ANNUAL REPORT | 2018/19

CONTENTS

AT LEISURE

ODEL

ODEL

THE DEPARTMENT STORE

VISION

To inspire the world.

MISSION

To provide a complete Mind, Body and Soul experience as the premier fashion and lifestyle retailer promoting sustainable and unparalleled levels of retail experience.

OUR VALUES

Odel is guided by strong shared values. We love, we serve, we style, we innovate, we give, we save, we enjoy and we inspire

ODEL AT A **GLANCE**

OUR BRANDS

Odel includes a number of private brands, each with their unique identity and an extensive portfolio of international brands.

NUMBER OF STORES

64

EXPANDING OUR REACH WITH LARGE DEPARTMENT STORES

Department store in **Shangri-La's** massive new mall – '**The Mall at One Galle Face**'
Scheduled to open in 2019
Size: 100,000 square feet

LOGISTICS

Efficient use of resources is a guiding principle behind our facilities: offices, stores and logistics operations.

OUR SUSTAINABILITY STRATEGY

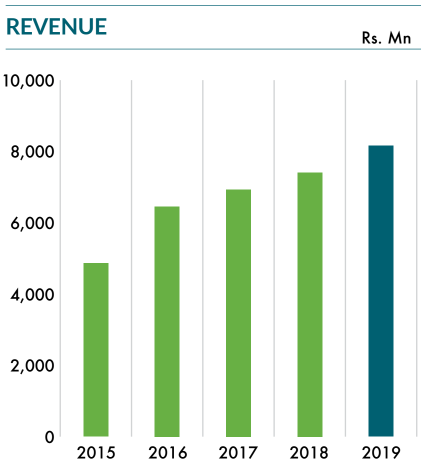
We at Odel recognise our responsibility to meet community expectations and we are committed to adopting practices that reduce the demand and impact on the environment. Reinvesting in our community is a great way to give back to those who have helped and supported our business.

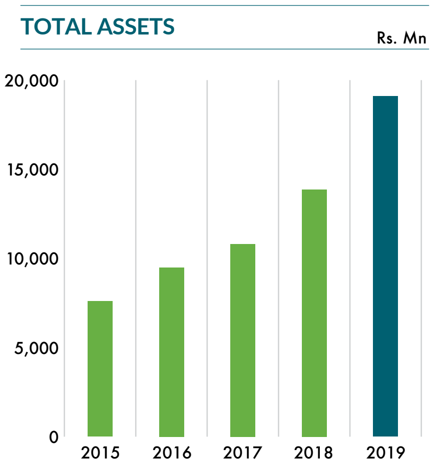
OUR PEOPLE

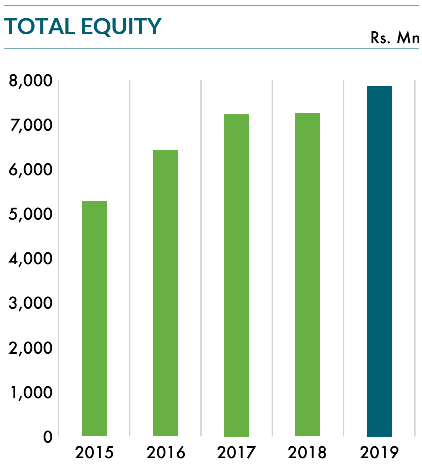
FEMALE	MALE	TOTAL EMPLOYEES
42%	**58%**	**1,214**

2018/19 IN BRIEF

Year Ended 31 st March		2019	2018	Change	2017
		LKR	LKR	%	LKR
RESULTS FOR THE YEAR					
Group revenue		**8,159,711,110**	7,412,571,089	10.08%	6,937,874,201
Results from operating activities		**924,359,603**	643,162,647	43.72%	886,414,675
Finance cost		**629,005,041**	398,495,922	57.84%	247,573,185
Finance income		**6,255,699**	6,528,305	-4.18%	10,139,792
Profit (loss) before tax		**301,610,262**	251,195,030	20.07%	648,981,282
Profit (loss) for the Year		**244,652,393**	199,341,908	22.73%	464,857,949
Profit (loss) attributable to equity holders of the parent		**244,652,393**	199,341,908	22.73%	464,857,949
FINANCIAL POSITION HIGHLIGHTS					
Equity attributable to equity holders of the parent		**7,867,432,444**	7,256,200,453	8.42%	7,230,802,320
Total assets		**19,098,073,886**	13,873,886,469	37.65%	10,798,187,154
Total net debt		**8,127,312,061**	4,082,015,903	99.10%	2,414,753,435
No. of ordinary shares		**272,129,431**	272,129,431		272,129,431
Gearing (%)		**51%**	36%	41.14%	25%
SHAREHOLDER INFORMATION					
Earnings/(loss) per share	(Rs.)	**0.90**	0.73	22.73%	1.71
Return on equity	(%)	**3.1%**	2.7%	13.19%	2.7%
Net asset per share	(Rs.)	**28.91**	26.66	8.42%	26.57
Interest cover	(Times)	**1.48**	1.63	-9.22%	1.63
Market price as at 31st March	(Rs.)	**26.10**	25.90	0.77%	25.00
Market capitalisation	(Rs.)	**7,102,578,149**	7,048,152,263	0.77%	6,803,235,775







CHAIRMAN'S MESSAGE

As the nation's leading fashion and lifestyle retail brand and an industry trailblazer, Odel is built on a sustainable business model that has a strong market share despite the volatile market realities. This strength and tenacity of the Company came into play during the financial year 2018/19 which proved to be challenging in more ways than one.

Economic headwinds gave rise to a subdued business climate during the year, further compounded by a high interest rate regime, volatile exchange rates, political instability and consumers trimming back their discretionary spending – all factors which weighed down business confidence across most sectors and the fashion retail industry.

Despite the challenging business environment Odel PLC posted a 10% growth in revenue over the previous year by reporting a revenue of Rs 8,160 Mn. This increase in revenue is attributable to expansion of the retail space and new international brands introduced to Sri Lanka's fashion market.

> IF THE COUNTRY CAN STRIKE THE RIGHT BALANCE BETWEEN RETAIL AND TOURISM, THE OPPORTUNITIES ARE LIMITLESS FOR SRI LANKA AS A SHOPPING DESTINATION. A SUBSTANTIAL COMPONENT OF ODEL'S BUSINESS IS GENERATED FROM TOURISTS, HENCE IT IS VITAL THAT THE TOURISM INDUSTRY IS ON AN UPWARD TRAJECTORY.

The Company's finance costs increased significantly by 58% driven primarily by an increase in working capital costs to fund store expansions. The Company achieved a net profit after tax of Rs 245 Mn during the year under review which is a 23% increase compared to the last year.

Odel is a valuable fashion brand that is perceived as a long-term player at the forefront of the industry, delivering substantial returns to shareholders and driving operational efficiencies across its value chain.

HIGHLIGHTS OF THE YEAR

During the year under review, Odel expanded its portfolio of outlets, strengthening its reach and prominence curating luxury retail spaces. Having the right store at the right location and at the right time has defined our organic progress over the years.

The new Odel store was inaugurated at the Colombo City Centre Mall in 2018 generating a positive response from customers. The footfall at the Mall however needs to be revved up considering new entrants in mall space. We feel confident that the management of the Colombo City Centre Mall will ramp up their marketing efforts to entrench their credentials in the fashion retail space. However, given our unmatched brand portfolio of several top marques, we reckon our presence as an anchor tenant is key to any successful mall operation.

Our flagship Odel store offers a unique identity and continues to showcase the latest fashion trends and design. We are aware that the ongoing construction has posed a constraint on the parking facilities which has impacted the number of shoppers to the Mall, but we see this as a minor blip in our ambitious plans to see the Odel Mall open its doors come 2021 and provide consumers with a host of upgraded facilities.

Heralding the latest global fashion trends, Odel continued to usher in new brands into its portfolio during the year under review. Some of the world's most iconic and prestigious brands were introduced to shoppers in order to offer a wider choice. Furla, the Italian designed luxury handbag brand and Tumi offering a range of high-end suitcases and travel baggage were launched during the year.

CHAIRMAN'S MESSAGE

Jack & Jones, one of Europe's leading menswear brands with over one thousand stores in 38 countries, predominantly known for their high quality jeans, also witnessed the opening of its very first Jack & Jones flagship store at the Colombo City Centre. Swarovski also formally opened its doors in Sri Lanka bringing its heritage and craftsmanship in crystal to Colombo City Centre with a timeless dazzling collection that delivers extraordinary everyday style to women around the world.

Odel launched Rado and Longines, the authentic elegant Swiss watch brands, Carpisa, the Italian range of luxurious luggage and handbags and Yamamay, the Italian brand of gorgeously stylish underwear and lingerie during 2018. By 31st March 2019, Odel had opened 4 new stores, with the total number of outlets reaching 28. We garnered customer loyalty in the Odel brand by way of attractive promotions and deals, launching of several new collections of international brands and our home-grown brand of apparels together with home-ware and accessories.

We are focused on analysing customer purchasing behavior and patterns so that we can provide the channels and products they seek. At Odel, we intend to make smart use of consumer trends to augment revenues and create loyalty and value.

Odel's fashion brands endorses sustainability, through processes and products that have a positive environmental and social impact, driven by employees who are committed to this cause and understand its importance. The team at Odel has been exceptional in helping the Company grow in stature and value. We will continue to invest in people and systems to support the growth opportunities we foresee.

FUTURE OPPORTUNITIES

The success of our company is fuelled by an eternal mood of optimism for future growth prospects and we have been known to create opportunities amidst various challenges. As the pioneer in the fashion retail space, Odel is working closely with both the government and policy-makers to reduce the duty on imports to render Sri Lanka as an attractive shopping destination to tourists on par or even better than other regional shopping hubs. We are hoping our lobbying efforts for the industry will help liberalise the market and reduce tariffs to earn valuable foreign revenue for the country.

As a leading retailer that continues to invest in the local context, we are well-positioned and anchored in most malls by way of our modernised offerings and global brands and await policies to support our growth journey. If the country can strike the right balance between retail and tourism, the opportunities are limitless for Sri Lanka as a shopping destination. A substantial component of Odel's business is generated from tourists, hence it is vital that the tourism industry is on an upward trajectory.

The financial year 2019/20 will be an eventful one, in terms of the opening of a new Odel Department Store at the One Galle Face Mall managed by the Shangri-la Group, which spans 54,000 sq. ft. of Odel and the Group's international brand outlets including Softlogic's international restaurant franchises, which will account for 100,000 sq. ft. at the Mall. Our presence at the One Galle Face Mall is a significant investment and we are optimistic about generating adequate returns.

In the short to medium term, the impact of the heart-rending Easter Sunday attacks will be felt by the tourism industry, but we expect this adverse trend to reverse by the end of the 2019 as tourists begin to return to Sri Lanka, supported by the destination being tagged as the 'Best Place to Visit in 2019' by Lonely Planet.

Odel's vision for the future is aligned with the nation's economy and as GDP growth and per capita income improves, we hope to see a thriving fashion retail industry propelled by the overall economic growth momentum.

ACKNOWLEDGEMENTS

I would like to place on record my gratitude to my fellow Directors on the Board and the management teams of Odel and Softlogic Brands whose continued confidence and encouragement has brought us to this level of success. Our international brand partners are key to our success for helping create brand loyalty of our improving customer base. I assure our valued shareholders that Odel remains committed to its ambitious vision as it prepares for exciting times ahead.

(Sgd.)
Ashok Pathirage
Chairman


AT LEISURE
ODEL

BOARD OF DIRECTORS

MR. RANIL PRASAD PATHIRANA | MR. ASHOK PATHIRAGE | MR. HARESH KAIMAL | DR. RUANTHI DE SILVA | DR. S SELLIAH

MR. ASHOK PATHIRAGE

Chairman/ Managing Director

Mr. Ashok Pathirage, recognised as a visionary leader of Sri Lanka's corporate world, is the founding member and Chairman/ Managing Director of Softlogic Group, one of Sri Lanka's leading conglomerates. He manages over 50 companies with a pragmatic vision providing employment to more than 11,000 employees. Mr. Pathirage gives strategic direction to the Group which has a leading market presence in six core and non-core vertical Sectors - Retail, Healthcare Services, Financial Services and IT, Leisure & Automobiles. The Asiri Hospital chain is the country's leading private healthcare provider which has achieved technological milestones in medical innovation in Sri Lanka's private healthcare. Softlogic Capital PLC, Softlogic Life Insurance PLC, Softlogic Finance PLC, Asiri Hospital Holdings PLC, Asiri Surgical Hospital PLC and Odel PLC where he serves as Chairman/Managing Director are listed on the Colombo Stock Exchange. He is also the Deputy Chairman of National Development Bank PLC and the Chairman of NDB Capital Holdings Ltd.

MR. HARESH KAIMAL

Non-Executive Director

Mr. Haresh Kaimal is a co-founder of Softlogic and a Director of Softlogic Holdings PLC since its inception. With over 30 years of experience in IT and operations, he currently heads the IT Division of the Group and has been instrumental in driving advancements in Information Technology and Enterprise Resource Management within Softlogic. He is also a Director of Softlogic Finance PLC and Softlogic BPO Services (Pvt) Ltd.

DR. RUANTHI DE SILVA

Non-Executive Independent Director

Director and Consultant of SCM- Plus, providing consultancy services on Finance, Logistics, Best Practices in Procurement and process restructuring, in international markets.

She was the Group Director of Supply Chan Management (SCM) at Bernhard Schulte Ship Management (BSM) Group which manages over 650 ships operating from over 23 offices around the world.

She carries over 40 years of local and international experience with blue-chip companies and have been in senior management positions covering strategic planning, finance, business process re-engineering and operations.

Dr. De Silva holds a Doctorate from the University of Newcastle in Australia and an MBA from the University of Hull in UK. She is a Fellow of the Chartered Institute of Management Accountants of UK. She is also an Associate Member of the Chartered Institute of Logistics and Transport in Australia.

Dr De Silva was the recipient of the 2015 Personality of the Year for Service in the International Arena of the Maritime Industry, awarded by The Women in International Shipping and Trading Association (WISTA) Sri Lanka Branch.

DR. S SELLIAH

Non-Executive Independent Director

Dr. Selliah holds an MBBS degree and a Master's Degree (M. Phil). He has over two decades of diverse experience in varied fields.

Currently he is the Deputy Chairman of Asiri Hospitals Holdings PLC and the Deputy Chairman of Asiri Surgical Hospital PLC. He is a Director of HNB Assurance PLC, Lanka Tiles PLC, Softlogic Holdings PLC, ODEL PLC, Lanka Walltiles PLC, ACL Cables PLC, Lanka Ceramic PLC, Swisstek (Ceylon) PLC and Swisstek Aluminium Pvt Ltd.

Dr. Selliah is also the Chairman of JAT Holdings (Pvt) Ltd, Cleanco Lanka (Pvt) Ltd, Greensands (Pvt) Ltd and Vydexa (Lanka) Power Corporation (Pvt) Ltd. He is also the Deputy Chairman of Central Hospital (Pvt) Ltd.

He also serves on the following board sub committees of some of the companies listed above as a Member or Chairman: Human Resource and Remuneration Committee, Related Party Transaction Committee, Audit Committee, Investment Committee and Strategic Planning Committee.

MR. RANIL PRASAD PATHIRANA

Non-Executive Independent Director

Mr. Pathirana was appointed to the Board of Odel in November 2014. He is a Director of Hirdaramani Apparel (Private) Limited, Hirdaramani Leisure Holdings (Private) Limited and Hirdaramani Investments Holding (Private) Limited which are the holding companies of the Hirdaramani Group. He is also the Managing Director for Hirdaramani International Exports (Pvt) Limited.

He is a Director of Star Packaging (Private) Limited and Windforce (Private) Limited and a Non-Executive Director of Sampath Bank PLC, Ceylon Hotels Corporation PLC, BPPL Holdings PLC, Alumex PLC & Ambeon Capital PLC.

He is a Fellow Member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Commerce Degree from the University of Sri Jayewardenepura.

SENIOR MANAGEMENT TEAM

G. NATARAJAN | Head of Retail Operations & Business Development

NALAKA RAMBUKPOTA | General Manager - Corporate Operations

S L R PIYAL | Senior Manager - Finance Operations & Compliance

DESIREE KARUNARATNE | Softlogic Holdings Group Director Marketing

ROMESH JAYEWARDENE | Head of Projects & Mall Development

SENIOR MANAGEMENT TEAM


THILINA DASSANAYAKE | Head of Buying


VISHAKA TENNAKOON | Head of Internal Audit - Retail Sector


MENEKA GALGAMUWA | Head of Corporate Planning

SUREN PERERA | Head of Human Capital - Retail Sector

ROSHAN KULASEKARA | Head of Merchandising

GOPIKA MAGESWARAN | Business Controller


AT LEISURE
ODEL

MANAGEMENT DISCUSSION AND ANALYSIS

THE OPERATING ENVIRONMENT

THE GLOBAL BECKONING

Fashion; the epitome of world's largest, yet one of the most fragmented industries continually anticipates a new sense of optimism. In a year of reckoning, fashion players were increasingly searching for proactive opportunities. Industry experts described the year of 2018, as etched by 'Change' in contrast to the 'uncertain' era that shaped much of 2017 and before.

After a submissive and unstable 2017, the recovery was in the horizon in 2018, yet economic volatility across the globe, coupled with the growing demands of the consumer, made industrial recovery across regions unlikely.

With fast emerging top-quintile companies being the engines of value creation within the dynamically evolving groups of fashion, adoption of disruptive technologies like advanced robotics, mobile internet, advanced analytics, augmented reality and better in-store experiences (Figure 1), were driving future gains in fashion with expectations of the market to reach a stellar USD 325.8 Billion in 2022.

Within a striking realm of winners and losers across dispersed geographies, it is evident that 20% of fashion players created 100% of economic profit over the past decade, while the bottom 20% of companies were recessive.

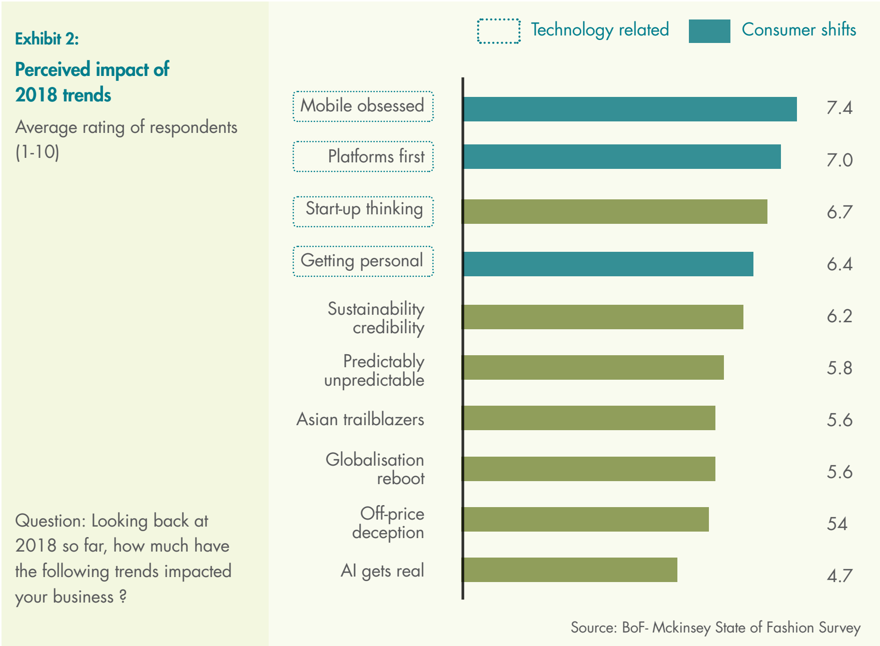
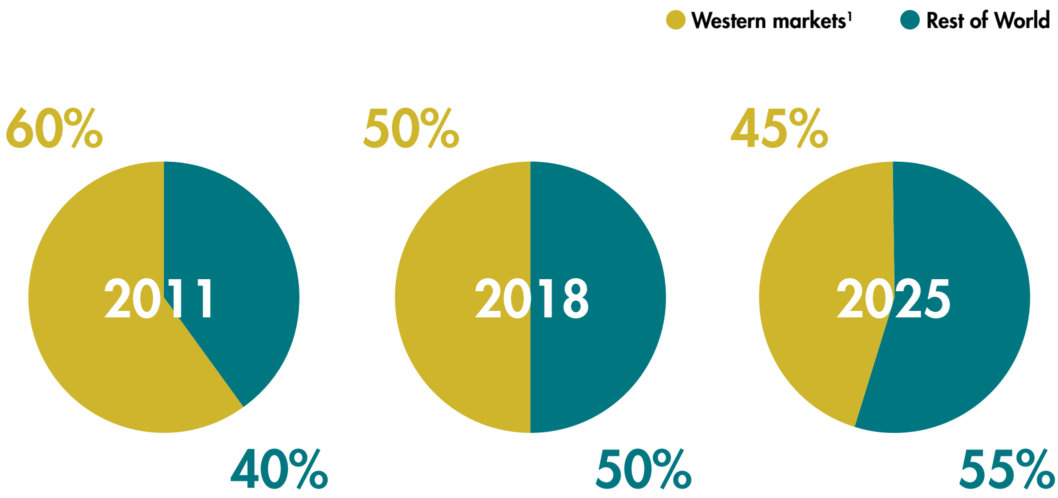


Figure 1: Executives viewed consumer shifts enabled by technological disruption as the most significant trend in 2018

The industry was transforming through rebound, which was felt gradually yet unevenly across the continents. With 2017 signaling the end of an era where the Western markets were losing their global fashion stronghold, the hoards of revenue generation seem to have shifted to rapidly growing cities in emerging markets which are particularly important growth centers for the fashion industry (Figure 2).

