



# **SOFTLOGIC HOLDINGS PLC**

INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED  
30 SEPTEMBER 2021

## Dear Shareholders,

Consolidated revenue recorded a strong growth of 46% to Rs.52.6 Bn during 1HFY22 with the quarter registering a commendable growth of 29% to Rs.28.1 Bn. Operating profit for the six-month period recorded a two-fold increase to Rs. 5.9 Bn while the quarter witnessed an increase of 41% to Rs. 3.6 Bn overcoming numerous systemic challenges.

Group profitability reported a strong rebound recording a PAT of Rs. 883 Mn for the cumulative period compared with a loss of Rs. 3.8 Bn in 1HFY21. A two-fold performance growth was recorded for the quarter as the PAT reached Rs. 971 Mn compared with a loss of Rs. 936 Mn in 2QFY21.

Group witnessed improved levels of optimism and consumer spending during the quarter although the Delta-variant mutated unrelentingly to force a nationwide lockdown for the third time. This further compounded the country's economic woes with the resultant re-imposition of import restrictions making the operating climate more difficult. According to the Central Bank, the third wave had the most scarring impact on the economy. Nonetheless, consumer confidence superseded these negative sentiments during the quarter with most of consumers equipping themselves sufficiently to navigate the potential of the digitalised world thus creating an unprecedented demand for goods and services. Group's e-commerce and digital platforms accelerated its contribution to business turnover while the subsequent easing of the lockdown and rapid progress made in the vaccination drive helped usher in the post pandemic demand under the new normal.

Core contributors to Group revenue for the cumulative period were Retail (54% contribution), Healthcare Services (20%), Financial Services (19%), IT (5%). Automotive and Leisure & Property together made 1% of Group top line.

Gross Profit for the six-month period increased 43% to Rs.15.7 Bn while the quarter recorded a growth of 19% to Rs.8.5 Bn.

Other Operating Income, which comprise investment income, fee and commission generated from retail and financial services sectors' recurrent and non-recurrent sources, declined 3% to Rs. 403 Mn during the

cumulative period although the quarter recorded a growth of 24% to Rs. 264 Mn.

Distribution and administrative expenses increased 18% and 7% to Rs.1.6 Bn and Rs.8.7 Bn respectively during 1HFY22 while the quarter recorded cost increases of 1% and 8% to Rs.790 Mn and Rs.4 Bn respectively. Total operational expenses increased 8% to Rs.10.3 Bn during 1HFY22 while the quarter witnessed a 7% increase in operational expenses to Rs.5.1 Bn.

## EBITDA

Cumulative Group EBITDA more than doubled to Rs. 7.8 Bn in 1HFY22 in comparison to Rs. 3.8 Bn in 1HFY21. Quarterly EBITDA rose 31% to Rs. 4.6 Bn.

The gradual uptick in the interest rates for contracts with guaranteed returns during the quarter paved way for the decline in the transfer of insurance contract liabilities to the life fund. The quarter witnessed a transfer of Rs.943 Mn compared to Rs.1.7 Bn last year. The cumulative period recorded a transfer of Rs.1.9 Bn with the comparative period recording a transfer of Rs.2.4 Bn.

Finance Income increased 19% to Rs.1.4 Bn during 1HFY22 while 2QFY22 more than doubled to Rs.737 Mn (Rs.342 Mn in 2QFY21).

Net finance cost declined 29% to Rs. 2.4 Bn during the six-month period as the quarter also recorded a decline of 29% to Rs. 1.2 Bn.

## Retail

Retail sector emerged to be one of the top performers during the quarter amid supply-side challenges with the consequent lockdown and re-imposition of the import restrictions consequent to USD shortages in the market. Quarterly sector revenue recorded a top line growth of 33% to Rs.14.9 Bn while 1HFY22 achieved a growth of 51% to Rs.28.4 Bn. Sector operating profit for the quarter was Rs.925 Mn (up65%) as cumulative sector operating profit reached Rs.1.4 Bn (Rs.524 Mn in 1HFY21).

Quarterly sector EBITDA improved 47% to Rs.1.2 Bn while six-month sector EBITDA improved 81% to Rs.2 Bn.

The business connected with customers more than ever before during the lockdown periods as extensive digital marketing helped in strengthening customer connectivity and engagement. We continued to focus on growing consumer wallet share given the superior overall retail proposition in the market in fashion brands, consumer electronics, mobile phones, restaurants and supermarkets.

Even as consumers returned to the stores, e-commerce sales have continued to experience strong growth with repeat orders and continuous improvement in new customer online registration. Omnichannel shopping is predominant, and therefore decisive actions were made to focus on digital acceleration by moving available inventory to e-commerce, investing in a powerful digital content studio while increasing focus on social media marketing. Our day-to-day decisions have become more data-driven with a clear focus on consumer insights and trends given the growing size and extent of Softlogic's customer base. Nonetheless, post-lockdown, offline stores have witnessed a surge in customer traffic and sales displaying positive signs of consumer willingness to venture out and shop-in-store.

Consumer Electronic business witnessed an increased contribution to sector performance during the quarter. The company, which overcame supply-side challenges with import restrictions and forex shortage, expanded its locally-sourced product portfolio.

The quarter also reported an improvement in GP margins of the company. This was primarily led by the change in sales mix to focus on Original Equipment Manufacturer (OEM) products. OEM products are those manufactured for our own label such as 'Softlogic' and 'Softlogic MAXMO.'

The company also has significantly increased its cash to hire-purchase sales mix and this has supported working-capital-management imperatives during these difficult periods. Focused approach in inventory management to prioritize the fast-moving SKUs also helped boost sales during the quarter. One-off panic buying due to potential longstanding import-restrictions was also another contributing factor to the top line growth during the quarter.

Group is also considering avenues to build a local manufacturing plant for Consumer Electronics in the country which would not only

serve the local market but also the export market.

Aggressive marketing and sales at the modular furniture factory, which primarily caters the B2B project sales, led to witnessing satisfactory sales during the quarter while the 'Central Air-condition' division has also successfully signed many state and private sector contracts during the quarter.

Telecommunications has emerged to be a key growth component of the country. While we are in an era of 'physical restrictions,' virtual platforms are addressing the need for connectivity. This led to phenomenal growth in demand for smartphones and digital apparatus to enable work-from-home and online schools.

Sri Lanka has plans to progress to 5G mobile services in the upcoming years. This would make smartphones a necessity and not a luxury item. Increasing e-commerce, e-banking, e-payments, e-sports, e-medical consultations and other growing e-platforms, no doubt, augurs well for reliable smartphone and computer businesses. Suffice to say, Samsung, continues to be the market leader in the country's smartphone segment.

ODEL witnessed a strong sales comeback with pent-up demand emerging during the first weeks of the quarter. This, however, slowed down with the re-imposition of the lockdown during the quarter. We noticed a strong improvement in online sales during the lockdown period as we successfully implemented online offers and kept customers engaged to purchase their favourite brands. Inventory management continued to focus on fast-moving product lines such as Casual and Active wear. Exclusive LuvSL stores, catering the tourist market, at Shangri La and Negombo, resumed operations with the recent tourist influx.

With more bricks and mortar stores reopened, a wider vaccinated population, and seemingly fewer lockdowns on the horizon and tourism resuming, we expect ODEL to return to profitability when mall footfall exceeds breakeven expectations.

