786,909	-	-	-
Acquisitions, disposals and changes in holding	-	-	-	-	-	-	39,917,309	-	<b>39,917,309</b>	648,708,310	<b>688,625,619</b>
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	(87,538,128)	<b>(87,538,128)</b>
<b>As at 31 December 2014</b>	<b>5,089,000,000</b>	<b>(55,921,185)</b>	<b>1,461,774,873</b>	<b>(43,302,764)</b>	<b>373,898,130</b>	<b>108,381,033</b>	<b>(532,386,388)</b>	<b>974,792,622</b>	<b>7,376,236,321</b>	<b>8,108,944,803</b>	<b>15,485,181,124</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	-	-	-	-	-	-	-	196,274,093	<b>196,274,093</b>	606,846,284	<b>803,120,377</b>
Other Comprehensive income	-	-	60,300,500	31,568,508	(162,497,452)	-	-	-	<b>(70,628,444)</b>	(55,877,125)	<b>(126,505,569)</b>
<b>Total Comprehensive income</b>	-	-	60,300,500	31,568,508	(162,497,452)	-	-	196,274,093	<b>125,645,649</b>	550,969,159	<b>676,614,808</b>
Direct cost on issue of shares	-	-	-	-	-	-	-	(2,000,000)	<b>(2,000,000)</b>	-	<b>(2,000,000)</b>
Treasury shares purchased during the period	-	(8,167,488)	-	-	-	-	-	-	<b>(8,167,488)</b>	-	<b>(8,167,488)</b>
Transfer to reserve fund	-	-	-	-	-	45,753,787	-	(45,753,787)	-	-	-
Acquisitions, disposals and changes in holding	-	-	-	-	-	-	(17,148,689)	-	<b>(17,148,689)</b>	(94,634,774)	<b>(111,783,463)</b>
Dividend paid	-	-	-	-	-	-	-	(120,745,000)	<b>(120,745,000)</b>	-	<b>(120,745,000)</b>
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	(26,227,352)	<b>(26,227,352)</b>
<b>As at 31 December 2013</b>	<b>5,089,000,000</b>	<b>(55,921,185)</b>	<b>1,397,624,392</b>	<b>(62,317,102)</b>	<b>77,966,406</b>	<b>133,544,377</b>	<b>(17,148,689)</b>	<b>781,159,118</b>	<b>7,343,907,317</b>	<b>6,728,442,067</b>	<b>14,072,349,384</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 9 months to 31-12-2014	Unaudited 9 months to 31-12-2013	Change as a %	Unaudited 3 months to 31-12-2014	Unaudited 3 months to 31-12-2013	Change as a %
Revenue	311,683,048	272,391,475	14.42	107,429,228	90,812,325	18.30
Cost of sales	(61,246,260)	(70,280,557)	(12.85)	(19,057,891)	(23,639,851)	(19.38)
<b>Gross profit</b>	<b>250,436,788</b>	<b>202,110,918</b>	<b>23.91</b>	<b>88,371,337</b>	<b>67,172,474</b>	<b>31.56</b>
Dividend income	114,997,655	30,601,056	275.80	97,655	56,880	71.69
Other operating income	99,954,113	21,711,942	360.36	97,976,295	3,439,764	2,748.34
Administrative expenses	(199,555,132)	(168,668,699)	18.31	(68,594,749)	(53,639,179)	27.88
<b>Results from Operating Activities</b>	<b>265,833,424</b>	<b>85,755,217</b>	<b>209.99</b>	<b>117,850,538</b>	<b>17,029,939</b>	<b>592.02</b>
Finance income	152,697,705	250,084,001	(38.94)	40,237,620	104,476,321	(61.49)
Finance expenses	(735,154,009)	(693,960,280)	5.94	(261,591,569)	(266,975,364)	(2.02)
<b>Net Finance Cost</b>	<b>(582,456,304)</b>	<b>(443,876,279)</b>	<b>31.22</b>	<b>(221,353,949)</b>	<b>(162,499,043)</b>	<b>36.22</b>
Change in fair value of investment property	-	60,300,500	(100.00)	-	-	-
<b>Loss before tax</b>	<b>(316,622,880)</b>	<b>(297,820,562)</b>	<b>6.31</b>	<b>(103,503,411)</b>	<b>(145,469,104)</b>	<b>(28.85)</b>
Tax expense	(28,597,314)	-	-	(28,597,314)	-	-