MANAGEMENT DISCUSSION AND ANALYSIS



1 Includes North America and Europe (Mature and Emerging)

Source McKnsey Fashion Scope

Figure 2: Global apparel and footwear sales forecast 2011-2025: the submergence of Western Markets

Many incumbents with developed countries as their core markets face a stagnating sales outlook and with increased digital cross-border trade, it has become challenging for "local heroes" with an average value proposition to compete, but rather seek new pockets of real time growth.

CONSUMER DYNAMICS IN FASHION

The modern-day consumer is inundated with an abundance of information, which has prompted them to search for new trends and innovative products by shopping online at concept stores. Consumers seem to no longer consider online retail as a convenience, but rather as an expectation. With the increasingly on-demand lifestyle and the emerging norm to 'have it all now', consumers are fast shifting their preference to the speed of delivery and are less concerned with the result of a project or production. As a standard, consumers in Southeast Asia spend about eight hours a day online in shopping through a consumer purchase journey from a traditional linear model to a complex range of touch-points, where they also expect a consistent brand experience at all times.

Their preference also have shifted towards brand transparency; a brand being open and authentic about failures and imperfections has become one that is sought after. Variably from an era where consumers aspired to be in the height of status quo, defined by luxury labels, more consumers, especially the millennial generation shifted towards brands which 'do good for society' as their status symbol. Consumers became increasingly aware of where their items are coming from and want to purchase items that will have a positive impact on the world.

With information and the ease of comparison at their fingertips, consumers were increasing becoming less brand loyal; a trend that was momentous in 2018. Two-thirds of millennials advocate the willingness to switch brands for a discount of 30% or more. The ongoing polarization of the industry with consumers trading up or down from mid-market price points continued to create an encouraging marketplace for mid-priced fashion players.

With amplified expectations in customer experience, alongside a higher scrutiny on convenience, price, quality, novelty and individualized touch, leading players in the fashion arena were seen curating innovative business models, using granular customer insights to build a source of unique differentiation.

THE RETAIL SPACE

The year 2018 was hard hit for certain big names in international fashion. The crisis-hit House of Fraser and an embattled Marks & Spencer made headlines, as did a rising tally of planned store closures and retrenchments. The Orla Kiely brand, Dolce & Gabbana also ended the year under serious pressure, having been dropped by important retailers whilst Top

Shop too was faced with difficult times. The decade witnessed young shoppers who are Topshop's key market, moving from 'bricks-and-mortar' shopping, a field in which Topshop was dominant to online, in which it faced stiff competition from new and nimble, social media-savvy brands. Some of the other fashion related bankruptcies around the world in 2018 included, J. Mendel, Carven, The Rockport Group, Nine West, Claire's Stores and many others where sluggish sales in the department store channel, combined with a desire to improve margins and control brand presentation, markdowns and customer data, caused brands to move to direct-to-consumer-models;

Owing to Artificial Intelligence and Big Data, brick and mortar retail continued to be much more anticipatory. Retail brands that traded online had knowledge on customer needs, sizes and preferences, with algorithms that search and match the right product. All in all, fashion retailers in 2018 were simultaneously looking for ways to reduce store operating costs, re-evaluate store networks and innovate the in-store experience to attract customers.

THE LOCAL CONTEXT IN FASHION

With a staggering labour force of over 500,000 employees and contributing over USD 5 Billion to GDP, the apparel industry is one of the largest contributors to the growth of the Sri Lankan economy. Despite steepening margins and the fast advent of competition from emerging South Asian economies, Sri Lanka in terms of design and product development in fashion retail, resemble those of Western nations and is well ahead of other countries in the region. As an industry it has been integral in social upliftment and the rapid change in lifestyle that Sri Lankans have embraced especially during the 2018, owe to the rise of a creative sector in the country that denotes fashion with aspiring appeal, affordability and sustainability. Sri Lankans tend to spend, often on lifestyle products and luxury goods, with this trend being signaled by the country's gross domestic savings being one of the lowest amongst South and South East Asian economies.

Stemming from apparel industry, the sector of fashion as a whole, achieved slower growth than anticipated as a result of devaluation of the LKR towards latter part of 2018, the rising inflation which clearly restricted the disposable income of the middle class consumer, the interest rate hikes and the political volatility posed as broader level challenges to a seemingly flourishing industry.

The shifts in behavior in fashion-conscious consumer were seen as less frivolous and more as empowering in the modern Sri Lankan era. New campaigns and social media became increasingly accepted in 2018, especially for women, where gender empowerment through fashion was taken to immense heights. Staying ahead through uniqueness and personalized style which is defined by choice was increasingly adopted during this time whilst the digital paradigm which relates to a visual culture where it is more important to show rather than to articulate personal representation became the rule of acceptance.

Many emerging trends challenged the conventional business model of the fashion retailers. Leveraging low cost technology and virtual business models, new fashion outlets were sprouting their seeds at an alarming speed, within the realms of modern fashion. Consumers are increasingly seeking value for money, convenience and uniqueness.

It was also evident that digital discovery and online shopping were also effecting the Sri Lankan consumer where the fluidity is driving brand disloyalty in an era where choice is at an all-time high. Average retail store spaces are shrinking, driven by a shift toward small-format and proximity boutique stores, while the magnitude of online shopping portals is beyond quantification.

SRI LANKAN ECONOMY AND RETAIL FASHION

The turbulent year that the local economy experienced in 2018, witnessed a modest growth in GDP growth reaching 3.2% as at the end of 2018, lower as compared to 3.4% achieved in the previous year. The total size of the Sri Lankan economy was estimated at US dollars 88.9 billion, while the per capita GDP was recorded at US dollars 4,102 in 2018, which was marginally lower than in the previous year.

As one of the prime income generators, tourist arrivals grew by 10.3% during 2018, while earnings from tourism grew by 11.6% to US dollars 4,381 million in 2018 in comparison to US dollars 3,925 million in 2017.

The modest economic performance in Sri Lanka was etched by challenges in the global financial and geopolitical arena that greatly affected the external sector. Weak domestic demand, continued tightening of monetary condition as well as Government consumption spending, stagnant fixed investment and lower net exports. Further, inconsistent economic policies driven by political instability delayed private and public sector investment which were key drivers of economic growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Services remained the predominant sector that fuelled domestic economy in 2018 and services related activities expanded by 4.7 % in 2018 compared to the growth of 3.6% recorded in the previous year. The growth of the services sector was particularly supported by the expansion in financial services activities (11.8%) during 2018.

Industry related activities experienced a slowdown, particularly with the decline in construction and mining-quarrying activities. Manufacturing activities, which accounted for 15.5% of GDP, registered a modest growth of 3.0% in 2018, supported by increased production of sectors such as food products, beverages, wearing apparel, rubber, coke and refined petroleum products along with textiles.

The deficit in the trade account expanded in 2018, to US dollars 10,343 million in 2018 from US dollars 9,619 million in 2017. The trade deficit as a percentage of GDP widened to 11.6 % in 2018 from 10.9 % in 2017 owing to high import expenditure incurred on gold, fuel and personal motor vehicles along with modest export performance.

Export proceeds from textiles and garments increased by 5.1% to US dollars 3,452 million during the first eight months of 2018 with the support of the restoration of the EU-GSP+ facility since May 2017. Accordingly, earnings from garment exports to the EU increased by 4.8 % to US dollars 1,373 million during the first eight months of the year, owing to the higher demand from Germany, Italy, Netherlands and Sweden, despite the decline in demand from the UK. Meanwhile, earnings from garment exports to the USA and non-traditional markets increased by 4.7 % and 1.8 % respectively, during the period under consideration.

Causing a significant impact on trade and other businesses, the Sri Lankan Rupee (LKR) depreciated by 19% against the US dollar in 2018, the sharpest decline in a decade. Despite the sharp depreciation, both headline and core inflation remained subdued in 2018 within single-digit levels as a result of well anchored inflation expectations under the enhanced monetary policy framework.

The tight monetary policy continued in 2018. Amidst unremitting challenges, it was encouraging to note that, Sri Lanka was named the No. 1 destination to visit in 2018, by Lonely Planet, which boosted Sri Lanka's chances of achieving the tourist arrival targets and increase annual earnings from the industry. Sri Lanka also climbed up 11 places to be ranked 100 among 190 countries in the Ease of Doing Business Index compiled by the World Bank.

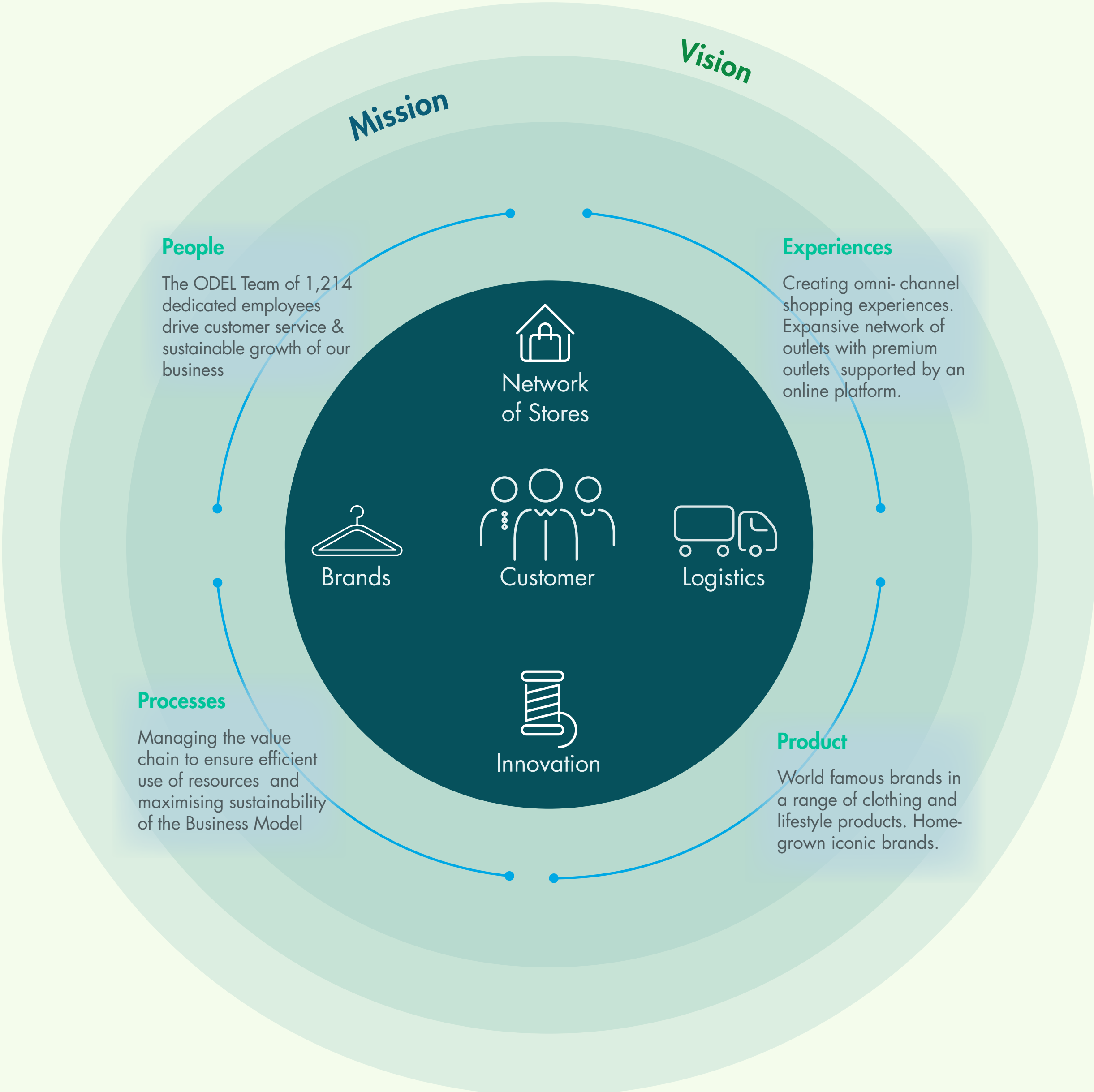
An up-and-coming middle class with disposable income and a preference for spending over saving, in addition to mounting tourism receipts and few restrictions on foreign investment, made Sri Lanka a favourable destination for retail investors. Nevertheless, the retail sector faced some near-term barriers to growth. These included limitations in retail space within the commercial hub of Colombo and unstable consumer confidence. In the medium term there is a need to build up the necessary infrastructure – physical, technological and regulatory – that will eventually help in the advancement of the next wave of retail and e-commerce.

The city of Colombo remained the commercial hub, that saw the proliferation of many new lifestyle ventures. Sri Lanka's port city, envisioned to be a centerpiece of broader western Megapolis, completed its land reclamation, spanning 269 hectares which would entice many foreign direct investments and tourist arrivals, whilst the boom of city hotels under international franchise holding, widespread shopping malls and condominiums also shape the retail shopping platform of Sri Lanka to be in line with global standards. Such destinations and the advent of e-commerce platforms are gearing their ability to cater to the varied needs of tourists who favour world class shopping to augment their overall travel experience. With the increase in tourist arrivals which is set to increase to 4 Mn by 2020, these spaces will fill a void in the vibrant retail sector in Sri Lanka.

VALUE CREATING BUSINESS MODEL

Odel has succeeded in generating substantial value, not only its' shareholders, but its customers, employees, supply chain and the communities at large through a virtuous business model that leverages its scale, uniqueness and expertise to achieve superior operational efficiencies and capitalize on its financial strengths.

These efficacies generate cash flow that can either be returned to shareholders or reinvested in the business to fund growth, innovation and development of its people.



Our Priorities

Our Financial Performance (refer page 20)
Our Brands (refer page 22)
Our Human Capital (refer page 29)
Our Commitment to Sustainability (refer page 38)
Corporate Governance & Compliance (refer page 40)

MANAGEMENT DISCUSSION AND ANALYSIS

ODEL IN CONTEXT

FINANCIAL REVIEW

Acting consistently with a strong investment compass was of great importance for Odel for its headstrong vitality; the company saw numerous opportunities rising amidst a tough operating context which was prevalent in 2018. As both the consumption and investment expenditure supported growth, within the country, the total size of the Sri Lankan economy was estimated at US dollars 88.9 billion, while the per capita GDP was recorded at US dollars 4,102 in 2018, which was marginally lower than in the previous year.

Odel performed equitably amidst many headwinds. With its own unique identity, Odel continued to fuel its fashion lines and true-to-the-new-world lifestyle products to offer customers around the world, a wealth of styles and trends in fashion and design.

Rs. Mn	2018/19	2017/18	2016/17	2015/16	2014/15
Net Sales	8,160	7,412	6,938	6,455	4,864
EBITDA	1,402	1,003	1,212	787	448
EBIT	924	643	886	527	283
Net Profit	245	199	465	256	161

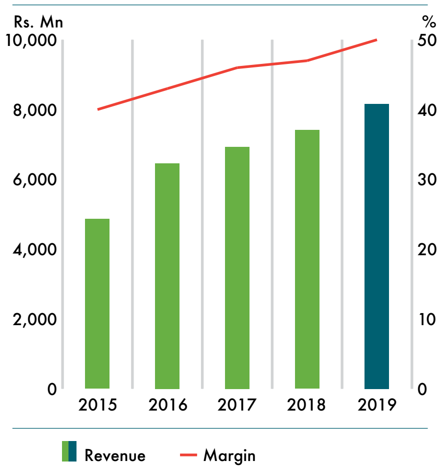
Table: Success across 5 years; at a glance

REVENUE

With it's virtuous yet efficient business model in operation, Odel was enabled to fully leverage scale, by widening its product range, restructuring its retail space, yet consolidating several brand and corporate functions, in order to simplify the organization and operate more efficiently. The Company and actions have revealed results in annualized revenue of LKR 8.16 Bn which is a growth of 10% compared to the previous year's revenue of LKR 7.4 Bn.

The Gross Profit margins of the Company have witnessed a steady rise, across the past 5 years despite the effect of retail VAT. The overall Gross Profit margin in 2018/19 improved to 50.9% from 46.9% in FY 2017/18, which truly resonated with greater structuring endeavors placed on procurement and supply chain efficiencies.

REVENUE AND MARGIN



COST OF GOODS SOLD

Cost of goods sold decreased by 8% as a percentage of net sales in during the fiscal 2018/19 compared with 2017/18, primarily driven by higher sales values of all local and global brands and improved product acceptance. This was offset by a negative foreign exchange impact brought about by the depreciation of the LKR as against the US Dollar.

Administration costs stepped up by 20% in comparison to the previous year. This was due to the significant expansion of the retail space and the acquisition of Cotton Collection in August 2018.

OPERATING EXPENSES

Operating expenses excluding depreciation, amortization and financing costs, increased by Rs. 375 Mn (14%) but as a percentage of sales increased from 36% to 37%. Efficiencies were achieved through improved sales productivity of store personnel and rent/lease, distribution center employees and targeted promotional spend.

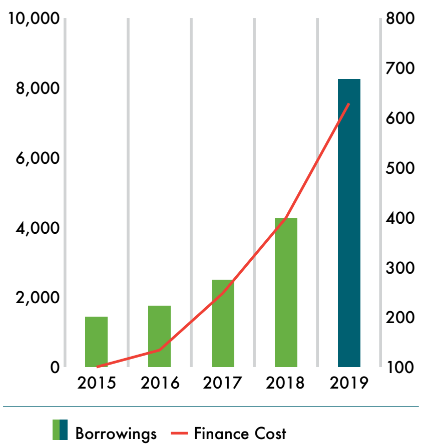
Capital expenditure was Rs. 358 Mn higher than last year. This is primarily due to strategic expansion and relocations to further optimize the store network.

FINANCE COST

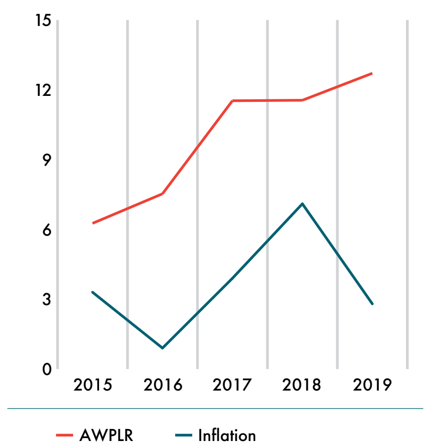
The Company saw its borrowings for working capital and the capital expenditure being enhanced in line with the significant expansions which were done during the year under review.

Hence the finance costs were managed effectively to reflect a 58% increase against 61% in the previous year.

BORROWINGS AND FINANCE COST Rs. Mn



MOVEMENT OF AWPR AND INFATION %



TAXATION

The tax rate of 28% remained during the said year for Odel. However, the effective tax rate decreased to 19% from 21% mainly due to reduction of payment of inter-company dividend and corresponding low dividend tax compared to the previous year.

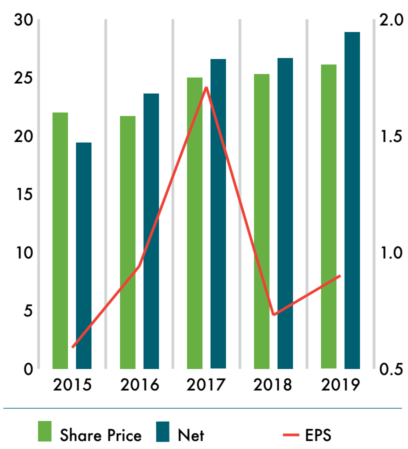
NET PROFIT

Odel recorded a Profit After Tax of Rs. 245 Mn which marks a significant increase of 23% from last year's Rs. 199 Mn. Whilst the improvement came from increased full price sell through, combined with a higher average selling price, the profitability of the Company was affected by the slow growth of the market, high interest rates and less than desirable stock turnover levels caused by slow retail sector growth.

EARNINGS PER SHARE (EPS)

The fashion retailer reports its 2018/19 EPS as 0.90 Cents, up by 23% from that of 2017/18. Basic earnings per share has fluctuated over the last five years in accordance with the operating profit in the corresponding years.

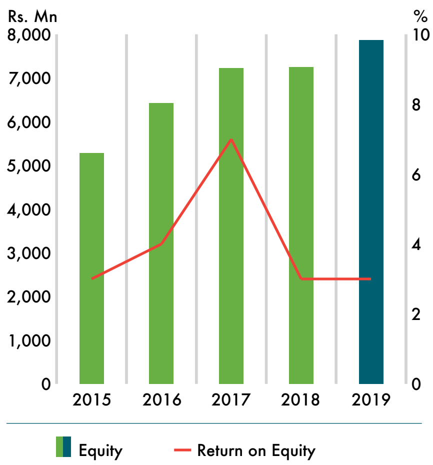
MOVEMENT IN MARKET PRICE,
NET ASSETS AND EARNINGS PER SHARE Rs.



RETURNS AND TOTAL EQUITY

The Company's Total Equity saw a rise to Rs. 7,867 Bn from Rs 7,256 Bn in 2017/18 brought forth by retention of earnings.

EQUITY BASE AND RETURN ON EQUITY



The Return on Equity increased to 3.1% from 2.8% in the previous year.

CASH FLOW

The high level of investments and rising cost of inventory resulted in a lower amount of cash for Odel, with cash and cash equivalents steadily declining from Rs. (649) Mn in 2017/18 to Rs. (887) Mn in 2018/19.

Notwithstanding the significant investments in working capital and the acquisition of capital assets funded partly through borrowings, the gearing ratio at the end of the year increased to 51%.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR BRANDS

EACH BRAND WITHIN THE REALMS OF ODEL, RESONATES A BESPOKE PROFILE AND A DISTINCTIVE IDENTITY, SHARING THAT UNCONDITIONAL PASSION FOR DESIGN, QUALITY AND VALUE FOR MONEY. COMPLEMENTING A HIGHLY SUSTAINABLE PLATFORM, OUR BRANDS DISPLAY A VIVID SPECTRUM OF STYLES AND TRENDS FOR THE ENGAGED AND CONSCIOUS CUSTOMER OF TODAY IN FASHION, BEAUTY, ACCESSORIES AND INTERIOR.