Softlogic Pharmaceuticals was acquired in 2020 with a view to complement the drug distribution activities of Asiri Health and provide other private and state healthcare centres with quality pharmaceutical products. This company, clustered under the retail sector, has seen

immense progress in financial and operational turnaround since its acquisition. We invested in a leading software to improve operations, maximize sales and optimize other cost-discipline activities of the company. Following the turnaround of profitability and successful implementation of post-acquisition strategies, we will now focus on building a wider pharmaceutical portfolio of the company.

Softlogic's supermarket business has taken giant footsteps in the industry over a short time. The youngest brand in Sri Lanka's modern trade fraternity, Glomark, won "Supermarket of the Year – Sri Lanka" and "Digital Innovation of the Year – Sri Lanka" at the prestigious Retail Asia Awards 2021 for revolutionizing the supermarket industry within a short time.

Glomark also opened its 11<sup>th</sup> outlet in Negombo in October. This store combines the convenience of grocery shopping with an extended bakery range and an assortment of food, organic produce, household goods, a ground floor Asiri pharmacy and a Softlogic Max store with an extended area for consumer electronics and furniture.

Popeyes, the latest franchise obtained by Softlogic Restaurants, opened its second outlet in Bambalapitiya and the third one in Negombo. The 9th Baskin-Robbins outlet was opened in Bambalapitiya.

SOFTLOGIC ONE, a loyalty scheme is another effective tool to communicate brand values across the Group and connect with our multifaceted customer base on a long-term basis while rewarding them with loyalty points across all Group propositions. As a consumer-focused conglomerate, we have aligned all our entities, including the retail companies, Asiri Health and Softlogic Life Insurance, to this loyalty programme. Nonetheless, the much awaited all-inclusive Softlogic SuperApp, which would give access to instant payment options and a user-friendly retail experience of the Group's entire suite of products and services, will be launched soon.

## Healthcare Services

Quarterly segment top line increased 31% to Rs.5.9 Bn while the 1HFY22 revenues recorded a surge of 49% to Rs.10.6 Bn. Segment operating profit increased 49% to Rs.1.5 Bn during the quarter while the cumulative period operating profit more than doubled to Rs. 2.5 Bn (Rs. 1.1 Bn in 1HFY21). EBITDA of the sector reached Rs.3.2 Bn during the six-month period (up 83%) as the quarter witnessed a growth of 36% to Rs.1.9 Bn. Sector PAT during 1HFY22 reported Rs.1.7 Bn as opposed to Rs.223 Mn in 1HFY21. Quarterly PAT increased 81% to Rs. 1.1 Bn.

Asiri Hospital Holdings (including performance of Asiri Hospital Kandy) made up 38% of segment revenue while Central Hospital and Asiri Surgical Hospital contributed 26% and 23% respectively to the sector revenue. Asiri Hospital Galle, Asiri Hospital Matara, Asiri Diagnostics Services and Asiri AOI Cancer Centre together made up 13% of sector revenue.

Asiri Health continued its contribution to manage the third wave by operating Intermediate care centres, critical care units in all hospitals of Asiri Health in Colombo, Kandy, Galle and Matara.

Asiri Surgical Hospital set up a rapid PCR testing laboratory at BIA to meet the travel requirements of migrant workers and other travellers to UAE countries. This has facilitated many workers who were waiting to return to their jobs a quick and speedy service.

Asiri Medical Hospital launched the Asiri Nova IVF & Fertility Centre last week following the successful soft opening in October. This is a technical collaboration with the second largest fertility treatment centre in India, Nova IVF India.

Asiri Hospital Galle's refurbishment project has been completed with an easily accessible modern Emergency Treatment Unit and a premier centre laboratory.

Asiri Laboratories expanded its network further with the opening of laboratory centres in Hendella, Yakkala, Welimada, Pepiliyana, Attidiya, Kelaniya and Raddolugama since April 2021.

Asiri Hospital Kandy has emerged to be a strong contributor to Asiri Health's performance with improved patient confidence and experience at this newly constructed state-of-the-art facility.

## **Financial Services**

Financial Services recorded a top line growth of 30% to Rs.10.1Bn during 1HFY22 while the quarter witnessed an increase of 17% to Rs.5.5 Bn. Cumulative operating profit of the sector improved to Rs.2.1 Bn (Rs. 780 Mn in 1HFY21) while the quarter reported a growth of 1% to Rs.1.1 Bn. Sector PAT reached Rs.463 Mn during the quarter compared with a loss of Rs. 352 Mn in 2QFY21. Cumulative sector PAT was Rs. 746 Mn as opposed to loss of 755 Mn in 1HFY21.

Softlogic Life Insurance achieved a Gross Written Premiums growth of 15% to Rs. 5.1 Bn for the quarter whilst the cumulative period recorded a growth of 29% to Rs. 9.6 Bn. GWP growth has been primarily fuelled by the increasing demand for life insurance policies. Demand for health plans has witnessed a surge in the last few months due to the ongoing pandemic, as more people have now become aware of the unavoidable cost involved in having a Life and Health insurance scheme as a hedging instrument for future uncertainties.

The prestigiously acclaimed Softlogic Life Insurance by Forbes has continuously delivered world-class innovative insurance solutions having launched many industry-firsts. The company has achieved superior digitalization across its distribution channels encompassing Agency, Alternate and Micro-Mobile, that eliminates paperwork and ensures faster convenience for customers and other business partners. The company has demonstrated its strength throughout the pandemic compensating Covid-19 related claims which exceeded Rs.500 Mn for the year. The company continues to provide the fastest claim settlement in the industry with more than 85% of claims being settled in one single day.

Softlogic Finance, which returned to profitability in the quarter, has successfully concluded three rights issues raising a sum of Rs.4.7 Bn thus improving stated capital from Rs.2.0 Bn as at 30.09.2019 to Rs.6.7 Bn to this year same quarter. The company also obtained a subordinated loan of Rs.900 Mn from its immediate parent, Softlogic Capital PLC. This 5-year loan is structured in compliance with the

regulatory requirements to qualify for the purpose of addressing Tier II Capital Adequacy Requirement. The company has raised a total sum of Rs.5.64 Bn by way of Rights Issues and Subordinated debt.

The capital raised enhanced company's liquidity position and improved its Tier 1 capital and Total Capital Adequacy Ratios of the company in compliance with regulatory requirements allowing it to move forward on a clear growth path and capture the opportunities available in the market. The company's lending is primarily focused on Leasing, Gold Loans and Factoring and Total Assets were at Rs.22.7 Bn as at 30th September 2021 whilst Customer Deposits were Rs.13.9 Bn.

## **Information Technology**

The IT sector revenue grew 61% to Rs.2.8 Bn during 1HFY22 while a 44% growth to Rs.1.5 Bn was reported for the quarter. Cumulative operating profit reached Rs.340 Mn (up 95%) while the quarter's operating profit increased 92% to Rs.207 Mn. Sector EBITDA was Rs.237 Mn for the quarter (up 78%) and Rs.398 Mn for 1HFY22 (up 78%). Sector PAT for the cumulative period was Rs.250 Mn compared to Rs.99 Mn in 1HFY21. Quarterly sector PAT rose to Rs. 149 Mn (Rs. 67 Mn in 2QFY21).

With the country's heightened digitalization drive in the pandemic era, most companies had to fast track digitalization and automation for business continuation. Softlogic's IT business, the Group's first company, is a key beneficiary of this rapid transformation as business intelligence and Industry 4.0 based innovations are being developed as value-added services. Our latest partnerships with Global Industry 4.0 solution providers encompassing retail, education, Banking, Financial Services and Insurance, Healthcare, transportation, e-gov industries will help local companies to better collaborate, corporate and coordinate at national, regional, and international levels in the new norm. Gearing for the new age, Softlogic is confident that it will continue to show growth, while helping organizations in Sri Lanka to manage the new norm.