<b>Loss for the period</b>	<b>(345,220,194)</b>	<b>(297,820,562)</b>	<b>15.92</b>	<b>(132,100,725)</b>	<b>(145,469,104)</b>	<b>(9.19)</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 9 months to 31-12-2014	Unaudited 9 months to 31-12-2014	Change as a %	Unaudited 3 months to 31-12-2014	Unaudited 3 months to 31-12-2013	Change as a %
<b>Loss for the period</b>	<b>(345,220,194)</b>	<b>(297,820,562)</b>	<b>15.92</b>	<b>(132,100,725)</b>	<b>(145,469,104)</b>	<b>(9.19)</b>
<b>Other comprehensive income</b>						
Net (loss) / gain on available-for-sale financial assets	-	(607,032)	(100.00)	-	(2,218,526)	(100.00)
<b>Other comprehensive income for the period, net of tax</b>	<b>-</b>	<b>(607,032)</b>	<b>(100.00)</b>	<b>-</b>	<b>(2,218,526)</b>	<b>(100.00)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>(345,220,194)</b>	<b>(298,427,594)</b>	<b>15.68</b>	<b>(132,100,725)</b>	<b>(147,687,630)</b>	<b>(10.55)</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 31-12-2014	Unaudited as at 31-12-2013	Audited as at 31-03-2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	134,896,751	151,215,035	150,325,511
Investment property	394,000,000	394,000,000	394,000,000
Intangible assets	4,963,304	6,827,663	5,341,896
Investments in subsidiaries	13,232,497,892	8,732,380,282	9,007,349,757
Investments in associates	11,000,000	861,989,404	11,000,000
Other non-current financial assets	1,851,930,088	671,669,459	57,797,564
	<b>15,629,288,035</b>	<b>10,818,081,843</b>	<b>9,625,814,728</b>
<b>Current assets</b>			
Trade and other receivables	250,030,354	156,155,771	167,169,840
Amounts due from related parties	1,300,011,885	2,224,067,738	2,453,097,064
Other current assets	44,459,018	85,994,757	31,136,264
Short term investments	153,239,878	862,061,099	1,643,996,055
Cash in hand and at bank	27,506,234	60,385,204	279,766,916
	<b>1,775,247,369</b>	<b>3,388,664,569</b>	<b>4,575,166,139</b>
<b>Total assets</b>	<b>17,404,535,404</b>	<b>14,206,746,412</b>	<b>14,200,980,867</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	(122,222,177)	(47,755,541)	222,998,017
Other components of equity	-	(3,356,403)	-
<b>Total equity</b>	<b>4,966,777,823</b>	<b>5,037,888,056</b>	<b>5,311,998,017</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	5,659,109,726	3,460,256,292	2,448,181,474
Employee benefit liabilities	34,380,587	26,240,049	30,083,785
Other non-current financial liabilities	530,000,000	906,414,000	-
	<b>6,223,490,313</b>	<b>4,392,910,341</b>	<b>2,478,265,259</b>
<b>Current liabilities</b>			
Trade and other payables	30,959,482	34,657,067	14,569,828
Amounts due to related parties	271,640,007	1,007,576,112	946,657,314
Short term borrowings	5,071,888,372	3,019,139,375	3,920,810,769
Current portion of interest bearing borrowings	725,621,851	583,620,767	1,455,262,816
Other current liabilities	20,157,192	57,847,820	18,028,772
Bank overdrafts	94,000,364	73,106,874	55,388,092
	<b>6,214,267,268</b>	<b>4,775,948,015</b>	<b>6,410,717,591</b>
<b>Total equity and liabilities</b>	<b>17,404,535,404</b>	<b>14,206,746,412</b>	<b>14,200,980,867</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