Increased digitalisation in society is rapidly changing the expectations of our customers, creating new behavior in shopping patterns. To keep the brands relevant in a fast-changing world, Odel is taking advantage of its size and local presence in combination with the opportunities created by the digitalisation of the retail fashion industry.

Our host of private labels include Odel, Tara, Closet, B Iconic, Luv SL, Premium, Vintage, Wear Your Own Story (WYOS), Liberation, Pinkabelle, Misbehave and Boysenbear, complemented by a wide range of international brands including Charles & Keith, Mango, Aldo, Nike, Puma, Armani Exchange, Adidas and much more. The latest addition, Cotton Collection, was the acquisition by Odel in 2018, as a 100 percent stake with 4 stores, to diversify its product portfolio, anticipating a fashion-retail boom. Cotton Collection comprises of a home-bred, bohemian, free-spirited compendium that has carved out a niche market in the country.

Odel in its sense of originality offers a paradigm of inspiring fashion, synonymous with paramount quality at an affordable price point. From a collaboration of wardrobe essentials, complete-the-look accessories, elegant office attire to motivational workout wear and much more, Odel has redefined design in an expressive sense that is timelessly reflective of one's own personal style.

Odel's collections are made with modernity and relevance for women, men, teenagers and children. The signature brand performed well in 2018/19 introducing innovative in-store design and merchandising concepts. State-of-the-art technology was deployed across the rest of the brands along with mobile payment options to a growing number of customer segments.

The distinctively Sri Lankan flagship brand Luv SL and SL Treasures, present a hand-picked and curated assortment of unique products, chosen for their evocative attributes. Extra care has been taken to ensure that the themes are representative and attractive in casual wear, accessories, ornaments, toys, cosmetics, stationary, toiletries, gift items, souvenirs and confectionery products in many price segments to suit the authentic and ethnic style of any customer. Inspired by vibrant tropical hues and the summer-ready vibes of our paradise isle, Luv SL has become popular for its virtual mix of own-label products that resonates with the discerning customer of today. The operation of Luv SL has focused its energies in all-round sustainable, earth-friendly endeavors, which reach out to its suppliers, store aesthetics whilst the brand also works close with international bloggers to promote Sri Lanka and its unique ecosystem in liaison with the local tourist board.

With 9 outlets spread across strategic tourist-heavy locations, the Luv SL store at Queens Hotel Kandy also features a Sri Lankan jeweler, a tea brand and a beauty brand. With Sri Lankan Souvenirs with thematic features for Valentine's Day, World Environment Day, World Animal Day, Avurudu, Kandy Perahera also the fall and Christmas seasons, Luv SL works closely with local artisans to encourage, direct and create exclusive pieces whilst paving means to uplift their livelihood.

Tara

LADIES PRIVATE LABELS

With a hallmark of imaginative style, our alluring private label for ladies, B Iconic, reverberates a line of colourful trendy wear. With the four motifs of 'B Brave', 'B Playful', 'B Wild', and 'B Stylish', the brand consists of bold slogans and neon colours in its line of T-shirts, cropped tops, dresses, leggings, skirts, shorts and jump-suits. Another line of sheer effervescence, Tara offers a much deliberated range of female wardrobe essentials that suits any season, with classy and minimalistic designs by infusing traditional and modern techniques. With the vibe of power-dressing, Closet presents ladies' work-wear essentials which are impactful, high in quality and are timelessly stylish, adding a splash of color and style into every career-woman's wardrobe.

MEN'S PRIVATE LABELS

Envisaging 4 distinctive brands, the men's range of private labels consists of Premium Casual, a line which characteristically denotes a work-wear concept, that gives life to an impressive 'smart yet casual' clothing line with a focus on high quality fabrics, breathable textures, serene colours and subtle detailing. Vintage line of clothing for men brings on a modern-day inspired fashion extravaganza with a combination of timeless retro classics. Liberation reflects another unique manifestation of comfortable fabrics and subtle hues blended with modern designs, to offer an affordable brand of clothing suited for men of all ages. Another brand, exclusively for younger men, "Wear Your Own Story" (WYOS) offers a vibrant array of eye catching casual wear for the 'adventurous' at heart. The line of clothing expresses an innovative assortment of crew neck t-shirts with appealing slogans and designs, detailed into shirts, pants, shorts and a range of men's accessories.

Misbehave

KIDS PRIVATE LABELS

Pinkabelle, Misbehave and Boysenbear showcase a wide variety of imaginative and colour-infused clothing and accessories for the little aspirers to stand out in any crowd. While Pinkabelle has an eye-catching display of charming attire for girls, Misbehave offers trendy and playful outfits for the same segment, while Boysenbear offers fashionable and comfortable clothing for boys.

Odel has strategically brought the cost of private brands down through technology and speed to market, which is based on customer demand. Across the years, the top notch retailer has minimized the time to market for all private brands- women's and kids. For example, the fashion retailer launched the Disney clothing platform in a timely manner in line with the launch of the

MANAGEMENT DISCUSSION AND ANALYSIS

Disney Movies, Lion King and Spider Man in 2018/19.

ATHLEISURE

Ever since athleisure or active-wear transitioned from fashion faux-pas to completely trendy, the deluxe sports apparel attained the trendy status, on which a myriad of talented designers has hopped on the bandwagon, paving way in producing eloquent, boutique-type exercise garments for the younger generation and the young at heart with an inspiration to adopt a bigger vibe in health and wellbeing. Odel has rightly identified the needs of this emerging market to give birth to a platform of new-world casual and leisurewear clothing.

SPORTS WEAR

From the onset of yoga pants to classy leotards and semi-opaque sweatshirts, the fast growth of fitness fanatics as a leading category of consumers demand a wide ranging array of sportswear. Odel houses a wide range of sportswear, under reputed global brand names, namely, Nike, Puma, Adidas, Reebok and Canterbury.

With varying brands, price points, fabric make-up and enticing styles, Odel creatively offers latest collections of these brands in stores, where customers have the ability to compare products across different brands.

OUR BRANDS

FURLA
ITALY 1927

Yamamay
italian lifestyle

LOVE MOSCHINO

LONGINES

MICHAEL KORS

ODEL AS ONE OF THE STRONGEST RETAIL BRANDS IN SRI LANKA, HAS BUILT ITS COLLABORATIONS WITH RENOWNED AND REPUTED GLOBAL BRANDS THAT SETS SUPERIORITY TO ITS HOME-GROWN CAPSULE COLLECTIONS. THE PREMIUM INTERNATIONAL BRANDS HOUSED WITHIN THE SAME PREMISES AND ITS SIGNATURE OUTLETS ACROSS THE METRO CITIES HAVE EXTENDED FROM APPAREL TO ACCESSORIES, HANDBAGS, WATCHES, SPORTSWEAR AND BEAUTY PRODUCTS.

Our legendary international brand portfolio includes the world's most influential and well-known fashion brands such as Nike, Levis, both which have demonstrated exponential growth within FY 2018/19. Aldo also continues to display a lot of promise as growing brand. In accessories, the retailer portrays a wide array of stunning ensembles of Longines and Rado whilst in handbags, Odel has a range of designs in world leading brands such as Emporio Armani, Micheal Kors, Furla, Love Moschino and Trussardi, whilst Odel also launched its exclusive Luxe handbag shop at the Colombo City Centre, the premier new shopping destination in the heart of Colombo.

With the objective of being able to shop and afford top-notch global brands right at the heart of Sri Lanka, the sales of Odel has soared with the acceptance of luxury and semi-luxury international brands.

NEW BRANDS LAUNCHED IN 2018/19

The year kick-started with the largest fashion retailer in Sri Lanka welcoming some of the world's most iconic and prestigious brands in order to prepare their dynamic retail landscape for the rapidly shifting climate. Furla, the Italian style colourful fashion statement that reflects individuality and uniqueness, Tumi, with its range of high-end suitcases and travel baggage, uniquely known for their black-on black ballistic nylon.

The advent of Jack and Jones, one of Europe's leading menswear brands with over one thousand stores in 38 countries, predominantly known for their high quality jeans, also witnessed the opening of its very first Jack & Jones flagship store at Colombo City Centre. Swarovski also officially opened its doors in Sri Lanka

MANAGEMENT DISCUSSION AND ANALYSIS

bringing its heritage and craftsmanship in crystal to Colombo City Centre with a timeless dazzling collection that delivers extraordinary everyday style to women around the world.

Apart from the above, Odel also widened its doors to welcome Rado and Longines, the authentic, elegant Swiss watch brands, Carpisa, the Italian range of luxurious luggage and handbags and Yamamay, the Italian brand of gorgeously stylish underwear and lingerie.

OMNI-CHANNEL SHOPPING EXPERIENCE

Defined by its strategy of differentiating and optimizing its customer footfall, Odel unveiled 4 new stores in during 2018/19 with the number of outlets reaching 28.

With sales volumes exponentially driven by full-price sales, international brands and the home-grown brand of apparel, home-ware and accessories under the brands of Odel, year 2018/19 has witnessed customers appreciating the improvements that have been infused into the product assortment in terms of design, quality, price and sustainability. The positions of the inventory improved in the latter part of the said year, in terms of both level and composition. This successive development is a result of stronger collections and the improvements of our buying and logistics processes.

The rapid transformation of the industry and an even tougher demand than we had anticipated, were well managed as we integrated our physical outlets and digital channels to offer customers an inspiring and convenient shopping experience, bringing this much loved brand closer to them.

STRATEGIC FOCUS AREAS

Odel continued to drive transformation to create the most efficient and flexible product flow; from locally developed to franchise labels, latter of which have been carefully selected to suit the tastes and trends in the local consumer market, whilst also maintaining a sharp focus on the psycho-graphics of the tourist. Odel also has succeeded to secure a stable and scalable infrastructure, defined by our tech foundation and adding growth by expanding the stores and its digital marketplaces.

As an advent on the e-commerce arena, the all-inclusive Luv SL product portfolio is available through major global online shopping portals such as eBay and Amazon, after anticipating the spikes of demand for Luv SL products by customers across the globe.

ONLINE SHOPPING PORTAL

The customer is at the center of Odel's dynamic business model and our strongly intermingled physical store and online platform proactively listen to their feedback. We want to guarantee the best possible shopping experience by taking advantage of complementary channels. As such, the entire product portfolio of Odel is available via the newly revamped online store, odel.lk and mysoftlogic.lk. However, they have the opportunity of viewing the entire range of Odel products through mysoftlogic.lk now.

The online platform also enables the customer to track their order online to see where the order is in real-time, receive delivery confirmation and even send a customized message to the purchaser. With a "Click to Pick" option, customers can also pick up orders from the store with the closest proximity to their home or

office, whilst they can also customize their gift wrapping for their products to add an individualized touch to their gifts.

EXPANSION OF OUR OUTLETS

Despite macro instability, along with a few uncertainties in the political sphere, the increasing affluence of the emerging middle class of the country has directly impacted luxury buying combined with the surge in tourist arrivals in 2018/19.

The roll out of Odel outlets across the years and within 2018/19 was focused on building a business with the flexibility to respond to this constant evolution. Odel as the 'leader of the pack' within the sphere of fashion retail has made use of every opportunity to meet customer expectations, exploring the strength of this iconic brand in combination with local relevance and more personalized communication.

11 PREMIUM OUTLETS AT THE COLOMBO CITY CENTRE

Odel strategically expanded its signature and premium outlets to the newly constructed Colombo City Centre owned by Abans Group, occupying almost 40,000 square feet (sq. ft.), the largest space occupied by any retailer at the most talked about shopping hub in the capital city. Colombo City Centre houses Odel Department Store, Odel sports, Galleria, with 11 key brands such as Mothercare, Swarovski, Jack and Jones, Clarks, Armani Exchange, The Body Shop, Fossil, Charles and Keith along with Mango.

LUV SL AT SHANGRI-LA COLOMBO

Shangri-La hotel, Colombo's highly-anticipated premier lifestyle destination and the city's first internationally developed and managed mixed-use development project, warmly witnessed the opening of

MANAGEMENT DISCUSSION AND ANALYSIS

the iconic Luv SL store, at the second level of the hotel in FY 2018. As the esteemed brand of Odel that celebrates Sri Lankan creative expression through merchandise, it offers visitors a selected range of quality souvenir products, truly evocative of the paradise island.

The new outlet branded 'Luv SL Treasures', caters to three main customer segments – the adventurous holidaymaker, the expatriate and the local shopper and adds immense value to the mall's unprecedented variety of international and local brands across fashion, F&B, lifestyle, beauty, wellness and entertainment.

K-ZONE

Odel's large-scale store in the city of Moratuwa was relocated to the 'K-Zone' complex in close vicinity, in fusion with its sister outlets Softlogic Max, Burger King and Baskin Robbins which are lucratively established in the zone, to provide visitors the multi-dimensional shopping experience that only the Softlogic Group can offer.

The relocated 6,935 sq. ft. Odel store of Moratuwa significantly enhances the attraction of the mall to visitors, featuring the most popular departments of the store as well as the sweeping range of international brands that it retails.

NEW STORE IN NEGOMBO

With it's promise of being one of the key destinations for tourists and local adventure seekers and holiday makers, Negombo with its diverse culture, beaches, nightlife, restaurants, hotels and infrastructure welcomed its new Odel store during the year under review. Its 12,890 square foot retail space was further augmented and restructured to capitalize on its extensive range of Sri Lanka inspired souvenirs, casual clothing, accessories, stationery, mugs, picture frames, toys, cosmetics and delectable confectionery.

UNPARALLELED SHOPPING EXPERIENCE

The key to Odel's success is the strength of its business model that inclines profoundly on technological innovation and unmatched customer experience.

In essence, Odel is the market leader, thanks to a pioneering technological strategy that seamlessly blends with its decade-long concept in physical stores. By adapting to new tools -including big data, augmented reality and artificial intelligence, the fashion retailer has managed to outpace its competitors. Odel's strategic combination of ideal locations, wide choice in products, the best in brands, exceptional customer service, value for money and convenience, are significantly poised to increase footfall, offering customers the shopping experience and store ambiance, that none can match.

HUMAN CAPITAL

SUCCESS IS IN THE HANDS OF OUR HUMAN CAPITAL

Pivotal to our success, is our Human Capital, a strategic partner to our business which has helped us secure the competitive edge in one of the most dynamic industries in the country. We at Odel constantly focus on setting standards for recruitment, implement training and support the development and growth of our entire organization. All to ensure we have the right people with the right skills in the right positions, at the right time.

We also believe that enhancing our Human Capital would lead to higher customer satisfaction and hence, focus is given to improving customer experience through the development of our Human Capital.

With the robust and vibrant collaboration of over 1,214 employees from all walks of life, who translate our vision into tangible outcomes, we have created head-waves from store ideation to data mining, global market analysis, reaching beyond our top line financial targets, all the way to advocating exemplary customer service. In great respect to our smart and cohesive workforce who truly believe that teamwork can break any boundary, Odel provides all employees an inclusive and inspiring workplace to excel in, whilst our investments are mostly focused on enhancing the knowledge, skills and capabilities of our employees through training and development alongside employee engagement activities, creating a workplace where people can develop and shine.

Embedded in our mantra is our shared values which are based on integrity and respect towards everyone who contributes towards our success; the strong belief in people's ability to use their initiative, by working actively and consciously in line with these values with an open, pragmatic corporate culture that encourages collaboration and focus on customers.

OUR PEOPLE IN RETROSPECT

The 1,214 employees who provide their dedicated service to Group as at 31st March 2019 had a gender representation of 58% male and 42% female (1,038 of the workforce and 176 of its management positions) and is characterized by its generational diversity and its youth (59% of the employees are under 30 and the average age is 30).

The outlets are the centre-point which involves peaks of customer-centricity (which has a force of 64% of the Odel's staff and over 714 employees in total) and we have established a significant island-wide (key metro cities) store network of 28 signature outlets with our 9 Luv SL outlets.

Odel is strongly horizontal and is focused on our activity to create and distribute fashion with inspirational lifestyle in its products and accessories. The professional classifications (manager, supervisor and specialist) are wide and store employees play an important role in all of them.

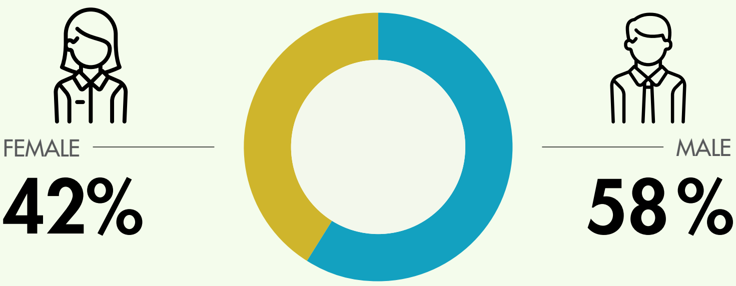
We ensure a steady and safe work environment that fosters equal opportunities and professional development (especially through internal promotion and training programmes). Thus, in 2018/19, Odel invested over 20,000 hours in training, for over 1,800 participants.

Our efforts in terms of employment quality also become evident when looking at the overall rate of employees with permanent employment contracts, which reaches 72%. As a result of the reality in the retail sector, where many employees seek to find a balance between their job and other activities, the percentage of full-time staff is 100%.

MANAGEMENT DISCUSSION AND ANALYSIS

OUR PEOPLE IN 2019

WORKFORCE DISTRIBUTION BY AGE



WORKFORCE
1,038

MANAGERS
176

OUR SHARED VALUES

Of all the meta-forces in our business, none is more relentless than globalization and the fast pace it creates in fashion and lifestyle trends, which we timelessly advocate at Odel. Within the context of such dynamism to meet the far-reaching tastes of a large cross-section of customers both local and international, we need to face any adversity, challenge and revel in our success, yet uphold our set of values which we at Odel strongly stand by.

Our set of values is the common thread running throughout our company, creating an open, dynamic, down-to-earth corporate culture where everything is possible and everyone has a pivotal role to play.

HR VISION

To be the Most Preferred Retailer Employer Brand of the country.

HR MISSION

A "Great Place to Work"

Our HR Vision embodies the fact that our employees, from the inception of their career with us, would rise to the pinnacle of their career success, given the well focused strategic exposure given through our gamut of operations, local and international product lines, exceptional service endeavours, island-wide network of stores, our digital frontage in fashion retail and the superior quality and value that all our brands and its parent brand Odel endure.

The essence of Odel is to provide relevant, essential and timeless fashion for all and we ensure that from the time that a school leaver enters the realms of this organization, he/she would embark on a career in fashion retail with career development opportunities that no other local fashion retailer may provide.

The coveted award that we secured very well exemplifies our mission statement. Our total commitment to superior service and outstanding quality and value has enabled the company to successfully execute its multiple-market and multiple-brand strategy and along with such success in the market, we have consistently looked inward, giving our employees a chance to perform, to grow and excel in their field of expertise. We look forward to be amongst the top 25 corporates in the country to be nominated the 'Best Place to Work" and extend this success to be amongst the top in Asian Region too.

Our five pillars of enduring promises are kept alive by the internal climate survey which we conduct on a pre and post financial year basis, as we closely monitor how employees have improved our scores with a dashboard of well planned activities devised across each month of the year.

The five pillars are explained with focus on each pillar and its activities, as follows:

WE DEVELOP AND GROW : STAFF TRAINING ENDEAVOURS

During the financial year 2018, we invested over 20,000 hours in training, corresponding to programmes which target a variety of groups within the Odel and Softlogic Group. The training has reached a total of 1,800 participants with a total budget of Rs. 2.7 Million being invested.

With time and tenure, our staff expect an upgrade. The only upgrade we can provide as an organization is new knowledge. Staff training has helped our employees feel they are moving ahead in their position and adding to their skill sets. This has been a very powerful motivator and a tool to build our team to fight complacency.

We use training as a lever to advocate a practical and learning culture and, as a result, team training mainly takes place on the job (on-the-job training). Odel maintains a network of internal trainers to convey the Company's culture and operations and ensure the success of new recruits.

Training in our stores are focused on three areas: product knowledge, store processes and customer-orientation. In addition, cross-sectional contents are included, such as occupational health and safety or diversity and inclusion. The training for people who are in charge of teams focuses on technical aspects of their role and people management.

	TOTAL
On-boarding training	24
Special skills	32
Technical specialization	24
IT and digital knowledge	4
Health and Safety	2

Odel also inspires its identity as a Healthy Workplace, a distinction based on in people's Health and Safety management based on physical and psychosocial aspects, resources allocated to the workers' health and participation in the community. The Company takes all measures from identification, creating awareness, specialized training and controlling whilst preventing accidents within the work environment.

WE RECOGNISE AND APPRECIATE: REWARDS AND AWARDS

REWARDS THAT EMPOWER EMPLOYEES

We initiated a balanced scorecard with a diverse set of Key Performance Indicators (KPIs), recognise and reward the employees in their endeavors in reducing its consumption of natural and formed resources such as water, electricity and paper while at the same time, creating more value to our customers and other stakeholders. Currently, this project has been proactively discussed in light of the immense cost to the company that it has crafted and as such, we have curated various ways to crack this barrier and in 2018 came up with a plan to overcome the unwarranted cost, while preserving the environment.

We envisage to link such revised measures as KPIs to the Odel's cadre of Senior Executives and their compensation so they have accountability and responsibility to achieve the expected outcomes of this project, in which their recompense will be linked to their meeting–or exceeding–the said KPIs. The Senior Management will take lead, as we linked their remuneration to the balanced scorecard that combines financial, social and environmental KPIs to measure a ''triple bottom line'' for the elements of people, planet and profit.