## **Automobile**

Automobile sector's cumulative revenue reached Rs. 329 Mn while 2QFY22 reported a topline of Rs. 115 Mn.

Vehicle import were banned in March 2020 due to the country's depleting foreign currency reserves. This sector's performance was primarily driven by spare parts and servicing while Ambulance sale was an added advantage. The company has sold several ambulances during the quarter with many other orders in the pipeline.

## **Leisure & Property**

Leisure & Property witnessed a growth in revenue during the cumulative period to Rs.286 Mn (up 147%) primarily led by business from the travel bubble.

Movenpick Hotel Colombo and Ceysand Resorts have been classified under the 'Safe & Secure - Certified' hotel category with effect from October 2021. This category allows tourists, including locals and foreigners, to stay at the hotel. We expect the occupancy of the two hotels to improve with the expected tourist influx in the upcoming periods.

## **Future Outlook**

With the reopening of the economy and vaccination drive reaching its potential, consumer confidence has witnessed an uptick in demand for Consumer Electronics, Fashion and Smartphones. It is heartening to note that tourism, and apparel exports, have seen steady progress which is an important factor in addressing the current shortfall of foreign exchange in the country. The increase witnessed in foreign job seekers would also ensure that our foreign exchange remittances will be bolstered going forward. The ongoing import restrictions will therefore ease with the resumption of increased economic activities when global businesses and consumers alike start catching up on lost time.

During these extraordinary times, our Group has navigated this storm sensibly due to its diversified investment portfolio and fast response to critical change. No sooner the global economic activities normalizes, the combined effect of these changes will have a manifold impact on the economy and Group performance. Our investments in Retail, healthcare, IT platforms and financial services will also deliver value when these macroeconomic changes come into fruition.

Disruptions to supply side activities have caused artificial shortage globally, which is now reflected in a cost-push inflationary cycle. This would however be reversed when business confidence is restored and the National Budget for 2022/23 addresses most of these challenges.

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**Ashok Pathirage**  
**Chairman**  
**15 November 2021**

# Softlogic Holdings PLC

## CONSOLIDATED INCOME STATEMENT

In Rs. '000	Un-audited 06 months to 30-09-2021	Un-audited 06 months to 30-09-2020	Change as a %	Un-audited 03 months to 30-09-2021	Un-audited 03 months to 30-09-2020	Change as a %	Audited 12 months to 31-03-2021
<b>Continuing operations</b>							
Revenue from contract with customers	42,654,437	28,350,738	50	22,771,355	17,259,050	32	65,148,831
Revenue from insurance contracts	8,645,636	6,454,070	34	4,664,068	3,932,178	19	15,066,694
Interest income	1,257,160	1,175,723	7	660,280	627,411	5	2,405,067
<b>Total revenue</b>	<b>52,557,233</b>	<b>35,980,531</b>	<b>46</b>	<b>28,095,703</b>	<b>21,818,639</b>	<b>29</b>	<b>82,620,592</b>
Cost of sales	(36,831,401)	(24,962,241)	48	(19,609,417)	(14,668,089)	34	(56,983,728)
<b>Gross profit</b>	<b>15,725,832</b>	<b>11,018,290</b>	<b>43</b>	<b>8,486,286</b>	<b>7,150,550</b>	<b>19</b>	<b>25,636,864</b>
Other operating income	402,802	415,638	(3)	263,808	212,509	24	923,451
Distribution expenses	(1,594,581)	(1,354,917)	18	(789,761)	(784,159)	1	(3,142,400)
Administrative expenses	(8,660,326)	(8,122,168)	7	(4,359,798)	(4,028,932)	8	(17,028,203)
<b>Results from operating activities</b>	<b>5,873,727</b>	<b>1,956,843</b>	<b>200</b>	<b>3,600,535</b>	<b>2,549,968</b>	<b>41</b>	<b>6,389,712</b>
Finance income	1,424,601	1,199,490	19	737,140	342,118	115	2,880,607
Finance expenses	(3,778,754)	(4,507,665)	(16)	(1,964,687)	(2,079,164)	(6)	(8,401,804)
<b>Net finance cost</b>	<b>(2,354,153)</b>	<b>(3,308,175)</b>	<b>(29)</b>	<b>(1,227,547)</b>	<b>(1,737,046)</b>	<b>(29)</b>	<b>(5,521,197)</b>
Change in fair value of investment property	-	-	-	-	-	-	98,500
Share of loss of equity accounted investees	(10,052)	(13,479)	(25)	(4,210)	(6,802)	(38)	(23,697)
Change in insurance contract liabilities	(1,920,473)	(2,392,540)	(20)	(943,096)	(1,679,698)	(44)	(4,111,061)
<b>Profit/ (loss) before tax</b>	<b>1,589,049</b>	<b>(3,757,351)</b>	<b>(142)</b>	<b>1,425,682</b>	<b>(873,578)</b>	<b>(263)</b>	<b>(3,167,743)</b>
Tax expense	(705,764)	(44,082)	1,501	(454,708)	(62,764)	624	(197,158)
<b>Profit/ (loss) for the period</b>	<b>883,285</b>	<b>(3,801,433)</b>	<b>(123)</b>	<b>970,974</b>	<b>(936,342)</b>	<b>(204)</b>	<b>(3,364,901)</b>
<b>Attributable to:</b>							
Equity holders of the parent	(454,677)	(3,583,313)	(87)	163,107	(1,099,077)	(115)	(4,583,848)
Non-controlling interest	1,337,962	(218,120)	(713)	807,867	162,735	396	1,218,947
	<b>883,285</b>	<b>(3,801,433)</b>	<b>(123)</b>	<b>970,974</b>	<b>(936,342)</b>	<b>(204)</b>	<b>(3,364,901)</b>
<b>Earnings/ (loss) per share</b>							
Basic	(0.38)	(3.00)	(87)	0.14	(0.92)	(115)	(3.84)