13 February 2015  
Colombo

# Softlogic Holdings PLC

## COMPANY STATEMENT OF CASH FLOW

In Rs.	Unaudited 9 months to 31-12-2014	Unaudited 9 months to 31-12-2013	Audited 12 months to 31-03-2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax	(316,622,880)	(297,820,562)	(22,339,263)
<b>Adjustments for:</b>			
Finance income	(150,077,444)	(250,018,142)	(354,457,046)
Dividend income	(114,997,655)	(30,601,056)	(403,985,123)
Finance costs	735,154,009	693,960,280	980,482,527
Change in fair value of investment property	-	(60,300,500)	(60,300,500)
Gratuity provision and related costs	5,400,000	5,047,549	6,319,025
(Appreciation)/ depreciation in market value of quoted shares	(2,620,261)	(65,859)	-
Provision for impairment of receivables	7,000,000	-	4,577,366
Depreciation of property, plant and equipment	19,617,619	18,371,910	25,452,041
Profit on sale of property, plant and equipment	(3,407,320)	(14,403,283)	(16,622,339)
Profit on sale of short term investments	-	-	(56,984,480)
Amortisation / impairment of intangible assets	2,240,492	735,367	2,221,133
<b>Profit before working capital changes</b>	<b>181,686,560</b>	<b>64,905,704</b>	<b>104,363,341</b>
(Increase) / decrease in trade and other receivable	(89,860,514)	(11,046,334)	(68,400,306)
(Increase) / decrease in other current assets	(13,322,751)	(71,194,039)	(3,221,346)
(Increase) / decrease in amount due from related parties	(1,041,547,332)	(1,827,415,621)	(1,951,918,164)
Increase / (decrease) in trade and other payables	16,389,654	19,584,990	(502,247)
Increase / (decrease) in amount due to related parties	(145,017,307)	(290,222,139)	(348,808,956)
Increase / (decrease) in other current liabilities	2,128,420	33,506,980	(6,312,073)
<b>Cash generated from / (used in) operations</b>	<b>(1,089,543,270)</b>	<b>(2,081,880,459)</b>	<b>(2,274,799,751)</b>
Finance income received	150,077,444	250,018,142	352,968,194
Finance expenses paid	(725,270,349)	(693,960,280)	(965,397,880)
Dividend received	114,997,655	30,601,056	403,985,123
Tax paid	(28,597,314)	-	(14,310,092)
Gratuity paid/ transfers	(1,103,198)	(243,000)	(1,335,500)
<b>Net cash flow from / (used in) operating activities</b>	<b>(1,579,439,032)</b>	<b>(2,495,464,541)</b>	<b>(2,498,889,906)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase and construction of property, plant and equipment	(8,221,195)	(10,735,074)	(14,782,876)
Addition to intangible assets	(1,861,900)	(7,563,029)	(7,563,029)
(Purchase) / disposal of short term investments (net)	-	507,224,210	507,968,637
(Purchase) / disposal of other non current financial assets	-	19,017,702	36,324,001
Acquisition of subsidiaries	(2,789,975,487)	-	-
Increase in interest in subsidiaries	(1,034,672,662)	(463,237,281)	(326,688,191)
Proceeds from sale of property, plant and equipment	7,439,656	20,001,232	24,095,340
<b>Net cash flow used in investing activities</b>	<b>(3,827,291,588)</b>	<b>64,707,760</b>	<b>219,353,882</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from long term borrowings	3,788,923,982	2,000,000,000	2,000,000,000
Repayment of long term borrowings	(1,317,520,355)	(343,562,374)	(492,003,416)
Proceeds from / (repayment of) short term borrowings (net)	1,151,077,600	2,071,703,226	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)	(120,745,000)
<b>Net cash flow from financing activities</b>	<b>3,622,481,227</b>	<b>3,607,395,852</b>	<b>4,349,531,978</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,784,249,393)</b>	<b>1,176,639,071</b>	<b>2,069,995,954</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>1,737,755,263</b>	<b>(332,240,691)</b>	<b>(332,240,691)</b>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>(46,494,130)</b>	<b>844,398,380</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	27,506,234	60,385,204	279,766,916
Short term investments	20,000,000	857,120,050	1,513,376,439
<b>Unfavourable balances</b>			
Bank overdrafts	(94,000,364)	(73,106,874)	(55,388,092)
<b>Cash and cash equivalents</b>	<b>(46,494,130)</b>	<b>844,398,380</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	-	-	(345,220,194)	(345,220,194)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	-	(345,220,194)	(345,220,194)
<b>As at 31 December 2014</b>	5,089,000,000	-	(122,222,177)	4,966,777,823
<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	-	-	(297,820,562)	(297,820,562)
Other comprehensive income	-	(607,032)	-	(607,032)
<b>Total comprehensive income</b>	-	(607,032)	(297,820,562)	(298,427,594)
Dividend paid	-	-	(120,745,000)	(120,745,000)
<b>As at 31 December 2013</b>	5,089,000,000	(3,356,403)	(47,755,541)	5,037,888,056