At Odel, we are compelled to harvest growing levels of productivity which in turn can have a deteriorating effect on the personal recognition of employees and the bottom line, given the gamut of our

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN CAPITAL

organization and its market leadership. We take active measures to harness employee recognition in some of the little things that matter most:

- Congratulation messages and Positive comment cards- These have created a 'winning moment' amongst our staff members while motivating co-workers to achieve the same.
- Inspire and expedite peer-to-peer recognition- The Management of Odel and their knowledge are put to test by the skills, experiential knowledge and intuition that most of our employees uphold and demonstrate. A more easy-going approach would be to provide the resources and time for employees to write anonymous notes of appreciation to each other.
- In-situ treats- Even a small cupcake from the employee's favorite shop can make a huge difference during a hectic day at work. We have learnt that even any inexpensive individual gift can create immense impact in terms of being recognised.
- The gift of time – Entwined with our emerging concept of flexible work hours is the intrinsic reward that we give our employees who work hard to earn the day! A late login on any day, if they have worked till very late the previous day or weekend, or the option to work from home at their ease or even a day off adds immense value on enhancing their work-life balance.

AWARDS AND RECOGNITION

Odel also took more stringent measures to minimize or control complacency within the workforce, creating means of motivating employees and improve their job satisfaction. Recognizing and rewarding staff for their good work are two ways to improve their job satisfaction and it has worked positively for the organization in all ways.

We establish a sense of purpose in all what our employees are bound to do. We also communicate the short and long term objectives of the Company and how employees can contribute towards making 'things happen'.

During 2018, we continued to invest in recognizing and rewarding excellent service and performance. Any employee regardless of the experience, age or background who break the boundaries through exceptional performance at work and strived to provide a memorable customer experience was gallantly rewarded. In order to recognise and reward talent in skills, sports and other forms of contribution, we have developed a few unique programs and awards.

Odel strengthened the 'Way-to-go' card system for our shop- floor employees who fulfill their weekly target, and is in line with our values.

SERVE	**INSPIRE**
Going the extra mile	Enthusiastic about their job and convey that enthusiasm in everything they do and say
Taking accountability or responsibility	Optimistic about the future and always focused on the positive and tend to find new opportunities in every challenge
Giving more attention to all aspects of business	Committed, straightforward and respect each other despite their differences of opinion, training or mindset
STYLE	**LOVE**
Be a trend setter	Treat people (Internal and External customers) with courtesy, politeness, and kindness
Proper dress code adherence	Body language and the tone of voice
Grooming	Treat others as they wish to be treated (Attitude)
ENJOY	**SAVE**
Understand work takes place in an imperfect world	Go Green Contribution
Working ethically	- In the office area
	- In the cafeteria or breakroom
	- On the operations floor
GIVE	**INNOVATE**
Openly sharing knowledge with all levels of staff	Bring new bright ideas. (example – improve the store operations and implement the idea)
Coach new comers	Provide solutions for current store level problems and solve the problems. (example – to reduce waste, increase sales, reduce staff turnover, reduce electricity cost etc.)
Practice what you preach	Encouraging risk (example – increase sales by taking a risk)
EXCELLENCE	**INTEGRITY**
Driving set standards passionately.	
(examples - meeting cashier timing standards in billing, GST maintained on the floor, maintain hygienic standards at the counter)	Be honest always. (example - admit the mistakes, return left behind phones and wallets of customers, not doing anything for personal gains etc.)
Always delivering more than expected. (examples - customer requests, running the division without a supervisor, doing value additions to reduce waste etc.)	Do the right thing always. (example - adherence to process, not favoring any particular person or vendor etc.)
Empathy towards problems. (examples - support staff members who has a personal need, back up a sick member of the team, help new comers to settle, provide extra assistance for elderly and differently abled customers, looking out for infants when a mother is shopping etc.)	Ethical conduct (example - respect for another's property, refraining from violence against another, Treating others with civility)

WE TRUST AND CARE: CAPACITY AND WORK LIFE BALANCE

The spirit of Odel consistently value work- life balance policies and policies to improve the rights guaranteed by local laws for all our employees. We constantly take measures which focus on the quality of the work life to develop talent and professional motivation. Furthermore, there is commitment to provide more flexible work hours which were introduced during the financial year in context, which focuses on higher efficiency in the tasks performed.

With regard to professional development, we seek to avoid situations where employees are penalized in their professional lives because of maternity leave as well as any other absence due to a medical or family situation.

We, as an organization we trust our employees, their talents and capacity and we rightly value honesty as the best policy. This is a philosophy that our employees endure in the workplace across all categories of work. Stemming from our interviews during recruitment, we are ardent in bringing out the candidates' enthusiasm and passion for the role. We encourage authenticity and openness, which in the long run push the bar in productivity in terms of what they will work towards and accomplish. Moreover, we advocate a concept called a "Holacracy", where power is removed from a management hierarchy and distributed across clear roles that can be executed autonomously, which is beneficial for all those who seek opportunity to grow as an individual and enhance the productivity of the overall organization.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN CAPITAL

WE LISTEN TO YOUR IDEAS: THE VALUE OF INNOVATION AND TEAM SPIRIT

Odel constitute an ecosystem composed of a chain of diverse interactions, in which the roles of individuals may differ from those of a formal organization. We encourage all employees working in our organization to be open-minded about innovation and to search tirelessly for new ways of doing things.

The workers follow social norms determined by their co-workers, which define the proper amount of work, rather than merely heading for achieving targets set by the management.

We are also governed by a sense of informal leadership as against formal leadership that helps our employees to function as a social group. We consistently encourage two-way proactive communication (upward and downward) to gauge the sentiments of Odel employees. Hence, we advocate periodic one-to-one sessions all throughout the organization to establish transparency.

It is evident that conflict between organizational and individual goals arise at great frequency and as such, we practice a KPI driven operation which enables the growth of both individual and the company hand in hand.

We at Odel believe that it is necessary to relate work and organizational structure to the social needs of our employees. In this way, by making our employees happy, we as an organization are able to obtain their full cooperation and effort and thus increase overall efficiency.

A TEAM THAT WINS

We challenge ourselves constantly to invest, divest and advocate the perfect balance in different skills, experience and personalities in all our teams. During the financial year of 2018, we uncovered a different game plan to foster good relationship amongst teams with some winning strategies. Through the years, we have learnt that collaboration depends on communication, which is a not the type of of communication that's simply top-down or happens during a weekly meeting. In order to accomplish team collaboration, we try to plan different strategies to develop and maintain a strong paradigm of intra and inter team communication where every member corresponds with equality and authority, promoting honesty and ownership.

The diverse viewpoints, fresh ideas and constructive feedback amongst team members are furnished to all our colleagues. We make it clear to everyone that individual perspectives are uncommon and appraise whilst new ideas and innovation are always revered. We believe that a team without accountability cannot ignite team performance to reach its maximum potential. Hence we ensure that the goals are set clearly, that team roles are distinctly defined with achievable timelines along with the encouragement to work in unison and partnership.

We believe that meetings are mundane and outdated and with the ongoing speed in fashion industry, the aspirations of our workforce are at its peak. We utilise new world digital technologies and resources like Google drive, WhatsApp, Skype, OneDrive etc. to communicate and create greater collaboration amongst team members.

We have also experienced and witnessed that our employees get overloaded with work due to various reasons and our strategic teams are built and lead to impart sufficient support to help create a win-win for everyone.

WE HAVE FUN: ENGAGEMENT BY EMPLOYEES

Our superior business results stem from exceptional people management decisions. Our management believes that for the business, direct participation elicits employees' implicit knowledge and improves communications while raising their awareness of the business situation and improving productivity and flexibility.

Odel has established a work-based perk system through 'way-to-go cards' and cash them in for a monetary reward, which in turn ignites encouragement, drives sales and efficiency whilst as an end result, excellent customer service is achieved. Odel strives to make the workplace fun and enjoyable by all means.

Below are some of the aspiring things that our employees said about their achievements and how Odel played a catalyst in their lives.

"I am so glad to have won this award along the right platform to perform. The successful person never loses; they either win or learn."

Mohammad Ikram Amrin
Retail Manager of the Year 2018/19
Softlogic Brands (Aldo)

"This award is a great honour and it keeps me motivated to achieve more. Motivation gets you started, Habit keeps you going."

Gayan Madusha
Retail Supervisor of the Year 2018/19
Softlogic Brands

"I felt that all my hard work is appreciated, when I received this award. A special thank you to all who made it possible."

Wendy Anne Wills
Sales Personality of the Year 2018/19
Softlogic Brands

"This award is a dream come true. I must say, that there are no boundaries for talent in this organization."

Milan Senanayake
Retail Manager of the Year 2018/19
Odel

"Securing the 'The Supervisor of the Year' award is indeed a great honour. Thank you to the Management of Mind, Body and Soul for helping me shine."

Sumudu Sanjeewa
Retail Supervisor of the Year 2018/19
Odel

MANAGEMENT DISCUSSION AND ANALYSIS
HUMAN CAPITAL

"It's a monumental victory after 6 years of hard work. Rewards will come at the right time for those who work with passion."

Ruwandika Ishari
Sales Personality of the Year 2018/19
Odel

"I am excited to be Best Retail Manager in one of the biggest Companies in Sri Lanka. I thank my team, who supports me always."

Anura Yatawara
Retail Manager of the year 2018/19
Cotton Collection

" I am totally surprised yet thrilled to be recognised by such a prestigious award."

Shivagami Nadaraja
Retail Supervisor of the Year 2018/19
Cotton Collection

"This defines an extraordinary moment in my career; I am speechlessly happy."

Binali Thushara
Sales Personality of the Year 2018/19
Cotton Collection

"I was on top of the world when I heard my name. I am proud be a part of the Softlogic family."

W.A. Kamani Kumari
Employee of The Year 2018/19
Distribution Center

"I extent my gratitude to the management in recognizing the value of hard work and I feel blessed to be employed by the biggest retailer of Sri Lanka."

Chandrika Kumari
Employee of The Year 2018/19
Odel Apparel

"I joined this great Company in 2013. I'm grateful for Odel for recognizing me with the Chairman's Award and I thank my supportive team for being the best version of them.
Do not wait for things to happen; if you want something to change, then be the catalyst of change."

Shanika Weragoda
Head of Brands & Sports
Winner of Chairman's Award 2018/19

DIVERSITY AND EQUALITY

Diversity, multiculturalism and respect are values which are part of the Odel DNA. We have developed a culture in which each person can be who they are and develop their maximum potential as part of a diverse, creative and innovative team, regardless of their race, ethnicity, gender, age, religion, nationality, or any other essential characteristics.

Therefore, fostering a diverse and inclusive work environment in order to improve the company performance and achieve corporate goals is a priority for Odel that has been endorsed at the highest level with innovation too being broadly sanctioned as one of the core competencies that determine long-term growth and sustainability.

A principle aspect of work that Odel follows to manage our employee's talent is to promote initiatives and projects which help create a motivating environment. We consider qualities like trust, transparency, and engagement as vital to a wholesome culture.

Our employees demonstrate multiple viewpoints to see things uniquely, to be open-minded about innovation and to search tirelessly for new ways of doing things. We believe that it takes diverse thoughts & opinions to create extraordinary products & services but more prominently, it takes a diverse & inclusive workforce to build the core values of trust & respect.

In 2018, we at ODEL PLC secured another milestone by earning the outstanding accreditation "Great Place to Work" for the first time. Having recognised and honoured for our good employment practices and people-oriented organizational culture, the award also resonated our leading role as a top-most value driven employer.

ODEL PLC awarded for 'The Great Place to Work 2018/19'

RECRUITING THE RIGHT TALENT

Talent is a key element so that Odel can transfer its passion for responsible fashion and aspirational lifestyle to its customers. This enthusiasm is shared by all our employees whose work is characterized by their drive, commitment, creativity and customer-orientation.

Our people philosophy is based on talent management from the perspective of a responsible employer. Therefore, we thrive on offering quality employment in a motivating environment that allows our employees to experience professional growth.

The identification, evaluation and recruitment of right talent, channels our actions to attract the right people through different contact points with candidates: social media, stores, universities or schools.

We publish all our job offers for the different business areas, markets and brands on Odel corporate website and also through print media. With a total of 28 physical stores in operation, we prudently identify and absorb candidates with passion and a drive to delight customers. On the other hand, attracting creative talent for product-oriented roles is, therefore, key for Odel, and this involves determining the best talent from leading design schools and other areas of multidisciplinary skills.

In the current context of digital disruption and e-commerce sales portals, attracting and hiring technological profiles is a challenge for our Company's future growth and development. In 2018, we recruited a significant number of such digital profiles and incorporated them in the business teams; making such employees the catalysts of change for the organizational model and the way we work.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN CAPITAL

OUR COMMITMENT TO SUSTAINABILITY

OVER THE PAST FEW YEARS, WE HAVE VENTURED ON A NEW JOURNEY TO REFLECT OUR COMMITMENT TO THE COMMUNITY. IT IS EXPRESSED THROUGH THE PARADIGM OF 3CS: TO CARE ABOUT THE IMPRESSION THAT OUR ACTIONS AND BRANDS CREATE ON THE PLANET, ON CLIMATE CHANGE AND ON NATURAL RESOURCES; COLLABORATE FOR THE WELLBEING OF OUR EMPLOYEES, SUPPLIERS, CLIENTS; CREATE PIONEERING IDEAS TO SAFEGUARD OUR RICH HERITAGE AND EMPOWER FUTURE GENERATIONS. ODEL ALSO ACTIVELY PROMOTES THE EMPLOYMENT OF GROUPS WITH SPECIAL NEEDS OR THAT ARE IN VULNERABLE SITUATIONS AND CONSTANTLY ADVOCATES SOCIAL PROJECTS DRIVEN BY EMPLOYEES.

Our country-leading and global fashion brands endorse sustainability, through processes and products that have a positive environmental and social impact, whilst respecting the unique values and identity of each brand. These initiatives are driven by employees who are committed to this cause and understand its importance.

We at Odel recognise our responsibility to meet community expectations and we are committed to adopting practices that reduce the demand and impact on the environment. Reinvesting in our community is a great way to give back to those who have helped and supported our business. As an accountable patron, Odel treads that extra mile to contribute towards the socio-economic growth and development of groups affected by the floods as well as the droughts.

Hundreds of our employees contribute individually and voluntarily from their workplace to projects and initiatives which have shown to be very useful for society and participants alike.

In 2018, the most notable contributions were as follows:

FLOOD AND DROUGHT RELIEF FOR VICTIMS

The Sports and Welfare Society of ODEL PLC in collaboration with The Red Cross contributed towards the Flood victims during mid 2018. Our HR Team followed by the Retail Teams bought a substantial 150Kg worth of dry rations and as a whole we managed to collect 1,436 Kg worth of non-perishable food items, clothing, and educational supplies to the Mövenpick Team to be handed over to the underprivileged families from the drought in Galenbindunuwewa via the "Kilo of Kindness" CSR Program.

This endeavor was done with the help of team Manusath Derana, where we were able to distribute packs of over 30kg each, inclusive of non-perishable food, stationery, and clothing among 50 families of the village.

In addition, we distributed over 20 packs of school supplies among 20 children in the Ratmavetiya primary school.

REDUCING THE CARBON FOOTPRINT

At Odel, we continued to strengthen our actions to minimize the carbon footprint by way of:

Reducing Power usage – Air condition usage is liable for 70% of our electricity usage. Reducing cir condition operational hours(Controlling) and cool air leakages can save electricity significantly.

- Switching off AC's on all levels when work is done
- Switching off computers, printers and copiers when not in use.
- Switching off extra lights whilst utilizing natural light when possible (with group work encouraged more often)

PAPER-LESS WORKING ENVIRONMENT

- Set all capable network printers and copiers for duplex as the default operating mode and Use the maximum space in all A4 and other papers
- Establish a "Stationary issuance/ request Log" to maintain and control unnecessary wastage.
- Collect and re-use scrap paper.

ECO FRIENDLY ENDEAVORS

- Use products that are reusable, refillable, durable and recyclable.
- Make recycle bins available on all floors and clearly mark what is recyclable to ensure proper disposal by employees and visitors.
- Turn off taps after usage and report leaky faucets.
- Install compost system in the departments/ office

EMPOWERMENT OF COMMUNITIES THROUGH LUV SL

The unique sourcing and development endeavor that ignites LUV SL, consistently contributes to the local community. The due guidance and capital requirements are provided by LUV SL to a selected small scale supplier, one that demonstrates undying enthusiasm to produce a certain product or part of a product.

The supplier then is able to build his/her livelihood and develop themselves with continuous orders that flow into their small business set up throughout the year with new samples being reviewed across seasons with new themes and techniques being introduced.

This enables LUV SL to contribute and preserve the traditional Sri Lankan Industries (Batik, Handloom, Wood carving, Mask, Laksha, Gems, Pottery, Pewter, etc.) and also introduce and reinvent new industries (upcycled paper, wood, elephant dung). At times a majority of houses in one single village depends on the business that is empowered by LUV SL with second and third generation suppliers working with the brand.

Committed to promoting the unique craftsmanship of Sri Lanka internationally through its merchandise, LUV SL plays a key role in contributing to social causes locally and internationally and also collaborate with international brands like Elephant Parade, which funds elephant conservation in Sri Lanka, India, Indonesia, Cambodia, Myanmar and Thailand.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE IS DEFINED AS THE MANNER IN WHICH COMPANIES ARE ORGANIZED, MANAGED AND CONTROLLED IN COMPLIANCE WITH EXTERNAL REGULATIONS. IN THIS CONTEXT, CORPORATE GOVERNANCE IS DEEMED TO BE GOOD, WHERE DIRECTORS AND OFFICERS RESPONSIBLE FOR GOVERNANCE, PROCEED DILIGENTLY, ETHICALLY AND WITH TRANSPARENCY IN THE PERFORMANCE OF THEIR DUTIES IN THE INTERESTS OF THE SHAREHOLDERS.

ODEL IN THIS CONTEXT, ACTS CONSISTENTLY WITH A STRONG ETHICAL COMPASS ACROSS ALL MARKETS THAT WE OPERATE WHILST EMBODYING THE DIFFERENT CHALLENGES POSED BY THE POLITICAL ENVIRONMENT, ECONOMIC DOWNTURNS AND THE CHANGING ECOSYSTEM OF CONSUMER BEHAVIOR.

BOARD OF DIRECTORS

The Board of Directors performs its duties in accordance with corporate interest, to maximize the value of Odel within the long term for the mutual interest of all shareholders. The Board sets precedence in providing leadership, by setting strategic direction, risk appetite and for approving strategies. In order to strengthen governance, the Board has delegated authority to several committees to provide assistance in the form of reports and recommendations submitted to the Board on a periodic basis.

COMPOSITION OF THE BOARD

The Board comprises 5 Directors with a split between 1 Executive and 4 Non-executive Directors, with 3 of them being Independent Directors, all of who are distinguished professionals in their respective fields, with the skills and expertise necessary to constructively challenge the Management. They understand and appreciate the dynamism of the fashion trade and the global benchmarks. Directors act in the best interest of the shareholders avoiding any conflicts of interest. The composition of the Board is in compliance with the Corporate Governance Rules of the Colombo Stock Exchange.

RESPONSIBILITIES OF THE BOARD

The role of the Board and its responsibilities are set out as below:

- Exercise leadership, enterprise, integrity and judgment in directing the Company so as to achieve continuing prosperity in a manner based on transparency, accountability and responsibility
- Ensure a managed and effective process of Board appointments
- Determine the Company's purpose, values and strategy and ensure that procedures and practices are in place
- Monitor and evaluate the implementation of strategies and policies for better management performance
- Ensure compliance with the relevant laws, regulations and codes of best practice on corporate governance
- Communicate with shareholders effectively and serve the legitimate interest of the shareholders
- Periodic and timely reporting to shareholders of the progress and performance of the Company
- Review processes and procedures regularly and ensure that internal control is effective

APPOINTMENT AND RE-ELECTION TO THE BOARD

Odel adheres to a formal and transparent procedure for nomination of candidates for appointment as Directors. The appointment of new Directors is based on an annual assessment of the combined knowledge, experience and diversity of the Board in relation to Odel's strategic plans. The board members are elected by the shareholders at the Annual General Meeting (AGM) for the period up until the next AGM.

The two longest serving Non Executive Directors offer themselves for re-election at each AGM, in rotation with the period of service being considered from the last date of re-election or appointment.

BOARD MEETINGS AND ATTENDANCE

The Board held 04 meetings during the year under review, with the said meetings conducted on a quarterly basis. When deemed necessary, additional meetings are convened.

Playing an integral role in strategy formulation, the Board provides clear directions to the Management to prepare and advise on the strategic plan for Odel. The plan is reviewed and approved at a meeting convened for the purpose.

Scheduled board meetings are planned well in advance to ensure, as far as possible, that Directors can manage their time commitments. All Directors are provided with supporting documents for each meeting, through which they can prepare themselves for and to attend all board meetings. Attendance is deemed strictly necessary for shareholders' meetings and all meetings of the committees on which they serve, unless there are exceptional circumstances that prevent them from doing so. Directors have full access to Group information and are entitled to obtain independent professional advice at the Group's expense in appropriate situations.

CHAIRMAN

The Chairman takes accountability in leading the Board of Directors and overseeing the effectiveness of corporate operations whilst fully discharging fiduciary and regulatory responsibilities. The Chairman promotes good corporate governance and the highest standards of integrity and probity throughout the Company / Group. He ensures that the Board receives all information necessary for making informed decisions whilst protecting stakeholder interests. Within the Group, the Chairman also serves as the Managing Director and is responsible for recommending strategic directions to be followed by the Group and for implementing the decisions of the Board. The performance of the Managing Director is reviewed by the Board on an annual basis.

REMUNERATION OF THE BOARD

Remuneration for Directors is set out with reference to the Board and is disclosed on page 82 of this Annual Report.

COMPANY SECRETARY

Company Secretary, Messrs Softlogic Corporate Services (Pvt) Ltd which also function as Company Secretaries to the Group, has been assigned the responsibility for good corporate governance practices to be followed by the company whilst providing guidance to the Board as a whole and to individual directors with regard to how their responsibilities should be discharged.

Ensuring that the Board is compliant with the applicable rules and regulations, the Company Secretary is also responsible for and that all activities of the Board are in line with stipulated appropriate procedures.

BOARD COMMITTEES

To fortify governance, the Board has delegated authority to three Board committees. All the Directors serve in a minimum of 3 committees. The committees operate under terms of reference approved by the Board. Audit Committee, Remuneration Committee and Related Party Transactions Review Committee function as the Board Sub Committees.