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. '000	Un-audited 06 months to 30-09-2021	Un-audited 06 months to 30-09-2020	Change as a %	Un-audited 03 months to 30-09-2021	Un-audited 03 months to 30-09-2020	Change as a %	Audited 12 months to 31-03-2021
<b>Profit/ (loss) for the period</b>	<b>883,285</b>	<b>(3,801,433)</b>	<b>(123)</b>	<b>970,974</b>	<b>(936,342)</b>	<b>(204)</b>	<b>(3,364,901)</b>
<b>Other comprehensive income</b>							
<b>Continuing operations</b>							
<b>Other comprehensive income to be reclassified to income statement in subsequent periods</b>							
Currency translation of foreign operations	5,441	(15,842)	(134)	5,543	(4,113)	(235)	(34,052)
Net change in fair value on derivative financial instruments	(79,580)	196,913	(140)	(73,963)	28,321	(361)	(168,590)
Net income/ (loss) on financial instruments at fair value through other comprehensive income	(199,186)	244,285	(182)	(122,536)	(18,403)	566	162,543
Net other comprehensive income/ (loss) to be reclassified to income statement in subsequent periods	(273,325)	425,356	(164)	(190,956)	5,805	(3,390)	(40,099)
<b>Other comprehensive income not to be reclassified to income statement in subsequent periods</b>							
Revaluation of land and buildings	-	-	-	-	-	-	1,061,153
Re-measurement loss on employee benefit liabilities	-	-	-	-	-	-	(45,152)
Share of other comprehensive profit of equity accounted investments (net of tax)	-	-	-	-	-	-	287
Net income/ (loss) on equity instruments at fair value through other comprehensive income	(85,207)	(216,106)	(61)	(99,936)	242,703	(141)	(300,918)
Tax on other comprehensive income not to be reclassified to income statement in subsequent periods	-	-	-	-	-	-	593,823
Net other comprehensive income/ (loss) not to be reclassified to income statement in subsequent periods	(85,207)	(216,106)	(61)	(99,936)	242,703	(141)	1,309,193
<b>Other comprehensive income/ (loss) from continuing operations for the period, net of tax</b>	<b>(358,532)</b>	<b>209,250</b>	<b>(271)</b>	<b>(290,892)</b>	<b>248,508</b>	<b>(217)</b>	<b>1,269,094</b>
<b>Total comprehensive income/ (loss) for the period, net of tax</b>	<b>524,753</b>	<b>(3,592,183)</b>	<b>(115)</b>	<b>680,082</b>	<b>(687,834)</b>	<b>(199)</b>	<b>(2,095,807)</b>
<b>Attributable to:</b>							
Equity holders of the parent	(644,623)	(3,395,699)	(81)	44,832	(984,594)	(105)	(3,664,240)
Non-controlling interest	1,169,376	(196,484)	(695)	635,250	296,760	114	1,568,433
	<b>524,753</b>	<b>(3,592,183)</b>	<b>(115)</b>	<b>680,082</b>	<b>(687,834)</b>	<b>(199)</b>	<b>(2,095,807)</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. '000	Un-audited as at 30-09-2021	Un-audited as at 30-09-2020	Audited as at 31-03-2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	53,072,450	52,464,268	53,522,589
Investment property	2,017,117	1,815,380	1,913,880
Right of use assets	6,083,627	6,111,771	6,015,883
Intangible assets	8,597,534	8,692,023	8,743,639
Investments in equity accounted investments	46,828	66,810	56,879
Non-current financial assets	24,710,813	16,391,247	20,983,765
Rental receivable on lease assets and hire purchase	6,842,848	2,222,817	4,596,942
Other non-current assets	6,548,628	5,307,397	5,483,366
Deferred tax assets	3,200,603	3,535,089	3,403,359
	<b>111,120,448</b>	<b>96,606,802</b>	<b>104,720,302</b>
<b>Current assets</b>			
Inventories	13,632,244	10,383,195	12,631,624
Trade and other receivables	12,831,875	13,293,593	12,355,587
Loans and advances	8,105,604	9,328,268	8,989,576
Rental receivable on lease assets and hire purchase	922,196	1,631,611	665,762
Amounts due from related parties	2,349	4,678	2,274
Other current assets	4,476,472	3,232,310	3,725,846
Short term investments	13,000,284	11,843,485	12,243,650
Cash in hand and at bank	13,476,711	2,915,628	7,580,957
	<b>66,447,735</b>	<b>52,632,768</b>	<b>58,195,276</b>
<b>Total assets</b>	<b>177,568,183</b>	<b>149,239,570</b>	<b>162,915,578</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	12,119,235	12,119,235	12,119,235
Revenue reserves	(12,431,229)	(10,978,446)	(11,976,552)
Other components of equity	4,599,053	4,973,046	5,681,762
	<b>4,287,059</b>	<b>6,113,835</b>	<b>5,824,445</b>
Non-controlling interests	13,342,883	11,562,667	12,421,760
<b>Total equity</b>	<b>17,629,942</b>	<b>17,676,502</b>	<b>18,246,205</b>
<b>Non-current liabilities</b>			
Insurance contract liabilities	19,868,467	16,102,414	17,947,994
Interest bearing borrowings	37,065,729	31,925,346	38,200,549
Lease liabilities	4,239,316	3,987,709	4,117,610
Public deposits	2,932,000	4,459,304	3,035,139
Deferred tax liabilities	2,373,133	3,140,790	2,323,342
Employee benefit liabilities	1,652,590	1,438,725	1,594,029
Other deferred liabilities	24,268	26,555	3,604
Other non-current financial liabilities	546,387	543,219	832,106
	<b>68,701,890</b>	<b>61,624,062</b>	<b>68,054,373</b>
<b>Current liabilities</b>			
Trade and other payables	23,317,770	13,672,970	18,815,377
Amounts due to related parties	28,919	31,992	31,992
Income tax liabilities	143,102	190,295	66,123
Other current financial liabilities	33,241,143	24,084,363	25,925,388
Current portion of interest bearing borrowings	13,976,420	10,261,082	11,840,103
Current portion of lease liabilities	1,538,049	1,447,983	1,409,733
Other current liabilities	2,235,413	1,722,973	940,565
Public deposits	11,007,054	11,998,560	11,545,678
Bank overdrafts	5,748,481	6,528,788	6,040,041
	<b>91,236,351</b>	<b>69,939,006</b>	<b>76,615,000</b>
<b>Total equity and liabilities</b>	<b>177,568,183</b>	<b>149,239,570</b>	<b>162,915,578</b>

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

**-sgd-**

Group Finance Director

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

**-sgd-**

Chairman

**-sgd-**

Director

15 November 2021  
Colombo

# Softlogic Holdings PLC

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### GROUP

In Rs. '000	Attributable to equity holders of parent										Non-controlling interest	Total equity
	Stated capital	Restricted regulatory reserve	Revaluation reserve	Foreign currency translation reserve	Fair value reserve of financial assets at FVOCI	Statutory reserve fund	Other reserves	Cash flow hedge reserve	Revenue reserve	Total		
<b>As at 01 April 2021</b>	<b>12,119,235</b>	<b>309,613</b>	<b>7,662,068</b>	<b>(77,382)</b>	<b>(816,260)</b>	<b>263,436</b>	<b>(793,132)</b>	<b>(866,581)</b>	<b>(11,976,552)</b>	<b>5,824,445</b>	<b>12,421,760</b>	<b>18,246,205</b>
Profit/ (loss) for the period	-	-	-	-	-	-	-	-	(454,677)	<b>(454,677)</b>	1,337,962	<b>883,285</b>
Other Comprehensive income/ (loss)	-	-	-	5,441	(115,874)	-	-	(79,513)	-	<b>(189,946)</b>	(168,586)	<b>(358,532)</b>
<b>Total Comprehensive income/ (loss)</b>	-	-	-	5,441	(115,874)	-	-	(79,513)	(454,677)	<b>(644,623)</b>	1,169,376	<b>524,753</b>
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	(892,763)	-	-	<b>(892,763)</b>	(248,253)	<b>(1,141,016)</b>
<b>As at 30 September 2021</b>	<b>12,119,235</b>	<b>309,613</b>	<b>7,662,068</b>	<b>(71,941)</b>	<b>(932,134)</b>	<b>263,436</b>	<b>(1,685,895)</b>	<b>(946,094)</b>	<b>(12,431,229)</b>	<b>4,287,059</b>	<b>13,342,883</b>	<b>17,629,942</b>
<b>As at 01 April 2020</b>	12,119,235	309,613	6,464,774	(43,653)	(738,331)	263,436	(774,775)	(698,124)	(7,395,133)	<b>9,507,042</b>	12,218,723	<b>21,725,765</b>
Loss for the period	-	-	-	-	-	-	-	-	(3,583,313)	<b>(3,583,313)</b>	(218,120)	<b>(3,801,433)</b>
Other Comprehensive income/ (loss)	-	-	-	(15,842)	6,710	-	-	196,746	-	<b>187,614</b>	21,636	<b>209,250</b>
<b>Total Comprehensive income/ (loss)</b>	-	-	-	(15,842)	6,710	-	-	196,746	(3,583,313)	<b>(3,395,699)</b>	(196,484)	<b>(3,592,183)</b>
Changes in ownership interest in subsidiaries	-	-	-	-	-	-	2,492	-	-	<b>2,492</b>	30,146	<b>32,638</b>
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(489,718)	<b>(489,718)</b>
<b>As at 30 September 2020</b>	<b>12,119,235</b>	<b>309,613</b>	<b>6,464,774</b>	<b>(59,495)</b>	<b>(731,621)</b>	<b>263,436</b>	<b>(772,283)</b>	<b>(501,378)</b>	<b>(10,978,446)</b>	<b>6,113,835</b>	<b>11,562,667</b>	<b>17,676,502</b>