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 09 months ended 31 December 2014 were authorised for issue by the Board of directors on 13 February 2015.

### 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 31 December 2014 was 29.10% (number of public shareholders - 14,225)

#### 4.2 Directors' Share Holdings

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

As at	31-12-2014
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 31-12-2014	%
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	9,943,519	1.28
8 Employees Provident Fund	7,230,500	0.93
9 Bank of Ceylon A/C Ceybank Unit Trust	7,080,051	0.91
10 Mr. R S Captain	4,815,672	0.62
11 Asian Alliance Insurance PLC - A/C 02 (Life Fund)	4,591,702	0.59
12 Mrs. A Selliah	4,236,000	0.54
13 Arunodhaya Investments (Private) Limited	3,950,000	0.51
14 Arunodhaya Industries (Private) Limited	3,950,000	0.51
15 Arunodhaya (Private) Limited	3,950,000	0.51
16 Miss. S Subramaniam	3,800,000	0.49
17 Mr. V Kailasapillai	3,800,000	0.49
18 Mrs. A Kailasapillai	3,800,000	0.49
19 Sampath Bank PLC A/C No. 1	3,594,000	0.46
20 Mr. K Aravinthan	3,500,000	0.45

### 5. STATED CAPITAL MOVEMENTS

#### 5.1 No of shares

	No of shares
As at 01 April 2014	779,000,000
<b>As at 31 December 2014</b>	<b>779,000,000</b>

#### 5.2 Value of shares

	Rs
As at 01 April 2014	5,089,000,000
<b>As at 31 December 2014</b>	<b>5,089,000,000</b>

### 6. INVESTOR INFORMATION

#### 6.1 Market Value of Shares

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

	31-12-2014
Closing price on (Rs.)	16.50
Highest price recorded for the three months ending (Rs.)	20.40
Lowest price recorded for the three months ending (Rs.)	14.90
Market Capitalisation (Rs. mn)	12,853.50

#### 6.2 Ratios

Net assets per share at the period end (Rs.)	9.52
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#### 6.3 Share Trading information from 01 October 2014 to 31 December 2014

Number of shares traded	31,749,925
Value of shares traded (Rs.)	554,437,160.20

# 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 31 December, 2014 - 6.83% (net of tax)

#### 7.2 Ratios

	31-12-2014
Debt/ equity ratio	2.70
Quick asset ratio	0.86
Interest cover	1.78

#### 7.3 Debenture Trading information from 01 October 2014 to 31 December 2014

	31-12-2014
Closing price on	110.53
Highest price recorded for the three months ending	110.53
Lowest price recorded for the three months ending	106.00
Interest Yield	14.25%
Year to maturity of trade	9.08%

Debentures were traded thrice during the period from 01 October 2014 to 31 December 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 31 December 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.

#### 8.3 Odel PLC

Odel PLC received an income tax assessment from the department of Inland Revenue for an additional income tax liability of Rs. 16.02 mn (including penalty) for the years of assessment 2009/10. The Company has lodged an appeal against the said assessment and the Department of Inland Revenue has issued their determination on 14 January 2015, confirming the assessment. Management and the tax consultants are in the process of submitting an appeal to the Tax Appeal Commission.

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.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 8. CONTINGENCIES (cont.....)