INDEPENDENCE OF DIRECTORS

Mr. R P Pathirana, Dr. S Selliah and Dr. R De Silva function as independent directors of the Company.

As per the Rules issued by the Colombo Stock Exchange, Mr. R P Pathirana and Dr. R De Silva meet all the criteria of independence. Dr. S Selliah meets all the criteria of independence except one.

Dr. S Selliah is a Director of Directors of Softlogic Holdings PLC which has a significant shareholding in the Company.

The Board having evaluated all the factors concluded that their independence has not been impaired due to him serving on the Board of other company which has a significant shareholding in the Company.

CORPORATE GOVERNANCE

COMPLIANCE WITH CORPORATE GOVERNANCE RULES OF THE CSE

The following disclosures are made in conformity with Section 7 of the Listing Rules and section 9.3.2 (b) of the related party transaction rules of the Colombo Stock Exchange:

SECTION	CRITERIA	HAS THE COMPANY MET THE CRITERIA
7.10.1	Non-executive Directors	Complied with. Out of 5 Directors 4 are Non-executive Directors.
7.10.2	Independent Directors	Complied with. There are three Independent Directors on the Board. All Non-executive Directors have submitted the declaration with regard to their independence/non-Independence.
7.10.3	Disclosures relating to Directors	As per the rules issued by the Colombo Stock Exchange, Mr. R P. Pathirana and Dr. R De Silva meet all the criteria of independence. Dr. S Selliah meets all the criteria except one.
7.10.5	Remuneration Committee	Complied with. Comprises of two independent Non-Executive Directors. The names of the members of the committee are given in the page 48 of the Annual Report.
7.10.6	Audit Committee	Complied with. Comprises of three Independent Non-Executive Directors. The names of the members of the Committee are given in the page 49 of the Annual Report. The report of the Committee is given on page 49. The Senior Manager – Finance attends all the meetings.

RISK MANAGEMENT

RISK MANAGEMENT PROCESS

RISK CAN BE DEFINED AS THE PROBABILITY OR THREAT OF A LIABILITY, LOSS OR OTHER NEGATIVE OCCURRENCE, CAUSED BY EXTERNAL OR INTERNAL VULNERABILITIES, WHICH WOULD AFFECT THE DESIRED OBJECTIVE. A VULNERABILITY IS DEFINED AS AN EXPOSURE THAT IS RELATED IN SOME WAY TO AN ADVERSE OUTCOME. THEREFORE, RISK REPRESENTS VULNERABILITIES THAT COULD PREVENT ACHIEVEMENT OF THE OBJECTIVES OF ODEL PLC.

Odel is exposed to a wider range of risks and opportunities. Certain risk factors may arise due to events in the outside world and affect a certain sector or market, while others are associated with the company itself.

Risk Management is the universal process of analyzing exposure to risk by identifying vulnerabilities and their probabilities of occurrence in order to determine how best such exposures can be handled. The said process involves implementing various policies, procedures and practices that work in agreement to identify, analyze, evaluate, monitor and prioritise risks, followed by application of coordinated and economical solutions to minimize the probability and Impact of identified vulnerabilities.

STRATEGIES

Transferring risks to outside parties, reducing the negative effect of risk and avoiding risk altogether are considered as risk management strategies in Odel.

RESPONSIBILITY

The Board of Directors has the overall responsibility to manage risk effectively to ensure that development endeavors in the business are consistent with the risk appetite and goals of the group. The Board Audit Committee (BAC) monitors the effectiveness of internal controls with the Senior Management of Odel, the Group head of Audit & Risk and the Head of Internal Audit – Retail Sector.

RISK RANKING

Odel uses a risk management ranking methodology to identify key risks specific to our company. Risk ranking offers a powerful means for gathering risk elements to help set risk management priorities. The prioritisation process assists in deciding which risks is to be treated as a priority in formulating the risk strategy. All prioritised risks will be rated based on the likelihood of occurrence and the eventual impact they will have.

CATEGORIZATION OF RISK

As the leading lifestyle and fashion retailer in the country, Odel demonstrates access to a wide range of internal brands. It also absorbs the group synergies of Softlogic Holdings and its diverse business interests. This will expose the company to a wider range of risks and opportunities. Though there are many risks to which business is exposed, those risks have been broadly categorized as follows:

1. Strategic Risk
2. Financial Risk
3. Operational Risk

STRATEGIC RISKS	FINANCIAL RISKS	OPERATIONAL RISKS
Competitive risks	Interest rate risk	Employee risk
Economic Risk	Foreign Exchange risk	Legal risk
Reputation Risk	Credit Risk	Operation risk
Marketing Risk	Liquidity risk	Fraud risk
Environmental Risk	Investment risk	Technology risk
Regulatory Risk		

RISK MANAGEMENT

STRATEGIC RISK - As an organization attempts to achieve their strategic objectives, both internal & external events and scenarios can inhibit or prevent an organization from achieving their strategic objectives. There is a risk associated with organizations' long term position that is governed by initiatives such as future plans for entering new markets, expanding existing services, enhancing infrastructure, etc. Organization may be exposed to adverse outcomes from the strategic decisions made by management arising from adverse business decisions, improper implementation of decisions, or lack of responsiveness to industry changes.

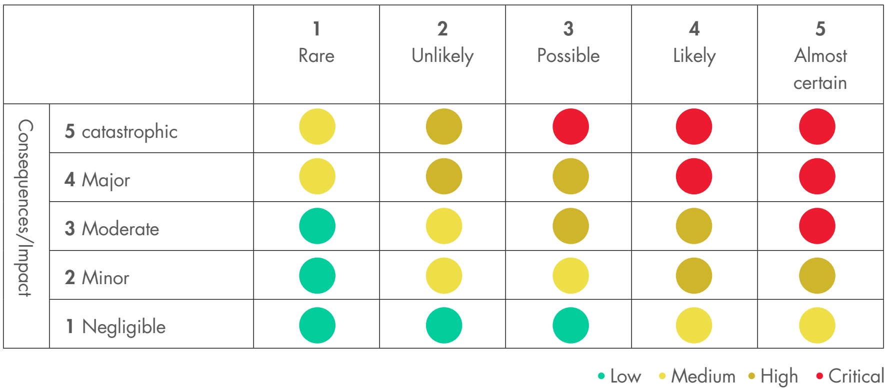
FINANCIAL RISK - Financial risks creates the possibility of losses arising from the failure to achieve a financial objective. The risk effects uncertainties about interest rates, foreign exchange rates, commodity prices, equity prices, liquidity and an organization's access to financing. Financial risks are not necessarily independent of each other. For instance, exchange rates and interest rates are often strongly linked, and this interdependence should be recognised when managers are designing the risk management system.

OPERATIONAL RISK - Business/operational risks are related to activities carried out within the entity, arising from structure, systems, people, products and processes. Operational risks are largely based on procedures and processes, so this lends itself to the use of audit for risk identification purposes. Risk based audit can be used as a tool to identify risks, as well as a method of reporting to the management on the effectiveness of the organization's risk management process.

DEFINING THE RISK	MANAGEMENT DEFINES RISKS AS STRATEGIC, OPERATIONAL AND FINANCIAL
RISK ASSESSMENT	Risks are assessed based on their potential impact on business activity, financial position and reputation. A "level 1" risk is negligible while a "level 5" risk is catastrophic. The likelihood & impact of risks are assessed, considering the controls in place to address them. A scale of 1 to 5 is used, in which 1 indicates "Rare" and 5 is "Almost certain", despite the controls in place.
RISK RESPONSE	Appropriate actions are taken to align with risk tolerance and risk appetite. Based on the significance of the risk, decisions are taken appropriately to manage the risk by accepting, reducing, sharing or avoiding it. Risk responses received from process owners are identified in relation to set objectives, which are also documented & reviewed.
CONTROL ACTIVITIES	Corporate Management/Functional heads implement action plans according to the risk response identified while the Internal Audit follow up to ensure the effectiveness of managing those risks. This is inclusive of process walk through, review of internal control gaps, spot check coverage with areas in operation.
MONITORING & REPORTING RISKS	Documentation and reporting is a key role in monitoring risks. The internal audit reports and management letters of external auditors, are regularly communicated to the management of the company and the board audit committee. This committee comprise of three Non-Executive Directors who will assess the adequacy of the internal control strength and effectiveness of risk management framework & report to senior management for any improvement.

RISK ASSESSMENT MATRIX

The below Risk Matrix is use for our risk assessment on the likelihood and impact of a specific type of event, the output is a probability weighted impact.



RISK CATEGORY	RISK	RISK MANAGEMENT STRATEGIES
STRATEGIC RISK	Business is largely dependent upon our ability to accurately predict fashion trends, customer preferences and other fashion-related factors.	A dedicated buying department oversees trends in response to seasonal changes & international changes in the fashion industry, lowering such impact through meticulous planning. Further the team receives weekly updates with regard to new developments in fashion from the Intercontinental Group of Department Stores (IGDS).
STRATEGIC RISK	We rely on foreign sources of production and recognised local channels. The company could suffer due to increases in the price of products and freight & poor management of supply chain.	The company has established a separate department to monitor fluctuations in prices, favorable markets & distribution channels. It is managed under a dedicated Director of Logistics & Imports, connecting it with the buying department. International brands are also negotiated on continuous basis. Periodical reviews are done in terms of newly acquired brands. Senior Management decides whether the company should continue/dis continue/ enhance the investment of such brands.
STRATEGIC RISK	Risks from competitive actions from existing market participants and new entrants	The company is strongly committed to provide high quality products of unparalleled selection of fashion right & lifestyle products in an environment that is enjoyable & welcoming, stemming from its mission statement. Further, leveraging the company's long-term relationship with recognised suppliers. Company has invested on an upcoming ODEL department store to combat the competition & continue to be the market leader.
STRATEGIC RISK	Failure to implement strategic plans, Revenue improvement & cost saving initiatives and undertake profitable investments.	The company integrates risk awareness directly into strategic decision-making by holding regular meetings amongst Board of Directors in order to formalize future strategies and plans and to revise and update plans, in consideration with the changing circumstances of the company.
OPERATIONAL RISK (Compliance Risk)	Our business may be affected by regulatory, administrative and litigation developments.	A comprehensive internal control system is in place supplemented by regular audits from the internal audit department in collaboration with the legal division that ensures all statutory and legal obligations are met in all transactions. Compliances are continuously checked to ensure adherence at all types of regulations. Non-Disclosure Agreement (NDA) is implemented across all the staff levels signed & endorsed at Odel.

RISK MANAGEMENT

RISK CATEGORY	RISK	RISK MANAGEMENT STRATEGIES
OPERATIONAL RISK	Failure in management information systems may fail and cause disruptions in our business.	A dedicated IT team is in place to support all IT related aspects of the company. They make sure that contingency plans are in place to mitigate any short term loss on IT services. Further, the company is immensely supported by the group's comprehensive IT policy, in ensuring the safety and security of data.
OPERATIONAL RISK (Reputational Risk)	Risks to the group's reputation and Brand image	The Board ensures that the company strictly complies with all relevant laws and codes of best practices and is not involved in any unethical business practices. The employees of the company are well informed regarding the code of ethics, both during the process of recruitment & during their work life.
		The legal division oversees any possible matter that leads to litigation & makes sure that the company invariably complies with the laws & regulations.
		A separate division for the purpose of development of employee skills & technical know-how is in place. The internal Audit department with the collaboration of the training division, keeps the employees informed about the processes by way of introducing & updating Standard Operating Procedures (SOPs)
		The buying department with the collaboration of the import department ensures that the sources of products are of high quality & invariably caters to the fulfillment of the company's vision & mission.
OPERATIONAL RISK	Risk from not being able to attract and retain skilled and experienced staff	The company has significantly invested in strengthening our human capital through the deployment of the latest Human Resource Information Systems, regular staff training & development, succession planning and fostering a performance-based culture & attractive remuneration packages. Further, the company has introduced various operational level programs such as selecting the best employee of the month and the Annual Award Ceremony to appreciate the service rendered by employees.
FINANCE RISK (Exchange Rate Risk)	Risks from adverse exchange rate fluctuations will results in increase in purchasing cost and lower profits.	The company's finance division linking with the group treasury division takes suitable financial measures in order to effectively manage the exchange rate risk.
FINANCE RISK (Liquidity Risk)	Risk of not being able to meet financial commitments as and when they fall due and Delays in payments to suppliers; Negative effect on supply chain.	Making optimum use of cash inflows with the help of the group treasury division, ensuring the group-wide interest exposure is kept to a minimum & performing regular reviews of the actual performance against planned to ensure achievement of budgeted targets.
FINANCE RISK (Interest Rate Risk)	Changes in interest rates may have an impact on the profitability of the company	Odel works closely with the parent company to negotiate favorable terms & conditions for loan facilities obtained.

REPORT OF THE RELATED PARTY TRANSACTIONS REVIEW COMMITTEE

PURPOSE

Related Party Transactions Review Committee was established by the Board during the financial year under review, in order to comply with the Listing Rules of the Colombo Stock Exchange, to govern related party transactions in respect of listed companies as per the Codes of Best Practices on Related Party Transactions issued by the Securities and Exchange Commission of Sri Lanka (SEC) (the "Code") and Section 9 of the Listing Rules of the Colombo Stock Exchange (the "Rules").

The Board Related Party Transactions Review Committee (the "Committee") assists the Board in reviewing all related party transactions carried out by the Company and its listed companies in the Group by early adopting of the Codes of Best Practice on Related Party Transactions as issued by the Securities and Exchange Commission of Sri Lanka.

COMPOSITION

The Related Party Transactions Review Committee is appointed by the Board of Directors of the Company and the following directors were served on the Committee as at 31st March 2019.

Dr. I C R De Silva - Independent Non-Executive Director (Chairperson)
Mr. R P Pathirana - Independent Non-Executive Director
Mr. H K Kaimal - Non Executive Director

The committee held 3 meetings during the financial year. Information on the attendance of these meetings by the members of the committee is given below.

Name	Meeting Attended
Dr. I C R De Silva	4/4
Mr. Ranil Pathirana	4/4
Mr. H K Kaimal	4/3

The Senior Manager - Finance attended all meetings by invitation.

Softlogic Corporate Services (Pvt) Ltd, Secretaries of the Company function as the Secretary to the Related Party Transactions Review Committee.

ROLES AND RESPONSIBILITIES

1. Reviewing in advance all proposed related party transactions of the Company in compliance with the Code.

2. Adopting policies and procedures to review related party transactions of the and reviewing and overseeing existing policies and procedures.

3. Determining whether related party transactions that are to be entered into by the Company require the approval of the Board or Shareholders of the Company.

4. If related party transactions are ongoing (recurrent related party transactions) the Committee establishes guidelines for senior management to follow in its ongoing dealings with the relevant related party.

5. Ensuring that no Director of the Company shall participate in any discussion of a proposed related party transaction for which he or she is a related party, unless such Director is requested to do so by the Committee for the express purpose of providing information concerning the related party transaction to the Committee.

6. If there is any potential conflict in any related party transaction, the Committee may recommend the creation of a special committee to review and approved the proposed related party transaction.

7. Ensuring that immediate market disclosures and disclosures in the Annual Report as required by the applicable rules/regulations are made in a timely and detailed manner.

COMPLIANCE WITH RELATED PARTY TRANSACTIONS RULES

Transactions of related parties (as defined in LKAS 24 – Related Parties Disclose) with the Company are set out in Note 30 to the Financial Statements. There are no related party transactions which exceed the threshold of 10% of the equity or 5% of the total assets, whichever is lower in relation to non-recurrent related party transactions or 10% of the gross revenue in relation to recurrent related party transactions. The Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party.

The related party transactions of the Company for the financial year ended 31st March 2019 have been reviewed by the Committee and the activities and comments of the Committee have been communicated to the Board of Directors of the Company.

(Sgd.)
Dr. I C R De Silva
Chairman

Related party Transactions Review Committee
20 August 2019

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee comprises the following Non- Executive Independent Directors at the year-end.

- **Mr. Ranil Pathirana**
- **Dr. S Selliah**

The responsibilities of the Remuneration Committee include

- Ensuring the remuneration policy of the company provides a competitive, attractive and reasonable remuneration package for employees at all levels on par with industry standards giving due consideration to business performance and long term shareholder returns.
- Ensuring the remuneration package of employee is linked to performance, responsibility, expertise and contribution.
- Ensuring formal and transparent procedure in implementing the remuneration policy of the Company.

REMUNERATION COMMITTEE MEETINGS

The Committee held a meeting in relation to the year under review.

The aggregate remuneration paid to Directors is disclosed in Note 7 to the financial statements.

(Sgd.)
Ranil Pathirana
Remuneration Committee

20 August 2019

REPORT OF THE AUDIT COMMITTEE

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee, appointed by and responsible to the Board of Directors, comprises of three members. The Committee is made up of members who bring their varied expertise and knowledge to effectively carry out their duties. Members of the Committee at year end are;

Mr. Ranil Pathirana - Chairman- Non-Executive Independent Director

Dr. S Selliah - Non-Executive Independent Director

Dr I.C.R De Silva - Non-Executive Independent Director

The functions of the Audit Committee are governed by an Audit Committee Charter, which is reviewed annually.

OBJECTIVES AND ROLE OF THE AUDIT COMMITTEE

The main objective of the Audit Committee is to assist the Board of Directors to perform its duties effectively and efficiently. Accordingly, the objectives of the Audit Committee can be described in detail as follows:

- Oversee the financial reporting process and determine that the financial reports present accurate, complete and timely financial information.
- Monitor the effectiveness of the Company's Risk Management processes and the internal control system.
- To assess the independence of the External Auditor and monitor the performance of Internal and External Auditors.
- To recommend to the Board the appointment of External Auditors.

MEETINGS

The Committee held 6 meetings during the year under review. The Senior Manager – Finance and the Head of Internal Audit – Retail Sector attended these meetings by invitation.

The attendance of the members at these meetings is given below.

Name	Meeting Attended
Mr. Ranil Pathirana	6/6
Dr. S Selliah	5/6
Dr. I C R De Silva	4/6

SUMMARY OF ACTIVITIES

FINANCIAL REPORTING

The Committee reviewed the Financial Reporting System to determine the accuracy and timeliness of the Financial Statements published. The Committee also reviewed the interim and year-end Financial Statements prior to publication, in order to determine that the statutory requirements have been complied with and the Company's Accounting Policies have been consistently applied.

INTERNAL AUDIT

The Committee monitored the effectiveness of the Internal Audit Function and the implementation of the recommendations made by the Internal Audit.

EXTERNAL AUDIT

The Committee reviewed the status of their independence.

CONCLUSION

Based on the review of reports submitted by the External and Internal Auditors, the information obtained from management the Committee having examined the adequacy and effectiveness of the internal controls which have been designed to provide a reasonable but not absolute assurance to Directors that the assets of the company are safeguarded, is satisfied that the financial position of the company is regularly monitored and that steps are being taken to continuously improve the control environment maintained within the Company.

The Audit Committee determined that Messrs Ernst & Young are independent on the basis that they do not participate in any management activity of the company and do not provide any non-audit services to the company and recommended to the Board of Directors that Messrs Ernst & Young be reappointed as statutory Auditors for the financial year ending 31st March, 2019, subject to approval by the Shareholders at the forthcoming Annual General Meeting.

(Sgd.)
Ranil Pathirana
Chairman – Audit Committee

20 August 2019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ODEL

FINANCIAL INFORMATION

FINANCIAL CALANDER

Results	
Interim Report for 1st Quater 2018/19	15th August 2018
Interim Report for 2nd Quater 2018/19	14th Nov 2018
Interim Report for 3rd Quater 2018/19	14th February 2019
Interim Report for 4th Quater 2018/19	31st May 2019

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

The Directors of Odel PLC have pleasure in presenting to the members their Annual Report together with the Audited Financial Statements of the Company and the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company during the year was fashion retailing offering its customers a total shopping experience. There have been no significant changes in the activities of the company during the year under review.

FUTURE DEVELOPMENTS

An indication of likely future developments is set out in the Chairman's Review on Pages 4 to 6.

PERFORMANCE REVIEW

The Financial Statements reflect the state of affairs of the Company and the Group. This report forms an integral part of the Annual Report of the Board of Directors.

FINANCIAL STATEMENTS

Section 168 (b) of the Companies Act require that the Annual Report of the Directors include financial statements of the Company, in accordance with Section 151 of the Act and Group financial statements for the accounting period, in accordance with section 152 of the Act. The requisite financial statements of the Company are given on Pages 60 to 126 of the Annual Report.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL REPORTING

The Directors are responsible for the preparation of the Financial Statements of the Company to reflect a true and fair view of the state of affairs. The Directors are of the view that these financial statements have been prepared in conformity with the requirements of the Companies Act No. 07 of 2007 and the Sri Lanka Financial Reporting Standards. A statement in this regard is given on Page 56.

AUDITOR'S REPORT

The Auditor's Report on the financial statements is given on Page 57 of the Annual Report.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the financial statements are given on Pages 69 to 79 of the Annual Report. There was no change in the accounting policies adopted from the previous year except for the standards listed in Note 2.6.

PROPERTY, PLANT & EQUIPMENT

The details and movement of property, plant and equipment during the year under review is set out in Note 10 to the Financial Statements on Pages 86 and 93

CAPITAL EXPENDITURE

The total capital expenditure incurred on the acquisition of property, plant and equipment for the Company and the Group amounted to Rs. 797 Mn (2018 – Rs. 549 Mn) and Rs. 1,184 Mn (2018 – Rs.825 Mn) respectively. Details of capital expenditure and their movements are given in Note10 to the Financial Statements on Pages 86 to 93 of the Annual Report.

RESERVES

The reserves for the Company and Group amounted to Rs. 3,835 Mn (2018 Rs. 3,454 Mn) and Rs. 5,072 Mn (2018 – Rs. 4,460 Mn) respectively.

The movement and composition of the Capital and Revenue reserves is disclosed in the Statement of Changes in Equity.