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

# Softlogic Holdings PLC

## CONSOLIDATED CASH FLOW STATEMENT

In Rs. '000	Un-audited 06 months to 30-09-2021	Un-audited 06 months to 30-09-2020	Audited 12 months to 31-03-2021
<b>CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>			
Profit/ (loss) before tax from continuing operations	1,589,049	(3,757,351)	(3,167,743)
<b>Adjustments for:</b>			
Finance income	(1,424,601)	(1,199,490)	(2,880,607)
Finance cost	3,778,754	4,507,665	8,401,804
Change in fair value of investment property	-	-	(98,500)
Share of results of equity accounted investees	10,052	13,479	23,697
Gratuity provision and related cost	148,119	157,787	333,769
Provisions for/ write-off of impaired receivables	85,965	103,488	547,177
Provision for write-off of inventories	43,205	88,406	152,305
Provisions for/ write-off of loans and advances	134,898	332,025	418,407
Provisions for/ write-off of investments in lease and hire purchase	(2,003)	(4,399)	55,275
Depreciation of property, plant and equipment	1,729,414	1,670,180	3,360,804
Profit on sale of property, plant and equipment and right of use assets	(46,726)	(6,348)	(9,439)
(Profit)/ loss on sale of investments	6	(2,092)	(32,109)
Unrealised loss/ (gain) on foreign exchange	115,193	131,635	(62,298)
Change in fair value of put option liability	-	-	(13,735)
Amortisation/ impairment of intangible assets	150,706	144,000	295,270
Impairment/ derecognition of property, plant and equipment and right of use assets	3,429	-	6,986
Amortisation right of use assets	798,487	746,142	1,610,387
<b>Profit before working capital changes</b>	<b>7,113,947</b>	<b>2,925,127</b>	<b>8,941,450</b>
(Increase)/ decrease in inventories	(1,043,825)	1,961,155	(294,947)
(Increase)/ decrease in trade and other receivables	(1,006,156)	177,284	545,864
Decrease in loans and advances	970,073	1,498,332	2,661,507
Increase in investments in lease and hire purchase	(2,500,336)	(1,689,745)	(3,157,695)
(Increase)/ decrease in other current assets	(750,626)	589,502	(97,197)
(Increase)/ decrease in amounts due from related parties	(75)	(8)	2,396
Increase in trade and other payables	4,387,201	4,864,610	9,977,596
Decrease in amounts due to related parties	(3,073)	(413)	(413)
Increase/ (decrease) in other current liabilities	1,370,943	233,809	(587,190)
Decrease in deferred income	(55,435)	(38,289)	(33,379)
Decrease in public deposits	(641,764)	(558,577)	(2,435,624)
Increase in insurance contract liabilities	1,920,473	2,968,502	4,814,083
<b>Cash generated from operations</b>	<b>9,761,347</b>	<b>12,931,289</b>	<b>20,336,451</b>
Finance income received	1,217,406	738,464	1,821,220
Finance expenses paid	(3,212,753)	(3,682,209)	(6,935,595)
Tax paid	(378,286)	(334,003)	(515,804)
Gratuity paid	(89,559)	(89,791)	(159,234)
<b>Net cash flow from operating activities</b>	<b>7,298,155</b>	<b>9,563,750</b>	<b>14,547,038</b>
<b>CASH FLOWS FROM/ (USED IN) INVESTING ACTIVITIES</b>			
Purchase and construction of property, plant and equipment	(1,260,582)	(1,476,137)	(3,143,590)
Addition to intangible assets	(6,480)	(29,180)	(71,501)
Increase in other non-current assets	(1,065,262)	(446,077)	(543,482)
(Purchase)/ disposal of short term investments (net)	1,134,493	(2,459,634)	(1,795,283)
Dividends received	6,779	11,294	56,259
Purchase of non-current financial assets	(3,685,305)	(595,679)	(5,881,505)
Acquisition of business, net of cash acquired	-	27,555	(118,385)
Proceeds from sale of property, plant and equipment	58,493	39,259	78,496
<b>Net cash flow used in investing activities</b>	<b>(4,817,864)</b>	<b>(4,928,599)</b>	<b>(11,418,991)</b>

# Softlogic Holdings PLC

## CONSOLIDATED CASH FLOW STATEMENT

In Rs. '000	Un-audited 06 months to 30-09-2021	Un-audited 06 months to 30-09-2020	Audited 12 months to 31-03-2021
<b>CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from shareholders with non-controlling interest on issue of equity shares in subsidiaries	8,467	-	673,530
Dividend paid to non-controlling interest	-	(489,718)	(1,446,921)
Increase in interest in subsidiaries	(1,189,501)	(2,223)	(179,262)
Proceeds from long term borrowings	4,684,523	3,642,362	15,159,997
Repayment of long term borrowings	(3,953,391)	(3,508,600)	(7,840,552)
Repayment of lease liabilities	(994,193)	(854,859)	(1,997,770)
Decrease in other non-current financial liabilities	(285,719)	(304,873)	(2,250)
Proceeds from/ (repayment of) other current financial liabilities (net)	7,315,755	(3,605,835)	(1,880,737)
<b>Net cash flow from/ (used in) financing activities</b>	<b>5,585,941</b>	<b>(5,123,746)</b>	<b>2,486,035</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>8,066,232</b>	<b>(488,595)</b>	<b>5,614,082</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>10,535,990</b>	<b>4,919,883</b>	<b>4,919,883</b>
Effect of exchange rate changes	(618)	(4,224)	2,025
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>18,601,604</b>	<b>4,427,064</b>	<b>10,535,990</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
<b>Favourable balances</b>			
Cash in hand and at Bank	13,476,711	2,915,628	7,580,957
Short term investments	10,873,374	8,040,224	8,995,074
<b>Unfavourable balances</b>			
Bank overdrafts	(5,748,481)	(6,528,788)	(6,040,041)
<b>Cash and cash equivalents</b>	<b>18,601,604</b>	<b>4,427,064</b>	<b>10,535,990</b>

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.