#### 8.4 Odel Information Technology Services (Pvt) Ltd

Odel Information Technology Services (Pvt) Ltd, a fully owned subsidiary of Odel PLC received an income tax assessment from the department of Inland Revenue for an additional income tax liability of Rs. 33.3 mn (including penalty) for the years of assessments 2007/08, 2008/09, 2009/10, 2010/11 and for 2011/12. The company has lodged an appeal against the said assessments 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.

#### 8.5 Odel Properties (Pvt) Ltd

Odel Properties (Pvt) Ltd, a fully owned subsidiary of Odel PLC received an income tax assessment from the department of Inland Revenue for an additional income tax liability of Rs. 10.5 mn (including penalty) for the years of assessments 2011/12 and 2012/13. The company has lodged an appeal against the said assessments 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 31 December 2014, the group had capital commitments contracted but not provided in the financial statements amounting to Rs. 1,200 mn (31 December 2013 - 2,440 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 other than the followings.

#### 10.1 Right issue of shares – Softlogic Finance PLC PLC

The directors of Softlogic Finance PLC, a subsidiary of Softlogic Holdings PLC resolved to issue 13,376,411 new ordinary shares by way of a Right Issue at the rate of Rs. Thirty (30.00) per share. The proportion in which shares are to be issued Ten (10) new ordinary shares for every twenty eight (28) shares held.

The purpose for which the proceeds of the issue are to be utilized to expand the lending activities of the company and to fulfill the capital adequacy requirements which have arisen as a result of the business expansion .

#### 10.2 Reduction of Stated Capital - Softlogic Capital PLC

Softlogic Capital PLC, a subsidiary of Softlogic Holdings PLC resolved to effect a reduction of the Stated Capital of the company amounting to Rs. 618,464,000.00. The reason for the reduction is to reduce the accumulated losses of the company.

The current stated capital and the proposed stated capital immediately after the reduction is as follows.

Current stated capital - Rs. 3,498,464,000.00

Proposed stated capital - Rs. 2,880,000,000.00

There is no change to the no of shares in issue and it would remain unchanged.

#### 10.3 Segregation of general and life insurance business of Asian Alliance Insurance PLC

In compliance with the requirements of the Regulation of Insurance Industry Act No. 3 of 2011, Asian Alliance Insurance PLC, a subsidiary of Softlogic Holdings PLC has completed the segregation of its long term and general insurance business by the transfer of the general insurance business to a newly formed company, Asian Alliance Insurance General Ltd on 01 January 2015.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 11. RELATED PARTY TRANSACTIONS

#### 11.1 Transactions with related parties

In Rs.	Group		Company	
	Unaudited 9 months to 31-12-2014	Unaudited 9 months to 31-12-2013	Unaudited 9 months to 31-12-2014	Unaudited 9 months to 31-12-2013
<b>Subsidiaries</b>				
(Purchases) / sales of goods	-	-	(26,536,790)	(2,608,785)
(Receiving) / rendering of services	-	-	280,591,540	250,080,475
(Purchases) / sale of property plant & equipment	-	-	(2,823,650)	(6,031,200)
Loans given / (obtained)	-	-	16,236,322	2,575,405,000
Interest received / (paid)	-	-	67,643,000	215,648,400
Rent received / (paid)	-	-	17,233,395	12,595,000
Dividend received	-	-	114,097,655	6,158,130
Guarantee charges received	-	-	54,424,490	-
Guarantees given / (obtained)	-	-	11,896,328,000	7,356,800,000
<b>Associates</b>				
(Purchases) / sale of property plant & equipment	2,851,065	24,604,580	-	-
(Receiving) / rendering of services	9,536,010	9,251,635	9,116,900	8,676,000
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	9,746,008	8,591,100	2,211,000	1,552,500

#### 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](mailto:info@softlogic.lk)

Web : [www.softlogic.lk](http://www.softlogic.lk)

### Directors

A K Pathirage - Chairman/ Managing Director

Dr S Selliah

G L H Premaratne

G W D H U Gunawardena

H K Kaimal

M P R Rasool

R A Ebell

R J Perera

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

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Tel : +94 11 5575 000

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### Investor Relations

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### Contact for Media

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Fax : +94 11 2595 441

### Bankers

Bank of Ceylon

Commercial Bank of 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