DONATIONS

During the year, donations made by the Company and Group amounted to Rs. 67,140/- (2017/2018 - Rs. 1,010,709/-) and Rs. 72,140/- (2017/2018 – Rs. 1,010,709/-) respectively.

STATED CAPITAL

The stated capital of the Company as at 31 March 2019 was Rs. 2,795,513,620/=. There was no change in the stated capital of the Company during the year under review.

TAXATION

The information relating to income tax and deferred taxation is given in Note 8. to the Financial Statements.

DIVIDENDS

No dividend was paid out from the profit of current financial year.

STATUTORY PAYMENTS

The Directors, to the best of their knowledge and belief are satisfied that all taxes, duties and levies payable by the Company and the Group, all contributions, levies and taxes payable on behalf of, and in respect of, the employees of the Company and the Group and all other known statutory dues as were due and payable by the Company and the Group as at the date of the Statement of Financial Position have been paid or, where relevant provided for.

EVENTS AFTER THE DATE OF THE STATEMENT OF FINANCIAL POSITION

No circumstances have arisen and no material events have occurred after the date of Statement of Financial Position, which would require adjustments to, or disclosure in the accounts other than those disclosed in Note 36 to the Financial Statements.

ANNUAL REPORT OF THE BOARD OF DIRECTORS ON THE AFFAIRS OF THE COMPANY

DIRECTORATE

The following Directors held Office during the year under review. The biographical details of the Board members are set out on Page 9.

Mr. A K Pathirage
Dr. S Selliah
Mr. H K Kaimal
Mr. R P Pathirana
Dr. I C R De Silva

DIRECTORS' SHAREHOLDING

The relevant interests of Directors in the shares of the Company are as follows:

Name of Director	No. of Shares as at 31/03/2019	No. of Shares as at 31/03/2018
Mr. A K Pathirage	48,292	48,292
Dr. S Selliah		-
Mr. H K Kaimal		-
Mr. R P Pathirana		
Dr. I C R De Silva		

DIRECTORS' REMUNERATION

Directors' remuneration in respect of the Company for the financial year ended 31 March 2019 was Rs. 3,600,000/= (2018 – Rs. 3,600,000/=). The remuneration of the Directors is determined by the Board.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

Directors' interests in contracts, both direct and indirect are referred to in Note 30 to the Financial Statements. The Directors have no direct or indirect interest in any other contract or proposed contract with the Company.

INTERESTS REGISTER

The Interests Register is maintained by the Company as per the Companies Act No. 07 of 2007. All Directors have disclosed their interests pursuant to Section 192(2) of the said Act.

MINIMUM PUBLIC HOLDING AS A CONTINUOUS LISTING REQUIREMENT

The Company is currently looking at all options available and steps to be adopted by the Company to comply with the Minimum Public Holding Requirement will be notified in due course.

SHAREHOLDERS' INFORMATION

The distribution of shareholders is indicated on Page 127 of the Annual Report. There were 5,151 registered shareholders as at 31 March 2019 (31 March 2018 – 5,289).

SHARE INFORMATION

Information on share trading is given on Page 127 of the Annual Report.

INTERNAL CONTROL

The Directors are responsible for the governance of the Company including the establishment and maintenance of the Company's system of internal control. Internal control systems are designed to meet the particular needs of the organization concerned and the risk to which it is exposed and by their nature can provide reasonable, but not absolute assurance against material misstatement or loss. The Directors are satisfied that a strong control environment is prevalent within the Company and that the internal control systems referred to above are effective.

RISK MANAGEMENT

The Group's risk management objectives and policies and the exposure to risks, are set out in Page 43 of the Annual Report.

CORPORATE GOVERNANCE

The report on Corporate Governance is given on Pages 40 to 42 of the Annual Report.

THE AUDITORS

The Board Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Group, including monitoring the Group's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors.

The Auditors of the Company, Messrs Ernst & Young, Chartered Accountants were paid Rs. 1,489,988/= as audit fees for the financial year ended 31 March 2019 (2018 – Rs. 1,353,866/=) by the Company. Details of which are given in Note 7 to the Financial Statements.

As far as the Directors are aware, the Auditors do not have any relationship (other than that of an auditor) with the Company that would have an impact on their independence. The Auditors also do not have any interest in the Company.

Having reviewed the independence and effectiveness of the external auditors, the Audit Committee has recommended to the Board that the existing auditors, Messrs Ernst & Young, Chartered Accountants be reappointed. Ernst & Young have expressed their willingness to continue in office and ordinary resolution reappointing them as auditors and authorizing the Directors to determine their remuneration will be proposed at the forthcoming AGM.

GOING CONCERN

The Directors having assessed the environment within which it operates, the Board is satisfied that the Company and the Group have adequate resources to continue its operations in the foreseeable future. Therefore, the Directors have adopted the going-concern basis in preparing the financial statements.

OTHER

There are no material issues pertaining to employees and industrial relations that require disclosures as per Rule 7.6 (vii) of the CSE listing Rules.

Odel PLC acquired 100% of the voting shares of Cotton Collection (Pvt) Ltd for 300 Mn on 28th August 2018, of which the principal activity and nature of operation is to engage in retail business.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at the Central Hospital Limited (4th floor), No.114, Norris Canal Rd, Colombo 10 on Wednesday the 18th day of September 2019 at 10.00 a.m. The Notice of the Annual General Meeting is on Page 129 of the Annual Report.

For and on behalf of the Board

(Sgd.)
A K Pathirage
Chairman/Managing Director

(Sgd.)
H K Kaimal
Director

(Sgd.)
Softlogic Corporate Services (Pvt) Ltd
Secretaries

20 August 2019
Colombo

STATEMENT OF DIRECTORS' RESPONSIBILITY

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The responsibilities of the Directors, in relation to the financial statements of the Company differ from the responsibilities of the Auditors, which are set out in the Report of the Auditors on Page 57.

The Companies Act No. 07 of 2007 stipulates that the Directors are responsible for preparing the Annual Report and the financial statements. Company law requires the Directors to prepare financial statements for each financial year, giving a true and fair view of the state of affairs of the Company at the end of the financial year, and of the Statement of Comprehensive Income of the Company and the Group for the financial year, which comply with the requirements of the Companies Act.

The Directors consider that, in preparing financial statements set out on Pages 60 to 126 of the Annual Report, appropriate accounting policies have been selected and applied in a consistent manner and supported by reasonable and prudent judgments and estimates, and that all applicable accounting standards have been followed. The Directors confirm that they have justified in adopting the going concern basis in preparing the financial statements since adequate resources are available to continue operations in the foreseeable future.

The Directors are responsible for keeping proper accounting records, which disclose reasonable accuracy, at any time, the financial position of the Company and to enable them to ensure the financial statements comply with the Companies Act No. 07 of 2007 and are prepared in accordance with Sri Lanka Accounting Standard (SLFRS/ LKAS).

They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. In this regard the Directors have instituted an effective and comprehensive system of internal control.

The Directors are required to prepare financial statements and to provide the external auditors with every opportunity to take whatever steps and undertake whatever inspections they may consider to be appropriate to enable them to give their independent audit opinion.

The Directors are of the view that they have discharged their responsibilities as set out in this statement.

COMPLIANCE REPORT

The Directors confirm that to the best of their knowledge, all taxes, duties and levies payable by the Company, all contributions, levies and taxes payable on behalf of and in respect of the employees of the Company and other known statutory dues as were due and payable by the Company as at the date of the Statement of Financial Position have been paid or, where relevant provided for, in arriving at the financial results for the year under review except as specified in Note 29 to the Financial Statements covering contingent liabilities.

COMPLIANCE WITH RELATED PARTY TRANSACTIONS RULES

Transactions of related parties (as defined in LKAS 24 – Related Parties Disclose) with the Company are set out in Note 30 to the Financial Statements.

There are no related party transactions which exceed the threshold of 10% of the equity or 5% of the total assets, whichever is lower in relation to non-recurrent related party transactions or 10% of the gross revenue in relation to recurrent related party transactions except for the information disclosed in the Related Party Transaction Committee Report on Page 47. The Company has complied with the requirements of the Listing Rules of the Colombo Stock Exchange on Related Party Transactions.

For and on behalf of the Board of ODEL PLC

(Sgd.)
Softlogic Corporate Services (Pvt) Ltd
Secretaries

20 August 2019
Colombo

INDEPENDENT AUDITOR'S REPORT

Building a better working world

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Chartered Accountants
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Colombo 10
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TO THE SHAREHOLDERS OF ODEL PLC

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Odel PLC ("the Company") and the consolidated financial statements of the Company and its subsidiaries ("the Group"), which comprise the statement of financial position as at 31 March 2019, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company and the Group give a true and fair view of the financial position of the Company and the Group as at 31 March 2019, and of their financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

Basis for opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matters common to both Group and the Company

Revaluation of Land and Building

Valuation of land and buildings	How our audit addressed the key audit matter
As at 31 March 2019, land and buildings carried at fair value amounted to Rs. 7,498,400,000 classified as Property, Plant and Equipment and Investment Property. The fair value of such property was determined by external valuer engaged by the Group. The valuation of land and buildings were significant to our audit due to the use of significant estimates disclosed in notes 10.3 and 11.3 to the financial statements.	Our audit procedures focused on the valuations performed by an external valuer engaged by the Group included the following; • We assessed the competency and objectivity of the external valuer engaged by the Company. • We read the professional valuer's report and understood the key estimates made and the approach taken by the valuer in determining the valuation of each property. • We engaged our internal specialized resources to assist us in evaluating the appropriateness of the valuation method used and reasonableness of the key assumptions applied by the external valuer. We also assessed the adequacy of the disclosures made in note 10 and 11 to the financial statements relating to the valuation technique and estimates used by the professional valuer.

Partners: W R H Fernando FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva FCA Ms. Y A De Silva FCA W R H De Silva ACA ACMA W K B S P Fernando FCA FCMA Ms. K R M Fernando FCA ACMA Ms. L K H L Fonseka FCA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayesinghe FCA FCMA Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga FCA Ms. P V K N Sajeewani FCA N M Sulaiman ACA ACMA B E Wijesuriya FCA FCMA
Principal G B Goudian ACMA A A J R Perera ACA ACMA T P M Ruberu FCMA FCCA

A member firm of Ernst & Young Global Limited

INDEPENDENT AUDITOR'S REPORT

- **Inventory**

Inventory	How our audit addressed the key audit matter

As at 31 March 2019, carrying value of inventories of the Group amounted to Rs. 3,798,958,796 representing 20% of the Group's total assets.
 	
Inventories of the Group are of high volume and held at multiple locations. In addition, inventory related processes and controls are mainly IT dependent. Material amount of inventories as of reporting date are held at subsidiaries audited by non EY auditors. As a result, we focused on inventory as a key audit matter.
	Our audit procedures carried out on a sample basis included the following;
	
	• We attended the inventory counts and traced count results to the inventory valuation reports compiled by management.
	
	• We involved our internal specialised resources to understand and evaluate design and operating effectiveness of IT General Controls.
	
	• Based on the above evaluation following focused procedures were performed;
	  • Sample of inventory based on purchasing module were traced to inventory module to ensure purchases are appropriately recorded.
	  • Sample of sale invoices as per point of sales system were traced to inventory module to ensure inventory sold are appropriately recorded in the inventory module.
	  • We performed purchase and sales cut off testing to ensure completeness of inventory balance.
	
	• In respect of inventories held by the subsidiaries audited by non EY teams, we evaluated the adequacy of procedures carried out by respective auditors to verify the existence and valuation of inventory.
	
	We assessed the adequacy of the related disclosures given in Note 15 to the financial statements.

Other Information included in The 2019 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard

Responsibilities of the management and those charged with governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Company and the Group.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with ethical requirements in accordance with the Code of Ethics regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by section 163 (2) of the Companies Act No. 07 of 2007, we have obtained all the information and explanations that were required for the audit and, as far as appears from our examination, proper accounting records have been kept by the Company.

CA Sri Lanka membership number of the engagement partner responsible for signing this independent auditor's report is 1697.

20 August 2019
Colombo

STATEMENT OF INCOME

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2019	2018	**2019**	2018
	Note	LKR	LKR	LKR	LKR
Revenue	3	**5,531,143,563**	5,697,834,565	**8,159,711,111**	7,412,571,089
Cost of sales		**(2,565,558,015)**	(3,001,917,379)	**(4,003,730,090)**	(3,934,192,156)
Gross profit		**2,965,585,548**	2,695,917,186	**4,155,981,021**	3,478,378,933
Other operating income	4	**324,681,922**	170,312,620	**297,213,401**	200,394,920
Distribution expenses		**(350,335,603)**	(356,865,101)	**(459,310,251)**	(470,398,448)
Administrative expenses		**(2,133,510,311)**	(2,049,966,641)	**(3,069,524,567)**	(2,565,212,758)
Operating profit		**806,421,556**	459,398,064	**924,359,604**	643,162,647
Finance costs	5	**(500,835,131)**	(403,317,626)	**(629,005,041)**	(398,495,922)
Finance income	6	**55,109,871**	36,978,098	**6,255,699**	6,528,305
Profit before tax		**360,696,296**	93,058,536	**301,610,262**	251,195,030
Income tax expense	8	**(11,615,811)**	10,240,571	**(56,957,868)**	(51,853,122)
Profit/(Loss) for the year		**349,080,485**	103,299,107	**244,652,393**	199,341,908
Attributable to:					
Owners of the parent				**244,652,394**	199,341,908
Non controlling interest				**-**	-
				244,652,394	199,341,908
Earning per share					
Basic, profit for the year attributable to ordinary equity holders of the parent	28	**1.28**	0.38	**0.90**	0.73

The accounting policies and notes on page 66 through 126 form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

		Company		Group	
		For the year ended 31st March		For the year ended 31st March	
		2019	2018	**2019**	2018
	Note	LKR	LKR	LKR	LKR
Profit for the year		**349,080,485**	103,299,107	**244,652,394**	199,341,908
Other comprehensive income					
Actuarial loss on defined benefit plans	22	**(4,614,786)**	(11,121,348)	**(6,830,583)**	(15,270,946)
Income tax effect		**1,292,140**	3,113,977	**2,239,123**	4,275,865
		(3,322,646)	(8,007,371)	**(4,591,460)**	(10,995,081)
Revaluation of land and buildings	10	**143,392,161**	559,637,388	**514,592,161**	696,560,464
Income tax effect		**(38,067,451)**	(757,040,710)	**(72,667,451)**	(859,509,158)
		105,324,710	(197,403,322)	**441,924,710**	(162,948,694)
Other comprehensive Profit/(loss) for the year, net of tax		**102,002,064**	(205,410,693)	**437,333,250**	(173,943,775)
Total comprehensive income for the year, net of tax		**451,082,549**	(102,111,586)	**681,985,644**	25,398,133
Attributable to:					
Equity holders of the parent				**681,985,644**	25,398,133
Non-controlling interests				**-**	-
				681,985,644	25,398,133

The accounting policies and notes on page 66 through 126 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

		Company		Group	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018
	Note	LKR	LKR	LKR	LKR
ASSETS					
Non-Current Assets					
Property, plant & equipment	10	3,256,885,854	2,611,276,970	8,293,125,786	6,971,930,422
Investment property	11	3,614,000,000	3,295,000,000	1,364,000,000	1,130,000,000
Other non current assets	12.1	-	-	2,596,486,932	619,406,970
Intangible assets	13	1,359,011	-	393,180,924	475,286,720
Investment in subsidiaries	14	2,797,642,874	2,286,972,430	-	-
Other financial assets	17.2	206,595,965	100,205,186	206,595,965	134,808,896
Goodwill	13.3	-	-	445,565,053	104,680,409
Deferred tax asset	9	-	-	42,927,502	75,948,141
		9,876,483,704	8,293,454,586	13,341,882,162	9,512,061,558
Current Assets					
Inventories	15	1,946,205,132	1,894,886,042	3,798,958,796	3,014,292,870
Trade and other receivables	16	716,614,681	685,238,232	1,315,031,780	957,332,003
Amounts due from related parties	20	347,444,539	527,181,142	98,744,950	109,074,830
Income Tax Refund Due		81,225,154	24,641,586	114,874,317	33,168,546
Other current assets	12.2	-	-	309,912,404	63,642,928
Other financial assets	17.1	1,440,000	8,592,724	1,440,000	8,592,724
Cash and bank balances	25	22,435,869	62,261,092	117,229,478	175,721,010
		3,115,365,375	3,202,800,818	5,756,191,725	4,361,824,911
Total Assets		12,991,849,079	11,496,255,404	19,098,073,887	13,873,886,469
EQUITY AND LIABILITIES					
Equity					
Stated capital	26	2,795,513,620	2,795,513,620	2,795,513,620	2,795,513,620
Revaluation surplus		2,094,716,015	1,989,391,305	2,971,411,356	2,529,486,647
Retained earnings		1,740,325,940	1,465,321,753	2,100,507,469	1,931,200,187
Total Equity		6,630,555,575	6,250,226,678	7,867,432,445	7,256,200,454
Non-Current Liabilities					
Interest bearing borrowings	21	586,409,642	366,485,618	3,045,059,407	366,485,618
Deferred tax liabilities	9	823,739,055	775,347,933	964,396,437	877,039,036
Contract liabilities	18.2.2	52,703,679	55,403,280	72,521,173	45,007,901
Other non current liabilities	19	-	-	412,029,017	130,921,572
Retirement benefit liability	22	60,947,904	55,321,269	75,956,191	69,888,564
		1,523,800,280	1,252,558,100	4,569,962,225	1,489,342,691

		Company		Group	
		31-03-2019	31-03-2018	**31-03-2019**	31-03-2018
	Note	LKR	LKR	LKR	LKR
Current Liabilities					
Trade and other payables	23	**702,536,531**	601,244,844	**1,258,471,822**	1,056,473,578
Amounts due to related parties	24	**731,079,059**	437,662,855	**184,595,386**	131,712,197
Income tax payable		**-**	-	**1,496,633**	11,828,283
Interest bearing borrowings	21	**3,395,576,404**	2,942,716,892	**5,199,482,131**	3,891,251,295
Contract liabilities	18.2.1	**8,301,230**	11,846,035	**16,633,244**	37,077,972
		4,837,493,224	3,993,470,626	**6,660,679,217**	5,128,343,325
Total Equity and Liabilities		**12,991,849,079**	11,496,255,404	**19,098,073,887**	13,873,886,469
Net asset per share		**24.37**	22.97	**28.91**	26.66

These financial statements are in compliance with the requirements of the Companies Act No 7 of 2007

(Sgd.)
S L R Piyal
Senior Manager - Finance Operations & Compliance

The board of directors is responsible for these financial statements.

Signed for and on behalf of the board by

(Sgd.)
A K Pathirage
Chairman/Managing Director

(Sgd.)
H K Kaimal
Director

The accounting policies and notes on page 66 through 126 form an integral part of the financial statements.

Date - 20 August 2019
Colombo

STATEMENT OF CHANGES IN EQUITY

Company	Revaluation Reserve LKR	Stated Capital LKR	Retained Earnings LKR	Total Equity LKR
As at 1st April 2017	2,184,526,196	2,795,513,620	1,372,298,448	6,352,338,264
Net profit for the year	-	-	103,299,107	103,299,107
Other comprehensive income	(197,403,322)	-	(8,007,371)	(205,410,693)
	1,987,122,874	2,795,513,620	1,467,590,184	6,250,226,678
Revaluation surplus transferred to retained earnings	2,268,432	-	(2,268,432)	-
As at 31st March 2018	1,989,391,305	2,795,513,620	1,465,321,753	6,250,226,678
Net profit for the year	-	-	349,080,485	349,080,485
Other comprehensive income	105,324,710	-	(3,322,646)	102,002,064
	2,094,716,015	2,795,513,620	1,811,079,592	6,701,309,227
Dividends Paid			(70,753,652)	(70,753,652)
As at 31st March 2019	2,094,716,015	2,795,513,620	1,740,325,940	6,630,555,575

	Attributable to equity holders of the parent			
Group	Revaluation Reserve LKR	Stated Capital LKR	Retained Earnings LKR	Total Equity LKR
As at 1st April 2017	2,686,714,934	2,795,513,620	1,748,573,767	7,230,802,321
Net profit for the year	-	-	199,341,908	199,341,908
Other comprehensive income	(162,948,694)	-	(10,995,081)	(173,943,775)
	2,523,766,240	2,795,513,620	1,936,920,594	7,256,200,454
Revaluation surplus transferred to retained earnings	5,720,407	-	(5,720,407)	-
As at 31st March 2018	2,529,486,647	2,795,513,620	1,931,200,187	7,256,200,454
Net profit for the year	-	-	244,652,394	244,652,393
Other comprehensive income	441,924,710	-	(4,591,460)	437,333,249
	2,971,411,356	2,795,513,620	2,171,261,121	7,938,186,096
Dividends	-	-	(70,753,652)	(70,753,652)
As at 31st March 2019	2,971,411,356	2,795,513,620	2,100,507,469	7,867,432,444

The accounting policies and notes on page 66 through 126 form an integral part of the financial statements.