# Softlogic Holdings PLC

## COMPANY INCOME STATEMENT

In Rs. '000	Un-audited 06 months to 30-09-2021	Un-audited 06 months to 30-09-2020	Change as a %	Un-audited 03 months to 30-09-2021	Un-audited 03 months to 30-09-2020	Change as a %	Audited 12 months to 31-03-2021
Revenue from contract with customers	474,821	437,973	8	229,733	261,865	(12)	893,104
Cost of sales	(183,235)	(134,272)	36	(96,456)	(74,241)	30	(297,536)
<b>Gross profit</b>	<b>291,586</b>	<b>303,701</b>	<b>(4)</b>	<b>133,277</b>	<b>187,624</b>	<b>(29)</b>	<b>595,568</b>
Dividend income	150,000	464,347	(68)	150,000	464,126	(68)	1,229,188
Other operating income	26,862	22,237	21	16,303	11,570	41	464,262
Administrative expenses	(208,734)	(194,719)	7	(102,668)	(116,285)	(12)	(398,319)
<b>Results from operating activities</b>	<b>259,714</b>	<b>595,566</b>	<b>(56)</b>	<b>196,912</b>	<b>547,035</b>	<b>(64)</b>	<b>1,890,699</b>
Finance income	891,363	1,152,422	(23)	415,461	571,145	(27)	2,171,341
Finance expenses	(1,514,701)	(1,824,419)	(17)	(762,911)	(893,285)	(15)	(3,364,088)
<b>Net finance cost</b>	<b>(623,338)</b>	<b>(671,997)</b>	<b>(7)</b>	<b>(347,450)</b>	<b>(322,140)</b>	<b>8</b>	<b>(1,192,747)</b>
Change in fair value of investment property	-	-	-	-	-	-	28,200
<b>Profit/ (loss) before tax</b>	<b>(363,624)</b>	<b>(76,431)</b>	<b>376</b>	<b>(150,538)</b>	<b>224,895</b>	<b>(167)</b>	<b>726,152</b>
Tax expense	-	-	-	-	-	-	29,613
<b>Profit/ (loss) for the period</b>	<b>(363,624)</b>	<b>(76,431)</b>	<b>376</b>	<b>(150,538)</b>	<b>224,895</b>	<b>(167)</b>	<b>755,765</b>

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

# Softlogic Holdings PLC

## STATEMENT OF COMPREHENSIVE INCOME

In Rs. '000	Un-audited 06 months to 30-09-2021	Un-audited 06 months to 30-09-2020	Change as a %	Un-audited 03 months to 30-09-2021	Un-audited 03 months to 30-09-2020	Change as a %	Audited 12 months to 31-03-2021
<b>Profit/ (loss) for the period</b>	<b>(363,624)</b>	<b>(76,431)</b>	<b>376</b>	<b>(150,538)</b>	<b>224,895</b>	<b>(167)</b>	<b>755,765</b>
<b>Other comprehensive income</b>							
<b>Other comprehensive income not to be reclassified to income statement in subsequent periods</b>							
Actuarial gain on retirement benefits	-	-	-	-	-	-	6,662
Net loss on equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(5,200)
Net other comprehensive income not to be reclassified to income statement in subsequent periods	-	-	-	-	-	-	1,462
Tax on other comprehensive income	-	-	-	-	-	-	(1,599)
<b>Other comprehensive loss for the period, net of tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(137)</b>
<b>Total comprehensive profit/ (loss) for the period, net of tax</b>	<b>(363,624)</b>	<b>(76,431)</b>	<b>376</b>	<b>(150,538)</b>	<b>224,895</b>	<b>(167)</b>	<b>755,628</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. '000	Un-audited as at 30-09-2021	Un-audited as at 30-09-2020	Audited as at 31-03-2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	83,293	95,419	96,088
Investment property	822,700	794,500	822,700
Right of use assets	27,065	72,824	19,321
Intangible assets	-	2,533	975
Investments in subsidiaries	28,023,621	20,057,325	21,812,355
Investments in associates	41,000	41,000	41,000
Other non current financial assets	1,926,407	1,667,808	1,841,118
	<b>30,924,086</b>	<b>22,731,409</b>	<b>24,633,557</b>
<b>Current assets</b>			
Trade and other receivables	1,476,069	803,340	1,032,074
Amounts due from related parties	17,012,480	21,339,807	21,143,871
Other current assets	111,393	78,522	75,681
Short term investments	110,340	115,240	110,576
Cash in hand and at bank	1,584,677	119,202	1,530,983
	<b>20,294,959</b>	<b>22,456,111</b>	<b>23,893,185</b>
<b>Total assets</b>	<b>51,219,045</b>	<b>45,187,520</b>	<b>48,526,742</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Stated capital	12,119,235	12,119,235	12,119,235
Revenue reserves	2,532,514	2,043,778	2,896,138
Other components of equity	(20,300)	-	(20,300)
<b>Total equity</b>	<b>14,631,449</b>	<b>14,163,013</b>	<b>14,995,073</b>
<b>Non-current liabilities</b>			
Interest bearing borrowings	6,846,765	7,244,327	7,712,219
Lease liabilities	8,597	14,216	11,489
Deferred tax liabilities	156,268	184,283	156,268
Employee benefit liabilities	115,843	110,052	113,372
Other deferred liabilities	-	21,622	3,604
	<b>7,127,473</b>	<b>7,574,500</b>	<b>7,996,952</b>
<b>Current liabilities</b>			
Trade and other payables	283,633	347,895	75,652
Amounts due to related parties	14,100	24,861	49,202
Other current financial liabilities	21,859,188	17,506,862	19,554,760
Current portion of interest bearing borrowings	7,073,877	5,362,266	5,626,376
Current portion of lease liabilities	15,924	8,349	5,755
Other current liabilities	57,560	48,436	68,561
Bank overdrafts	155,841	151,338	154,411
	<b>29,460,123</b>	<b>23,450,007</b>	<b>25,534,717</b>
<b>Total equity and liabilities</b>	<b>51,219,045</b>	<b>45,187,520</b>	<b>48,526,742</b>

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

**-sgd-**

Group Finance Director

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

**-sgd-**

Chairman

**-sgd-**

Director

15 November 2021

Colombo

# Softlogic Holdings PLC

## COMPANY STATEMENT OF CHANGES IN EQUITY

### COMPANY

In Rs. '000	Stated capital	Fair value reserve of financial assets at FVOCI	Revenue reserve	Total
<b>As at 01 April 2021</b>	<b>12,119,235</b>	<b>(20,300)</b>	<b>2,896,138</b>	<b>14,995,073</b>
Loss for the period	-	-	(363,624)	<b>(363,624)</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>(363,624)</b>	<b>(363,624)</b>
<b>As at 30 September 2021</b>	<b>12,119,235</b>	<b>(20,300)</b>	<b>2,532,514</b>	<b>14,631,449</b>
<b>As at 01 April 2020</b>	<b>12,119,235</b>	<b>-</b>	<b>2,120,209</b>	<b>14,239,444</b>
Loss for the period	-	-	(76,431)	<b>(76,431)</b>
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>(76,431)</b>	<b>(76,431)</b>
<b>As at 30 September 2020</b>	<b>12,119,235</b>	<b>-</b>	<b>2,043,778</b>	<b>14,163,013</b>

Note : Figures in brackets indicate deductions.

The above figures are not audited unless otherwise stated.



# Softlogic Holdings PLC

## COMPANY STATEMENT OF CASH FLOW

In Rs. '000	Un-audited 06 months to 30-09-2021	Un-audited 06 months to 30-09-2020	Audited 12 months to 31-03-2021
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>			
Profit/ (loss) before tax	(363,624)	(76,431)	726,152
<b>Adjustments for:</b>			
Finance income	(891,363)	(1,152,222)	(2,171,341)
Dividend income	(150,000)	(464,347)	(1,229,188)
Finance cost	1,514,710	1,824,419	3,364,088
Change in fair value of investment property	-	-	(28,200)
Gratuity provision and related costs	5,998	6,554	19,141
Provisions for/ write-off of impaired receivables	-	-	13,178
Depreciation of property, plant and equipment	13,578	18,825	27,439
Amortisation right of use assets	13,155	3,548	34,378
Depreciation in market value of quoted shares	-	(200)	-
Unrealised gain on foreign exchange	-	(81)	-
Profit on sale of property, plant and equipment and right of use assets	(6,070)	-	(6,903)
Profit on sale of investments	-	-	(410,500)
Amortisation/ impairment of intangible assets	974	1,279	3,612
<b>Profit before working capital changes</b>	<b>137,358</b>	<b>161,344</b>	<b>341,856</b>
Increase in trade and other receivable	(443,995)	(122,980)	(364,891)
(Increase)/ decrease in other current assets	(35,713)	(2,232)	609
Increase in amount due from related parties	(868,610)	(1,827,618)	(1,701,650)
Increase/ (decrease) in trade and other payables	207,983	111,552	(160,693)
Decrease in amount due to related parties	(35,102)	(70,348)	(46,007)
Increase/ (decrease) in other current liabilities	3,417	(45,161)	(25,039)
Decrease in deferred income	(18,018)	(18,018)	(36,036)
<b>Cash used in operations</b>	<b>(1,052,680)</b>	<b>(1,813,461)</b>	<b>(1,991,851)</b>
Finance income received	891,363	146,652	1,235,684
Finance expenses paid	(1,471,104)	(1,704,338)	(3,322,154)
Dividend received	150,000	464,347	1,229,188
Gratuity paid	(3,528)	(217)	(2,823)
<b>Net cash flow used in operating activities</b>	<b>(1,485,949)</b>	<b>(2,907,017)</b>	<b>(2,851,956)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase and construction of property, plant and equipment	(6,208)	(3,146)	(25,400)
Addition to intangible assets	-	(3,119)	(3,119)
Increase in interest in subsidiaries	(1,211,266)	(702)	(1,345,232)
Purchase of other non current financial assets	(85,289)	(118,637)	(291,948)
Proceeds from sale of property, plant and equipment	11,495	-	40,074
<b>Net cash flow used in investing activities</b>	<b>(1,291,268)</b>	<b>(125,604)</b>	<b>(1,625,625)</b>
<b>CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from long term borrowings	2,099,299	2,500,000	4,817,651
Repayment of long term borrowings	(1,559,741)	(1,274,773)	(2,569,926)
Payment of lease liabilities	(14,505)	(4,118)	(34,648)
Proceeds from/ (repayment of) short term borrowings (net)	2,304,428	1,139,289	3,000,989
<b>Net cash flow from financing activities</b>	<b>2,829,481</b>	<b>2,360,398</b>	<b>5,214,066</b>
<b>NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>52,264</b>	<b>(672,223)</b>	<b>736,485</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING</b>	<b>1,376,572</b>	<b>640,087</b>	<b>640,087</b>
<b>CASH AND CASH EQUIVALENTS AT THE END</b>	<b>1,428,836</b>	<b>(32,136)</b>	<b>1,376,572</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
<b>Favourable balances</b>			
Cash in hand and at bank	1,584,677	119,202	1,530,983
<b>Unfavourable balances</b>			
Bank overdrafts	(155,841)	(151,338)	(154,411)
<b>Cash and cash equivalents</b>	<b>1,428,836</b>	<b>(32,136)</b>	<b>1,376,572</b>

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 Six month period ended 30 September 2021 were authorised for issue by the Board of Directors on 15 November 2021.

### 2. BASIS OF PREPARATION

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

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

The interim financial statements are presented in Sri Lankan Rupees (Rs.) and all values are rounded to the nearest thousand except when otherwise indicated.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 3. CHANGE IN LIFE INSURANCE CONTRACT LIABILITIES

#### 3.1 Valuation of Life Insurance Fund

Transfer of a sum of Rs. 955.00 Mn (2020 - Rs. Nil) from the Non Participating Life Insurance Fund/ Insurance Contract Liabilities to the shareholders' fund for the six months ended 30 September 2021, as approved by appointed Actuary Mr. Kunj Behari Maheshwari, FIA, FIAI, of Messrs. Willis Towers Watson India (Pvt) Ltd.

The Financial Statements of Softlogic Life Insurance PLC as at 30 September 2021 were audited by Messrs. KPMG, Chartered Accountants for Surplus transfer purpose.

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

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

Further distribution of one-off surplus to shareholders, held as part of the "Restricted Regulatory Reserve", is subject to meeting governance requirements stipulated by the IRCSL and can only be released as dividends upon receiving approval from the IRCSL. The one-off surplus in the shareholder fund will remain invested in government debt securities and deposits as disclosed in Note 3.3 as per the directions of the IRCSL.

One-off surplus in respect of participating business is held within the participating fund as part of the unallocated valuation surplus and may only be transferred to the shareholder fund by means of bonuses to policyholders in line with Section 38 of the "Regulation of Insurance Industry, Act No. 43 of 2000". Please refer Note 3.3 for details of assets supporting the restricted regulatory reserve as at 30 September 2021.

In Rs. '000	Participating fund	Non- participating fund	Total
Value of insurance contract liability based on Independent Actuary - NPV as at 31 December 2015	3,866,780	2,472,575	<b>6,339,355</b>
Value of insurance contract liability based on Independent Actuary - GPV as at 31 December 2015	2,810,245	1,674,571	<b>4,484,816</b>
<b>Surplus created due to change in valuation method from NPV to GPV One off surplus as at 01 January 2016</b>	<b>1,056,535</b>	<b>798,004</b>	<b>1,854,539</b>
Transfer of one off surplus from long term fund to Restricted Regulatory Reserve	-	(798,004)	<b>(798,004)</b>
<b>Surplus created due to change in valuation method - One off surplus as at 30 September 2021</b>	<b>1,056,535</b>	<b>-</b>	<b>1,056,535</b>

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

#### 3.3 Composition of investments supporting the Restricted Regulatory Reserve as at 30 September 2021

			Market value as at 30 September 2021
			Rs. '000
			Face value
<b>Government Securities</b>			
Treasury Bonds	LKB03044A010	100,000,000	<b>131,040</b>
	LKB01534I155	50,000,000	<b>49,195</b>
	LKB01534I155	50,000,000	<b>49,195</b>
	LKB01534I155	50,000,000	<b>49,195</b>
	LKB01534I155	50,000,000	<b>49,195</b>
	LKB01528I017	100,000,000	<b>108,783</b>
	LKB01529E014	50,000,000	<b>59,946</b>
	LKB01529E014	50,000,000	<b>59,946</b>
	LKB01529E014	50,000,000	<b>59,946</b>
	LKB00322K152	200,000,000	<b>202,004</b>
<b>Total market value of the assets</b>			<b>818,445</b>

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 4. SHARE INFORMATION

#### 4.1 Public share holdings

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

As at	30-09-2021
Public shareholding (%)	12.79
Public shareholders	10,164
Float adjusted market capitalization (Rs. Mn.)	1,891

Minimum public holding percentage - The Company is in compliance with option 1 of the Listing Rules 7.13.1 (b) which requires 7.5% minimum public holding percentage and 200 minimum public shareholders.