STATEMENT OF CASHFLOWS

		Company		Group	
For the year ended		2019	2018	2019	2018
	Note	LKR	LKR	LKR	LKR
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES					
Net profit before Income tax expense		360,696,296	93,058,536	301,610,262	251,195,030
Adjustments for					
Depreciation	10.1.3	255,607,413	149,449,736	393,454,338	259,055,718
Intangible assets amortization	13	242,604	-	84,763,126	100,685,832
Finance costs	5	500,835,131	403,317,626	629,005,041	398,495,922
Lease Interest	5	-	-	29,396	-
Finance income	6	(55,109,871)	(36,978,098)	(6,255,699)	(6,528,305)
Fair value (gain)/loss on investment property	4	(319,000,000)	(55,000,000)	(234,000,000)	(189,000,000)
Impairment reversal of property plant and equipment		-	1,150,108	-	1,150,108
(Profit)/loss on disposal of property, plant & equipment	4	(3,853,951)	(4,086,943)	(4,171,223)	(6,533,817)
Dividend income	4	-	(109,440,000)	-	-
Provision for define benefit plans	22.1	12,787,376	10,683,623	6,020,450	13,619,332
Operating profit before working capital changes		752,204,998	452,154,588	1,170,455,691	822,139,820
Decrease/(Increase) in inventories		(51,319,090)	(157,851,170)	(617,806,882)	(630,066,218)
Decrease/(Increase) in trade and other receivables		(31,376,449)	13,944,842	(219,565,543)	(168,836,110)
Decrease/(Increase) in dues from related parties		229,262,923	(252,370,412)	10,329,880	(54,620,351)
Decrease/(Increase) in other non current/current assets		-	-	(2,181,824,731)	(683,049,898)
Decrease/(Increase) in other current financial assets		(99,238,055)	(47,413,880)	(64,634,345)	(64,262,399)
(Decrease)/Increase in dues to related parties		346,218,632	203,519,582	52,883,189	130,688,761
(Decrease)/Increase in trade and other payables		101,291,687	(147,158,244)	14,126,281	180,571,380
(Decrease)/Increase in other non current liabilities		-	-	281,107,445	130,921,572
(Decrease)/Increase in contract liabilities		(6,244,406)	13,145,118	7,068,543	19,334,036
Cash generated from operations		1,240,800,240	77,970,424	(1,547,860,472)	(317,179,407)
Finance costs paid	5	(553,637,559)	(346,356,390)	(629,005,041)	(398,495,922)
Defined benefit plan costs paid	22	(11,775,527)	(6,066,983)	(15,414,119)	(6,828,541)
Income tax paid/Dividend tax paid		(18,516,117)	(22,644,903)	(99,045,578)	(129,821,286)
Net cash from/(used in) operating activities		656,871,038	(297,097,852)	(2,291,325,210)	(852,325,155)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant & equipment	10	(797,566,967)	(549,142,065)	(1,183,950,255)	(825,513,336)
Investment in equity shares of subsidiaries	13.4.1	(510,670,444)	(189,583,390)	(509,182,969)	-
Acquisition of intangible assets	13	(1,601,615)	-	(1,464,440)	-
Dividend received	4	-	109,440,000	-	-
Finance income	6	5,583,551	2,406,350	6,255,699	2,448,082
Proceed from disposal of fixed assets		5,529,331	4,457,110	5,846,603	8,127,941
Net cash flows from/(used in) investing activities		(1,298,726,145)	(622,421,995)	(1,682,495,362)	(814,937,313)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES					
Repayment of interest bearing borrowings	21	(744,377,272)	(5,875,766,138)	(3,206,510,795)	(6,756,776,935)
Proceeds from interest bearing borrowings	21	1,505,131,027	6,651,106,251	7,013,413,158	8,252,261,281
Repayment of lease rentals		-	-	(342,646)	-
Dividends paid	32	(70,753,652)	-	(70,753,652)	-
Net cash flows from/(used in) financing activities		690,000,103	775,340,113	3,735,806,065	1,495,484,346
Net increase/(decrease) in cash and cash equivalents		48,144,996	(144,179,734)	(238,014,507)	(171,778,122)
Cash and cash equivalents at the beginning of the year		(658,130,421)	(513,950,687)	(649,805,990)	(478,027,868)
Cash and cash equivalents at the end of the year	25	(609,985,425)	(658,130,421)	(887,820,498)	(649,805,990)

The accounting policies and notes on page 66 through 126 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

1.1 General

Odel PLC is a limited liability company incorporated and domiciled in Sri Lanka whose shares are publicly traded in the Colombo Stock Exchange. The registered office of Odel PLC is located at No 475/32, Kotte Road, Rajagiriya. Odel PLC is a subsidiary of Softlogic Retail Holdings (Pvt) Limited and Softlogic Holding PLC is the ultimate parent. The details of subsidiary companies are as follows.

Subsidiaries

Odel Apparels (Pvt) Ltd

Odel Apparels (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.475/32, Kotte Road, Rajagiriya and the principal place of business is situated at No. 20, Sama Mawatha, Boralesgamuwa.

Odel Properties (Pvt) Ltd.,

Odel Properties (Pvt) Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and principle place of business of the Company is located at No. 475/32, Kotte Road Rajagiriya.

Odel Lanka (Pvt) Ltd.

Odel Lanka (Pvt) Limited is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.475/32, Kotte Road, Rajagiriya and the principal place of business is situated at No. 271, Kaduwela Road, Thalangama, Battaramulla.

Odel Information Technology Services (Pvt) Ltd

Odel Information Technology Services (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and principle place of business of the Company is located at No.475/32, Kotte Road Rajagiriya.

BSL International (Pvt) Ltd

BSL International (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No.38 Dickmens Road, Colombo 05.

Greenfield Trading (Pvt) Ltd

Greenfield Trading (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office and the principle place of business is situated at No 475/32, Kotte Road, Rajagiriya.

Softlogic Brands (Pvt) Ltd

Softlogic Brands (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No. 14, De Fonseka Place, Colombo 05.

Odel Properties One (Pvt) Ltd

Odel Properties One (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya and the principal place of business is situated at No 15, C.W.W Kannangara Mawatha, Colombo 7.

Odel Restaurants (Pvt) Ltd

Odel Restaurants (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya.

Cotton Collections (Pvt) Ltd

Cotton Collections (Pvt) Ltd is a limited liability company incorporated and domiciled in Sri Lanka. The registered office of the Company is located at No 475/32, Kotte Road, Rajagiriya.

1.2 Principal Activities and Nature of Operations

During the year, the principal activities of the group were as follows;

Parent Company

During the year, the principal activities of the Company were to carry out fashion retail activities and to earn rental income from letting retail space.

Subsidiaries

Odel Apparels (Pvt) Ltd

During the year, the principal activities of the Company were to manufacture and supply of the garments to the group.

Odel Properties (Pvt) Ltd

During the year, the principal activities of the Company were to carry out real estate activities in relation to retail business

Odel Lanka (Pvt) Ltd

Principal activity of the Company was to hold its property for capital appreciation purpose.

Odel Information Technology Services (Pvt) Ltd

No activities were carried out during the year

BSL International (Pvt) Ltd

No activities were carried out during the year, and it is in the process of liquidation.

Greenfield Trading (Pvt) Ltd

No activities were carried out during the year, and it is in the process of liquidation.

Softlogic Brands (Pvt) Ltd

The principal activities of the Company were to import and retailing branded apparels.

Odel Properties One (Pvt) Ltd

The principal activity of the Company is involving the developing, owning, managing, operating, selling, leasing and renting of a mixed development project, which is under construction during the year

Odel Restaurants (Pvt) Ltd

Newly incorporated company. Hence no activities were carried out during the year.

Cotton Collections (Pvt) Ltd

The principal activities of the Company were to carry out retailing and manufacturing of fashion retail items.

1.3 Date of Authorization for issue

The consolidated financial statements of Odel PLC and Its Subsidiaries for the year ended 31 March 2019 were authorized for issue in accordance with a resolution of the directors on 20 August 2019.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements of the group (Statement of Income, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement together with Accounting Policies and Notes) as at 31 March 2019 are prepared in accordance with Sri Lanka Accounting Standards (SLFRSs) as laid down by the Institute of Chartered Accountants of Sri Lanka.

2.1 BASIS OF PREPARATION AND MEASUREMENT

The consolidated financial statements have been prepared on a historical cost basis, except for land and buildings and Financial Instruments that have been measured at fair value. The preparation and presentation of these financial statements are in compliance with the Companies Act No.07 of 2007.

Consolidated financial statements are presented in Sri Lankan Rupees except when otherwise indicated.

2.2 COMPARATIVE INFORMATION

Comparative information including quantitative, narrative and descriptive information as relevant is disclosed in respect of previous period in the Financial Statements. The presentation and previous year are amended, where relevant for better presentation and to be comparable with those of the current year.

The Group applied SLFRS 15 and SLFRS 9 with effect from 1 April 2018. Due to the transition method chosen in applying these standards, comparative information throughout these financial statements have not been restated to reflect the requirement of new standards.

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the group and its subsidiaries as at 31 March 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-

NOTES TO THE FINANCIAL STATEMENTS

group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.4 SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future period.

Judgments and estimates are based on historical experience and other factors, including expectations that are believed to be reasonable under the circumstances. Hence actual experience and results may differ from these judgments and estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period and any future periods.

In the process of applying the Company's accounting policies, the key assumptions made relating to the future and the sources of estimation at the reporting date together with the related judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful life of Property and finite Intangible Assets

Management assigns useful lives and residual values to the depreciable property based on the intended use of assets and the economic lives of these assets. Subsequent changes in circumstances such as improvements or utilization of the assets concerned could result in the actual useful lives or residual values differing from initial estimates. Management reviews the residual values and useful lives of major items of depreciable property periodically. Refer Note 2.5.7 for useful lives used in depreciating Property. Useful life of finite intangible assets such as Brand Names have been estimated based on the average period of contractual right that the company is entitling to enjoy the future economic benefits. Refer Note 2.5.11 for useful lives used in Intangible assets.

Revaluation of Property Plant and Equipment and Investment Properties.

The Group carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The Group engaged an independent valuation specialist to assess fair value as at 31 March 2018 for investment properties and Property plant and Equipment. Comparison method and Open market value method was used to assess the fair value of Investment Properties. In addition, it measures the Land and Buildings at revalued amounts, with changes in fair value being recognized in OCI. Land and Buildings were valued by reference to transactions involving properties of a similar nature, location and condition. Comparison method, DRC method, Investment method and Check method were used to assess the fair value of Land & Buildings. For more details refer Note 10.3.1, 10.3.2 & Note 11.3.1, 11.3.2.

Retirement Benefit Obligations

The cost of defined benefit plan is determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about the assumptions used are provided in Note 22

Impairment of Non-Financial Assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Impairment of Goodwill

Potential impairment of goodwill on business combination is periodically tested. The recoverable amounts of the CGU have been determined based on the value in use (VIU) calculation. value in use calculated based on the discounted cash flows of CGU.The recoverable amount of the Branded Apparel CGU, has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The pre-tax discount rate applied to cash flow projections is 14%.The key assumptions used to determine the recoverable amount for the CGU is disclosed and further explained in note 13.4.

Deferred Tax

Deferred tax liability as reflected in Note 09 are recognized for unused tax losses to the extent that is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with the future tax planning strategies.

Estimating stand-alone selling price – loyalty program

The Group estimates the stand-alone selling price of the loyalty points awarded under the loyalty Points program. The stand-alone selling price of the loyalty points issued is calculated by multiplying to the estimated redemption rate and to the monetary value assigned to the loyalty points. In estimating the redemption rate, the Group considers breakage which represents the portion of the points issued that will never be redeemed. The Group applies statistical projection methods in its estimation using customers' historical redemption patterns as the main input. The redemption rate is updated annually and the liability for the unredeemed points is adjusted accordingly.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following are the significant accounting policies applied by the Group in preparing its consolidated financial statements:

2.5.1 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree at the fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration which is deemed to be an asset or liability that is a financial instrument and within the scope of LKAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value either in profit or loss or as a change to other comprehensive income (OCI). If the contingent consideration is not within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS.

Contingent consideration that is classified as equity is not remeasured and subsequent settlement is measured at fair value with changes in fair value either in a profit or loss or as a change to the other comprehensive income (OCI). If the contingent consideration is not within the scope of LKAS 39,it is measured in accordance with the appropriate SLFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash- generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.5.2 Foreign currency translation

The Group's consolidated financial statements are presented in Sri Lankan Rupees, which is also the parent company's and its subsidiary companies functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange

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rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary measured at fair value is treated in line with the recognition of gain or loss on change in fair value in the item (i.e., the translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.5.3 Revenue recognition - Prior to 01st April 2018.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Loyalty Points Scheme

The Group operates a loyalty points program, which allows customers to accumulate points when they purchase products in the Group's retail stores. The points can then be redeemed for free products. consideration received is allocated between the products sold and the points issued, with the consideration allocated to the points equal to their fair value.

Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed or at the expiry of points awarded.

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

Rental income

Rental income arising from operating leases on shop space provided to tenants is accounted for on a straight-line basis over the lease terms.

2.5.4 Revenue recognition – After 01st April 2018.

Revenue from contracts with customers

Under SLFRS 15 - Revenue from contracts with customers with effected from 01 April 2018, revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable and consideration payable to the customer (if any).

Rendering of services

Under SLFRS 15 - Revenue from contracts with customers, revenue from service performance obligation over time or at a point in time. For each performance obligation satisfied over time, the Group recognizes the revenue over time by measuring the progress towards complete satisfaction of that performance obligation because the customer simultaneously receives and consumes the benefit it provided by the Group.

Variable Consideration

If the consideration in a tenant contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the service to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Loyalty Point Program.

The Group has loyalty point programs,in several sector, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a quarterly basis and any adjustments to the contract liability balance are charged against revenue.

2.5.4.1 Other Income

Interest income

For all financial instruments measured at amortised cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognised when the Group's right to receive the payment is established.

2.5.5 Expenditure recognition

a) Expenses are recognized in the income statement on the basis of a direct association between the cost incurred and the earning of specific items of income. All expenditure incurred in the running of the business and in maintaining the property, plant & equipment in a state of efficiency has been charged to income in arriving at the profit for the year.

b) For the purpose of presentation of the Consolidated Income Statement the Directors are of the opinion that the function of expenses method presents fairly the elements of the Company's performance, and hence such presentation method is adopted.

2.5.6 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.5.7 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.5.8 Property, plant and equipment

Initial recognition

Property, plant and equipment is initially stated at cost except for land and buildings, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing component parts of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent Measurement

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognises the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recognised in other comprehensive income and accumulated in equity in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and depreciation based on the assets original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Buildings	Over 40 Years
• Lease hold buildings	Over the lease period
• Fixtures and Fittings	Over 10 to 20 Years
• Fixtures – air condition	Over 10 Years
• Furniture	Over 10 Years
• Office Equipment	Over 05 Years
• Computer Equipment	Over 05 Years
• Motor vehicles	Over 05 Years
• Motor vehicles – finance lease	Over the lease period

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.5.9 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.5.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.5.11 Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise. Fair values are evaluated annually by an accredited external, independent valuer, In accordance with SLFRS 13.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change.

2.5.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Amortization is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

• Computer Software	3 - 5 Years
• Brand Names	5 – 10 Years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible

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asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2.5.13 Financial instruments — initial recognition and subsequent measurement (Applicable with effect from 1st April 2018

(i) Financial Assets

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Subsequent Measurement of Financial Assets

The Company classifies its financial assets into the following measurement category:

- Financial Assets measured at amortised cost.

The classification depends on the Company's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Company classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

At the Inception, the Financial Assets are Classified in One of the Following Categories:

- Financial assets measured at fair value through profit or loss
- Financial assets measured at amortised cost
- Financial assets measured at amortised cost - loans and advances
- Financial assets measured at amortised cost - debt instruments
- Financial assets measured at fair value through Other Comprehensive Income

At the Inception, the Financial Liabilities are Classified in One of the Following Categories:

- Financial liabilities at amortised cost
- Financial liabilities at amortised cost - other instruments

Initial Measurements of Financial Instruments

Financial assets and liabilities are initially measured at their fair value plus transaction cost, except in the case of financial assets and liabilities recorded at fair value through profit or loss.

"Day One" Profit or Loss

When the transaction price differs from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognises the difference between the transaction price and fair value (a "Day One" Profit or Loss) in the Income Statement. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognized in the Income Statement over the life of the instrument.

Financial Assets measured at Amortised Cost Debt Instruments

Investments in debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using Effective Interest Rate (EIR). The measurement of credit impairment is based on the three-stage expected credit loss model described below.

(ii) Reclassification of Financial Assets

The Company reclassifies its financial assets when, and only when, the Company changes its business model for managing financial assets. If the Company reclassifies financial assets which were measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, the Company applies the reclassification prospectively from the reclassification date. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

If the Company reclassifies a financial asset out of the amortised cost measurement category and in to the fair value through profit or loss measurement category, its fair value is measure at the reclassification date. Any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Profit or Loss.

If the Company reclassifies a financial asset out of the amortised cost measurement category and into the fair value through other comprehensive income measurement category, its fair value is measured at the reclassification date, any gain or loss arising from a difference between the previous amortised cost of the financial asset and fair value is recognized in Other Comprehensive Income. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

Impairment of financial assets

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of SLFRS 9 are classified, at initial recognition, as financial liabilities at fair value through profit or loss and other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, carried at amortized cost. This includes directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities classified as 'fair value through profit or loss' will be subsequently measured at fair value and financial liabilities classified as 'other liabilities' will be subsequently measured at amortized cost.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable for the purpose of fair value disclosures, the Company has determined classes of assets and

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liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.5.14 Financial instruments — Up to 31st March 2018.

Initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of LKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction cost, except in the case of assets recorded at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include cash and short-term deposits and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the IR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognised to the extent of the Group's continuing involvement in it.

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the income statement

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of LKAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, carried at amortised cost. This includes directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(v) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include;

Using recent arm's length market transactions;

reference to the current fair value of another instrument that is substantially the same;

a discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 27.

2.5.15 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount

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rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous evaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

2.5.16 Inventories

Inventories are stated at the lower of cost and net realizable value. The management primarily determines cost of inventories using the weighted average method. The management estimates the net realizable value of inventories based on assessment of receipt of committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its contract, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Purchase cost on an actual basis
- Closing balance of the inventory on weighted average cost

2.5.17 Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the consolidated statement cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

2.5.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.5.19 Construction work in progress

Construction work in progress has been classified to state as other non-current assets at cost during the construction period based on the value of work certified.

2.5.20 Post-employment benefits

Defined Benefit Plan - Gratuity:

Gratuity is a post-employment benefit plan. Provisions have been made for retirement gratuities from the first year of service for all employees in conformity with LKAS 19. However, under the Gratuity Act No. 12 of 1983, the liability to an employee arises only on completion of five years of continued service, The Company is liable to pay gratuity in terms of relevant statute. In order to meet this liability, the Group uses an actuarial valuation method in accordance with LKAS 19.

The cost of providing benefits under gratuity is determined using the projected unit credit method. Actuarial gains and losses are recognised in full in the period in which they occur in the statement of comprehensive income. The defined benefit liability comprises the present value of the defined benefit obligation using a discount rate based on market yields at the end of reporting period on government bonds of a similar tenure as the estimated term of the gratuity obligation. Current service cost and the interest cost is recognized in the Income statement.

The gratuity benefits of the Group in unfunded.

Defined Contribution Plans

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with the respective statutes and regulations. The Company contributes 12% and 3% of gross emoluments of employees to Employees' Provident Fund and Employees' Trust Fund respectively. Related expenditure is recognized in the income statement.

2.6 Changes in Accounting Policies and Disclosure

2.6.1 New and amended standards and interpretation.

The Group applied SLFRS 15 and SLFRS 9 changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018/2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.6.1.1 The Group adopted SLFRS 15 using modified retrospective method of adoption and election to apply only to incomplete contracts as of 01 April 2018.

The Group is in the business of fashion retail and rendering of services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements,

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in note 2.4

The Group adopted SLFRS 15 using the modified retrospective method of adoption and election to apply only to incomplete contracts as of 01 April 2018 The impact on adoption of SLFRS 15 is reflected in note 33.2.

2.6.1.2 SLFRS -9 Financial Instruments

SLFRS 9 Financial Instruments replaces LKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The classification and measurements of SLFRS 9 did not have a significant impact on the group.

2.7 SRI LANKA ACCOUNTING STANDARDS NOT YET EFFECTIVE

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

SLFRS 16 – Leases

The Institute of Chartered Accountant of Sri Lanka issued the new standard for accounting for leases - SLFRS 16 Leases in January 2017. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right of- use assets. Lessees must apply a single model for all recognised leases but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

SLFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted.

IFRIC Interpretation 23 - Uncertainty over income tax treatment

The interpretation addresses the accounting for income taxes when tax treatment involves uncertainty that affects the application of LKAS 12 and does not apply to taxes or levies outside the scope of LKAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses the following,

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.
- How an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or

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more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1st January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

Amendments to LKAS 19 – Plan Amendment, Curtailment or Settlement

The amendments to LKAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.

- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan assets after that event; and the discount rate used to remeasure the net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Annual Improvements 2015-2017 Cycle (Issued in December 2017)

These improvements include:

- SLFRS 3 Business Combinations

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

LKAS 12 - Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

LKAS 23 - Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity applies those amendments.
An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect on its consolidated financial statements.