#### 4.2 Directors' share holdings

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

As at	30-09-2021
A K Pathirage - Chairman/ Managing Director	489,808,681
G W D H U Gunawardena	71,333,852
R J Perera	75,437,508
H K Kaimal	80,439,792
M P R Rassool	Nil
Dr S Selliah	2,100,000
W M P L De Alwis, PC	Nil
Prof. A S Dharmasiri	Nil
A Russell-Davison	Nil
S Saraf	Nil
C K Gupta (alternate director to Mr. S Saraf)	Nil
J D N Kekulawala	Nil
	<b>719,119,833</b>

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

As at	Number of shares 30-09-2021	%
1 Mr. A K Pathirage	489,808,681	41.07
2 Samena Ceylon Holdings Ltd	247,432,455	20.75
3 Mr. H K Kaimal	80,439,792	6.75
4 Mr. R J Perera	75,437,508	6.33
5 Mr. G W D H U Gunawardena	71,333,852	5.98
6 Pemberton Asian Opportunities Fund	56,790,000	4.76
7 Samena Special Situations Fund III L.P.	53,653,654	4.50
8 Samena Special Situations Fund II L.P.	15,000,000	1.26
9 Employees Provident Fund	7,230,500	0.61
10 Mr. S J Fancy	7,225,323	0.61
11 Mrs. A Selliah	4,700,000	0.39
12 Miss. S Subramaniam	4,300,000	0.36
13 Mrs. A Kailasapillai	4,200,000	0.35
14 Dr. K M P Karunaratne	4,200,000	0.35
15 Sampath Bank PLC/ Dr. T. Senthilvel	4,031,743	0.34
16 Mr. N Samarasuriya	3,880,987	0.33
17 Arunodhaya Industries (Private) Limited	3,557,864	0.30
18 Mr. K Aravinthan	3,400,000	0.29
19 N P Capital Ltd	3,397,065	0.28
20 Arunodhaya (Private) Limited	3,000,000	0.25

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 5. STATED CAPITAL MOVEMENTS

#### 5.1 No of shares

	No of shares
As at 01 April 2021	1,192,543,209
<b>As at 30 September 2021</b>	<b>1,192,543,209</b>

#### 5.2 Value of shares

	Rs. '000
As at 01 April 2021	12,119,235
<b>As at 30 September 2021</b>	<b>12,119,235</b>

### 6. INVESTOR INFORMATION

#### 6.1 Market value of shares

**30-09-2021**

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

Last traded price on (Rs.)	<b>12.40</b>
Highest price recorded for the three months ending (Rs.)	<b>14.00</b>
Lowest price recorded for the three months ending (Rs.)	<b>10.40</b>
Market Capitalisation (Rs. mn)	<b>14,787.54</b>

#### 6.2 Ratios

Net assets per share at the period end (Rs.)	<b>3.59</b>
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#### 6.3 Share trading information from 01 July 2021 to 30 September 2021

Number of shares traded	<b>18,457,726</b>
Value of shares traded (Rs. Mn.)	<b>228.99</b>

### 7. CONTINGENCIES

#### CONTINGENT LIABILITIES

As at reporting date, there were no significant change in the nature of the contingencies and other commitments, which were disclosed in the annual report for the year ended 31 March 2021 other than the below.

#### Asiri Surgical Hospital PLC

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

Since there is litigation in the Court of Appeal in CA (Writ) 386/2016 with regard to this matter, in accordance with Paragraph 92 of LKAS 37, the group is unable to provide further information on this and associated risks, in order not to impair the outcome and/ or prejudice the subsidiary's position in this matter. The aforesaid matter is coming up for argument in February 2022.

### 8. CAPITAL COMMITMENTS

As at 30 September 2021, the Group had capital commitments contracted but not provided in the financial statements amounting to Rs. 12,415.00 Mn (30 September 2020 - Rs. 12,727.00 Mn).

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 9. 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.

#### - Dividend Announcement - Asiri Hospital Holdings PLC

The Directors of Asiri Hospital Holdings PLC, a subsidiary of Softlogic Holdings PLC declared an interim dividend of Rs. 1.30 per share for the financial year ending 31 March 2022.

#### - Dividend Announcement - Asiri Surgical Hospital PLC

The Directors of Asiri Surgical Hospital PLC, a subsidiary of Softlogic Holdings PLC declared an interim dividend of Rs. 1.20 per share for the financial year ending 31 March 2022.

# Softlogic Holdings PLC

## NOTES TO THE FINANCIAL STATEMENTS

### 11. RELATED PARTY TRANSACTIONS

#### 11.1 Transactions with related parties

In Rs. '000	Group		Company	
	06 months to 30-09-2021	06 months to 30-09-2020	06 months to 30-09-2021	06 months to 30-09-2020
<b>Subsidiaries</b>				
(Purchases) / sales of goods	-	-	(524)	(630)
(Receiving) / rendering of services	-	-	422,477	371,257
(Purchases) / sale of property plant & equipment	-	-	(6,208)	(1,310)
Loans given / (obtained)	-	-	(3,518,506)	(289,056)
Interest received / (paid)	-	-	560,448	709,824
Rent received / (paid)	-	-	28,939	29,564
Dividend received	-	-	150,000	464,347
Guarantee charges received	-	-	119,675	88,382
Guarantees given / (obtained) - as at 30 September			31,688,996	24,859,143
<b>Associates</b>				
(Purchases) / sale of property plant & equipment	-	10	-	-
(Receiving) / rendering of services	1,784	5,564	2,718	6,351
Interest received / (paid)	75	111	75	111
<b>Key management personnel</b>				
Loans given/ (received)	(1,992)	(1,970)	(1,992)	(1,992)
Guarantees given/ (received)	(150,000)	(150,000)	-	-
Loans given/ (customer deposits received)	(8,091)	(8,693)	-	-
Advances given/ (received)	(31,442)	(232,318)	-	-
<b>Close family members of KMP</b>				
(Receiving) / rendering of services	-	-	-	-

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

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

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



# Softlogic Holdings PLC

## CORPORATE INFORMATION

### Name of Company

Softlogic Holdings PLC

### Legal Form

Public Limited Liability Company.

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

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

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

The Company has been transferred to the Second Board with effect from 09 November 2020 due to non-compliance with Minimum Public Holding Requirement in terms of Rule 7.13.1. of the CSE Listing Rules. Subsequently the Company transferred to the Diri Savi Board of the Colombo Stock Exchange with effect from 02 December 2020.

### Company Registration No

PV 1536 PB/PQ

### Registered Office of the Company

14, De Fonseka Place,

Colombo 05

Sri Lanka

Tel : +94 11 5575 000

Fax : +94 11 2595 441

E-mail : info@softlogic.lk

Web : www.softlogic.lk

### Directors

A K Pathirage - Chairman/ Managing Director

G W D H U Gunawardena

H K Kaimal

R J Perera

M P R Rasool

Dr S Selliah

W M P L De Alwis, PC

Prof. A S Dharmasiri

A Russell-Davison

S Saraf

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

J D N Kekulawala

### Audit Committee

J D N Kekulawala - Chairman

Dr S Selliah

Prof. A S Dharmasiri

W M P L De Alwis, PC

### Related Party Transaction Committee

W M P L De Alwis, PC - Chairman

H K Kaimal

Prof. A S Dharmasiri

### HR and Remuneration Committee

Prof. A S Dharmasiri - Chairman

W M P L De Alwis, PC

J D N Kekulawala

### Secretaries

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### Investor Relations

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### Bankers

Bank of Ceylon

Cargills Bank Ltd

Commercial Bank of Ceylon PLC

DFCC Bank PLC

Hatton National Bank PLC

Muslim Commercial Bank

National Development Bank PLC

Nations Trust Bank PLC

Pan Asia Banking Corporation PLC

People's Bank

Sampath Bank PLC

Seylan Bank PLC

Union Bank of Colombo PLC

State Bank of India

Indian Bank

### Auditors

Ernst & Young

Chartered Accountants

201, De Saram Place,

Colombo 10