3 Revenue from Contracts with customers

Disagregated revenue information

Set out below is the disaggregation of the revenue from contracts with customers

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
Type of goods or service				
Sales - Fashionable Retail	**5,012,789,279**	5,238,276,317	**7,829,028,325**	7,041,255,402
Rental income	**460,313,068**	429,322,681	**307,177,351**	335,143,305
Advertising income	**148,571**	3,760,193	**148,571**	3,760,193
Net Income from Restaurant (3.1)	**13,124,736**	22,932,579	**13,124,736**	22,932,579
Commission income	**-**	-	**7,471,921**	5,936,815
Service income	**44,767,909**	3,542,795	**2,760,207**	3,542,795
Total revenue from contracts with customers	**5,531,143,563**	5,697,834,565	**8,159,711,111**	7,412,571,089
Timing of revenue recognition				
Goods transferred at a point in time	**5,012,789,279**	5,238,276,317	**7,829,028,325**	7,041,255,402
Service transferred over time	**518,354,284**	459,558,248	**330,682,786**	371,315,687
Total revenue from contracts with customers	**5,531,143,563**	5,697,834,565	**8,159,711,111**	7,412,571,089
3.1 Net Restaurant Income				
Sales - Restaurant	**72,316,270**	101,355,027	**72,316,270**	101,355,027
Less - Management fees	**(59,191,534)**	(78,422,448)	**(59,191,534)**	(78,422,448)
Net Income	**13,124,736**	22,932,579	**13,124,736**	22,932,579

Comparative figures were recorded under LKAS 18 and the current period figures were recorded under SLFRS 15

4 OTHER OPERATING INCOME

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
Fair value gain/(loss) on investment property	**319,000,000**	55,000,000	**234,000,000**	189,000,000
Profit on disposal of property, plant & equipment	**3,853,951**	4,086,943	**4,171,223**	6,533,817
Sundry income	**1,827,971**	1,785,677	**46,253,937**	4,861,103
Unclaimed creditors written back	**-**	-	**12,788,241**	-
Dividend income	**-**	109,440,000	**-**	-
	324,681,922	170,312,620	**297,213,401**	200,394,920

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	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
5 FINANCE COSTS				
Interest on overdrafts	**82,253,348**	79,520,870	**98,585,816**	79,808,364
Interest on loans & borrowings	**349,433,887**	266,835,520	**513,769,947**	312,967,850
Interest on intercompany borrowings	**68,590,389**	56,961,236	**15,787,961**	4,385,293
Interest on leases	**-**	-	**29,396**	-
Guarantee fees	**557,507**	-	**831,921**	1,334,415
	500,835,131	403,317,626	**629,005,041**	398,495,922

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
6 FINANCE INCOME				
Interest income	**259,634**	2,406,350	**931,782**	2,448,082
Fair value adjustment on refundable deposits	**5,323,917**	4,080,223	**5,323,917**	4,080,223
Intercompany interest	**49,526,320**	30,491,525	**-**	-
	55,109,871	36,978,098	**6,255,699**	6,528,305

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
7 PROFIT BEFORE TAX				
Administration Expenses				
Directors' emoluments	**3,600,000**	3,600,000	**3,600,000**	3,600,000
Depreciation	**255,615,004**	149,449,736	**393,461,929**	258,931,548
Amortisation of intangible assets	**242,604**	-	**84,763,126**	100,685,832
Personnel costs includes -				
- Gratuity	**12,787,376**	10,683,623	**6,177,304**	13,619,332
- EPF & ETF	**71,820,655**	68,161,128	**92,861,690**	85,900,764
- Other staff costs	**643,822,283**	616,514,836	**862,201,061**	760,171,226
Donations	**67,140**	1,010,709	**72,140**	1,010,709
Audit fees	**1,489,988**	1,353,866	**2,510,941**	2,026,230
Selling and Distribution Expenses				
Transport cost	**35,435,326**	30,587,052	**42,305,093**	34,827,749
Marketing & promotions	**165,510,389**	179,525,848	**207,646,732**	228,918,412

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
8 INCOME TAX EXPENSE				
Current income tax				
Current tax expense on ordinary activities for the year	-	7,374,019	**9,924,840**	66,976,000
Under/(over) provision of current taxes in respect of prior year	-	1,423,270	**(2,916,682)**	(456,172)
Dividend tax	-	-	-	12,160,000
Deferred income tax				
Deferred taxation charge /(reversal)	**11,615,811**	(19,037,860)	**49,949,710**	(26,826,706)
Income tax expense/(income) reported in the income statement	**11,615,811**	(10,240,571)	**56,957,868**	51,853,122

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
Statement of Other Comprehensive Income				
Deferred income tax related to items charged or credited directly to equity during the year				
Net gain on revaluation of building	**38,067,451**	757,040,710	**72,667,451**	859,509,158
Actuarial losses on defined benefit plans	**(1,292,140)**	(3,113,977)	**(2,239,123)**	(4,275,865)
Income tax charged/(reversed) directly to OCI	**36,775,311**	753,926,733	**70,428,328**	855,233,293

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8.1 A Reconciliation between tax expenses and the product of accounting profit multiplied by the statutory tax rate is as follows

	Company		Group	
	For the year ended 31st March		For the year ended 31st March	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
Accounting profit before tax	**360,696,296**	93,058,536	**301,610,262**	251,195,030
	360,696,296	93,058,536	**301,610,262**	251,195,030
Income tax rate of 28% (2018 : 28%)	**100,994,963**	26,056,390	**84,450,873**	70,334,608
Under/(over) provision for previous year	**-**	1,423,270	**(2,916,682)**	(456,172)
Allowable expenses	**(90,918,682)**	(26,177,616)	**(131,732,876)**	(36,316,793)
Income exempt from tax	**(89,320,000)**	(45,855,239)	**20,615,385**	(52,732,039)
Non deductible expenses	**86,969,803**	56,927,413	**60,946,240**	106,080,322
Tax loss claimed	**(7,726,083)**	(3,576,930)	**(24,354,783)**	(20,390,099)
Dividend tax	**-**	-	**-**	12,160,000
Effect on deferred tax	**11,615,811**	(19,037,860)	**49,949,710**	(26,826,706)
	11,615,811	(10,240,571)	**56,957,869**	51,853,122
The effective income tax rate	**3.22%**	-11.00%	**18.88%**	20.64%
Income tax expense reported	**11,615,811**	(10,240,571)	**56,957,869**	51,853,122

The Company and its subsidiary are laible to pay income tax at the rate of 28% of its taxable profits in accordance with the provisions of the Inland Revenue Act, No 24 of 2017 and subsequent amendments thereto. In the current year, there is no income tax expense recognised in the company for the trading income due to the tax losses produced and the tax expense recognised on interest income has been off set with the taxable loss from trading.

9 DEFERRED TAX ASSETS ,LIABILITIES AND INCOME TAX RELATES TO THE FOLLOWING;

9.1 Statement of Financial Position

		Company		Group	
		31-03-2019	31-03-2018	31-03-2019	31-03-2018
		LKR	LKR	LKR	LKR
	Deferred Tax Liability				
	Capital allowances for tax purposes	54,254,725	65,978,673	209,344,600	108,858,383
	Revaluation of property, plant and equipment	806,006,539	767,939,088	806,006,539	870,407,536
	Fair valuation on investment property	37,400,000	15,400,000	69,800,000	9,000,000
		897,661,264	849,317,761	1,085,151,139	988,265,919
	Deferred Tax Assets				
	Defined benefit plans	(17,065,413)	(15,489,955)	(21,509,894)	(18,661,037)
	Provision for Bad Debts	-	-	(721,415)	(719,633)
	Deferred revenue	(657,613)	(2,551,852)	(657,613)	(2,551,852)
	Tax losses Etc.,	(47,498,745)	(49,255,805)	(123,100,361)	(148,469,187)
	Provision for Inventory	(8,700,439)	(6,672,216)	(17,692,921)	(16,773,315)
		(73,922,209)	(73,969,828)	(163,682,204)	(187,175,024)
	Net Deferred Tax Liability / (Assets)	823,739,055	775,347,933	921,468,935	801,090,895
		-	-	-	-
9.1.1	Total net deferred tax liability by entities	823,739,055	775,347,933	964,396,437	877,039,036
9.1.2	Total net deferred tax asset by entities	-	-	(42,927,502)	(75,948,141)
		823,739,055	775,347,933	921,468,935	801,090,895
9.2	Statement of Income /Comprehensive Income				
	Deferred Tax Liability				
	Capital allowances for tax purposes	(11,723,948)	9,043,034	100,486,217	2,692,226
	Revaluation of property, plant and equipment	38,067,451	757,040,711	(64,400,997)	859,509,159
	Fair valuation on investment property	22,000,000	15,400,000	60,800,000	9,000,000
		48,343,503	781,483,744	96,885,220	871,201,385
	Deferred tax assets				
	Defined benefit plans	(1,575,458)	(4,406,637)	(2,848,857)	(5,749,385)
	Provision for Bad Debts	-	-	(1,782)	(1,033)
	Deferred revenue	1,894,239	(74,296)	1,894,239	(74,296)
	Tax losses Etc.,	1,757,061	(35,441,722)	25,368,826	(20,196,768)
	Provision for Inventory	(2,028,223)	(6,672,216)	(919,606)	(16,773,315)
		47,619	(46,594,871)	23,492,820	(42,794,797)
	Deferred income tax charge / (reverse)	48,391,122	734,888,873	120,378,040	828,406,587
	Reported in the Statement of Income	11,615,811	(19,037,860)	49,949,711	(26,826,706)
	Reported in the Statement of Comprehensive Income	36,775,311	753,926,733	70,428,328	855,233,293

NOTES TO THE FINANCIAL STATEMENTS

9.3 The Company has unutilised tax losses to recognise a Deferred Tax Asset up to the extent of the Deferred Tax Liability arising from taxable temporary differences in the Company and will have taxable profits under the New Inland Revenue Act which will be effective from 01st April 2018.

Further, the deferred tax liability has been recognised on the capital gain on investment assets and business assets at the applicable rates as per the new Inland Revenue Act.

10 PROPERTY, PLANT & EQUIPMENT

10.1 Company

	Balance As at 1-Apr-18	Incurred during the year/ Transfers In	Revaluation	Disposals	Transfer Out	Balance As at 31-Mar-19
	LKR	LKR	LKR	LKR	LKR	LKR
10.1.1 Gross carrying amounts						
At cost						
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	85,407,616	272,312,917	-	-	-	357,720,533
Fixtures and fittings	823,450,958	387,505,437	-	-	-	1,210,956,395
Fixtures - air conditions	10,949,619	18,398,513	-	-	-	29,348,132
Furniture	50,111,003	3,973,636	-	-	-	54,084,639
Computer equipments	-	25,963,155	-	-	-	25,963,155
Office equipment	265,635,219	57,498,420	-	(6,928,010)	-	316,205,629
Motor vehicles	30,632,142	12,100,000	-	(5,223,214)	-	37,508,928
Motor vehicles -lease	4,718,750	-	-	(4,718,750)	-	-
	1,271,789,867	777,752,078	-	(16,869,974)	-	2,032,671,971

	Balance As at 1-Apr-18	Transfer from Acc : Depreciation	Revaluation	Disposals	Transfer Out	Balance As at 31-Mar-19
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation						
Land	1,547,000,000	-	129,000,000	-	-	1,676,000,000
Building	366,000,000	(60,992,163)	14,392,163	-	-	319,400,000
	1,913,000,000	(60,992,163)	143,392,163	-	-	1,995,400,000

	Balance As at 1-Apr-18 LKR	Transfer In LKR	Revaluation LKR	Disposals LKR	Transfer Out LKR	**Balance As at 31-Mar-19 LKR**
10.1.2 In the Course of Constructions						
Capital work in progress	103,901,276	832,816,017	-	-	(851,068,581)	**85,648,712**
Total gross carrying amount	103,901,276	832,816,017	-	-	(851,068,581)	**85,648,712**
Total gross carring value	3,288,691,143	1,549,575,932	143,392,163	(16,869,974)	(851,068,581)	**4,113,720,683**

	Balance as at 1-Apr-18 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals LKR	Revaluation / Transfer Out LKR	**Balance as at 31-Mar-19 LKR**
10.1.3 Depreciation						
At Cost						
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	78,334,157	-	12,878,858	-	-	**91,213,015**
Fixtures and fittings	379,587,273	-	136,193,363	-	-	**515,780,636**
Fixtures - air conditions	10,949,619	-	1,053,613	-	-	**12,003,232**
Furniture	34,394,997	-	4,940,217	-	-	**39,335,214**
Computer equipments	-	-	3,701,294	-	-	**3,701,294**
Office equipment	154,277,433	-	30,041,576	(5,252,630)	-	**179,066,379**
Motor vehicles	14,267,384	-	5,806,329	(5,223,214)	-	**14,850,499**
Motor vehicles -lease	4,718,750	-	-	(4,718,750)	-	**-**
	677,414,173	-	194,615,250	(15,194,594)	-	**856,834,829**

NOTES TO THE FINANCIAL STATEMENTS

	Balance as at 1-Apr-18	Acquisitions/ Transfers	Charge for the year	Disposals	Revaluation / Transfer Out	Balance as at 31-Mar-19
	LKR	LKR	LKR	LKR	LKR	LKR
At valuation						
Building	-	-	60,992,163		(60,992,163)	-
	-	-	60,992,163	-	(60,992,163)	-
Total depreciation	677,414,173	-	255,607,413	(15,194,594)	(60,992,163)	856,834,829

	2019	2018
	LKR	LKR
10.1.4 Net Book Value		
At Cost		
Building - lease hold	266,507,518	7,073,459
Fixtures and fittings	695,175,759	443,863,685
Fixtures - air conditions	17,344,900	-
Furniture	14,749,425	15,716,006
Computer equipment	22,261,861	-
Office equipment	137,139,250	111,357,786
Motor vehicles	22,658,429	16,364,758
	1,175,837,142	594,375,694
At valuation		
Land	1,676,000,000	1,547,000,000
Building	319,400,000	366,000,000
	1,995,400,000	1,913,000,000
10.1.5 In the course of constructions		
Capital work in progress	85,648,712	103,901,276
Total gross carrying amount	85,648,712	103,901,276
Total	3,256,885,854	2,611,276,970

10.1.6 The company uses the revaluation model for measurement of land and buildings. The company engaged chartered valuer M/S G.W.G. Abeygunawardene an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on comparison method/DRC method, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was on 31st March 2019. The previous revaluation was on 31 March 2018.

Class of asset	Cost	Cumulative depreciation If assets were carried at cost	**Net carrying amount 2019**	Net carrying amount 2018
	LKR	LKR	**LKR**	LKR
Building	312,463,128	111,544,650	**200,918,478**	265,245,970
Land	680,661,992	-	**680,661,992**	680,661,992

10.1.7 Land and buildings with a carrying value of LKR 1,828,000,000 (2018 - LKR 1,710,000,000) have been pledged as security for term loans obtained, and details of which are disclosed in Note 21.3.

10.1.8 Property pant and equipment include fully depreciated assets having a gross carrying amount of LKR 404,769,578 (2018 - LKR 321,154,018)

10.2 Group

	Balance As at 1-Apr-18	Incurred during the year / Transfers In	Revaluation	Disposals	Transfer Out	**Balance As at 31-Mar-19**
	LKR	LKR	LKR	LKR	LKR	**LKR**
10.2.1 Gross carrying amounts						
At cost						
Landscaping	884,560	-	-	-	-	**884,560**
Building - leasehold	303,708,308	577,659,625	-	-	-	**881,367,933**
Fixtures and fittings	909,836,091	469,012,372	-	(25,959,297)	-	**1,352,889,166**
Fixtures - air conditions	17,416,273	24,202,864	-	-	-	**41,619,137**
Furniture	419,944,334	183,036,616	-	-	-	**602,980,950**
Computer equipment	118,482,177	28,720,737	-	(432,800)	-	**146,770,114**
Office equipment	356,199,541	73,344,063	-	18,755,987	-	**448,299,591**
Motor vehicles	34,886,642	25,778,150	-	(5,223,214)	-	**55,441,578**
Motor vehicles -lease	4,718,750	2,574,404	-	(4,718,750)	-	**2,574,404**
	2,166,076,676	1,384,328,832	-	(17,578,074)	-	**3,532,827,434**

NOTES TO THE FINANCIAL STATEMENTS

	Balance As at 1-Apr-18 LKR	Transfer from Acc : Depreciation LKR	Revaluation LKR	Disposals LKR	Transfer Out LKR	**Balance As at 31-Mar-19 LKR**
At valuation						
Land	5,142,000,000	-	498,000,000	-	-	5,640,000,000
Building	546,000,000	(68,192,163)	16,592,163	-	-	494,400,000
	5,688,000,000	(68,192,163)	514,592,163	-	-	6,134,400,000

	Balance As at 1-Apr-18 LKR	Transfer In LKR	Revaluation LKR	Disposals LKR	Transfer Out LKR	**Balance As at 31-Mar-19 LKR**
10.2.2 In the course of constructions						
Building work in progress	-	-	-	-	-	-
Capital work in progress	236,885,364	832,816,017	-	-	(954,004,038)	115,697,344
Total gross carrying amount	236,885,364	832,816,017	-	-	(954,004,038)	115,697,344
Total gross carring value	8,090,962,040	2,148,952,686	514,592,163	(17,578,074)	(954,004,038)	9,782,924,777

	Balance As at 1-Apr-18 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals LKR	Revaluation / Transfer Out LKR	**Balance As at 31-Mar-19 LKR**
10.2.3 Depreciation						
At Cost						
Landscaping	884,560	-	-	-	-	884,560
Building - leasehold	201,083,576	-	62,926,879	-	-	264,010,455
Fixtures and fittings	435,764,968	12,911,939	146,164,650	(275,300)	(33,727,660)	560,838,598
Fixtures - air conditions	12,536,580	4,872,196	1,815,764	-	-	19,224,540
Furniture	171,964,122	6,097,976	48,922,712	-	-	226,984,810
Computer equipment	88,289,043	11,996,591	14,623,264	(432,800)	-	114,476,098
Office equipment	189,239,002	10,682,111	43,546,064	(5,252,630)	33,727,660	271,942,207
Motor vehicles	14,551,017	12,709,969	7,220,522	(5,223,214)	-	29,258,295
Motor vehicles -lease	4,718,750	2,137,109	42,319	(4,718,750)	-	2,179,428
	1,119,031,618	61,407,891	325,262,175	(15,902,694)	-	1,489,798,991

	Balance As at 1-Apr-18 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals LKR	Revaluation / Transfer Out LKR	**Balance As at 31-Mar-19** LKR
At valuation						
Building	-	-	68,192,163		(68,192,163)	-
	-	-	68,192,163	-	(68,192,163)	-
Total depreciation	1,119,031,618	61,407,891	393,454,338	(15,902,694)	(68,192,163)	1,489,798,991

	2019 LKR	2018 LKR
10.2.4 Net book value		
At cost		
Building - leasehold	617,357,479	102,624,732
Fixtures and fittings	792,050,568	474,071,123
Fixtures - air conditions	22,394,596	4,879,693
Furniture	375,996,140	247,980,212
Computer equipment	32,294,016	30,193,134
Office equipment	176,357,384	166,960,539
Motor vehicles	26,183,283	20,335,625
Motor vehicles -lease	394,976	-
	2,043,028,442	1,047,045,058
At valuation		
Land	5,640,000,000	5,142,000,000
Building	494,400,000	546,000,000
	6,134,400,000	5,688,000,000
10.2.5 In the course of constructions		
Capital work in progress	115,697,344	236,885,364
Total gross carrying amount	115,697,344	236,885,364
Total	8,293,125,786	6,971,930,422

NOTES TO THE FINANCIAL STATEMENTS

10.2.6 The company uses the revaluation model for measurement of land and buildings. The company engaged chartered valuer M/S G.W.G. Abeygunawardene an accredited independent valuer, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on comparison method/DRC method, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was on 31st March 2019. The previous revaluation was on 31 March 2018.

Class of asset	Cost	Cumulative depreciation If assets were carried at cost	**Net carrying amount 2019**	Net carrying amount 2018
	LKR	LKR	**LKR**	LKR
Building	433,610,820	143,121,269	**290,489,551**	358,554,763
Land	2,178,317,202	-	**2,178,317,202**	2,178,317,202

10.2.7 Land and buildings with a carrying value of LKR 5,967,000,000 (2018 - LKR 5,485,000,000) have been pledged as security for term loans obtained, and details of which are disclosed in Note 23.1.

10.2.8 Property pant and equipments included fully depreciated assets having a gross carrying amount of LKR 544,052,985 (2018 - LKR 392,851,530)

10.3 Valuation information - Land and building

10.3.1 Company

Property	Extent	Method of valuation	Effective date of valuation	Property valuer
No. 10, Ward Place, Colombo 07.	Land - R 2, P 15 Buildings - Sqft 14,491	Comparison Method/ DRC Method	31-Mar-19	G.W.G. Abeygunawardene, Chartered Valuation Surveyor
C.W.W Kannangara Mawatha & Ward Place, Colombo 07	Building - Sqft 14,768	Comparison Method/ DRC Method	31-Mar-19	G.W.G. Abeygunawardene, Chartered Valuation Surveyor
No 29A, Jayathilaka Mawatha, Panadura	Land - R 1, P 2.16 Building - Sqft 33,272	Comparison Method/ DRC Method	31-Mar-19	G.W.G. Abeygunawardene, Chartered Valuation Surveyor
No 18 & 20, Sama Mawatha, Boralesgamuwa	Land - P 20.00 Building - Sqft 5,155	Comparison Method/ DRC Method	31-Mar-19	G.W.G. Abeygunawardene, Chartered Valuation Surveyor

10.3.2 Group (together with Note No 10.3.1)

Property	Extent	Method of valuation	Effective date of valuation	Property valuer
No. 475/32, Kotte Road, Rajagiriya	Land - R 1, P 7.42 Building Sqft- 32,080	Comparison Method/ DRC Method	31-Mar-19	G.W.G. Abeygunawardene, Chartered Valuation Surveyor
No. 15,No. 21/5,No.25/2 ,3,5,6 & 6B,No.17,17/1,17/1A,19 & 19A,No. 25 C.W.W. Kannangara Mawatha, Colombo 07.	Land - A 1, R 1, P 12.58	Comparison Method	31-Mar-19	G W G Abeygunawardene, Chartered Valuation Surveyor

	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
	2019	2018		**31-Mar-2019**	31-Mar-2018
	Estimated price per perch is LKR 16 Mn & estimated price per Square foot- LKR 4,000 to LKR 4,250	Estimated price per perch is LKR 15 Mn & estimated price per Square foot- LKR 4,000 to LKR 4,250	Positively correlated	Land - 1,520 Mn Building - 58 Mn	Land - 1,424 Mn Building - 60 Mn
	Estimated price per Square foot - LKR 10,000 to LKR 10,500	Estimated price per Square foot- LKR 10,000 to LKR 10,500	Positively correlated	Building - 109 Mn	Building - 150 Mn
	Estimated price per perch is LKR 2.6 Mn & estimated price per Square foot is LKR 2,450 to LKR 4,850	Estimated price per perch is LKR 2.1 Mn & estimated price per Square foot is LKR 2,540 to LKR 4,950	Positively correlated	Land - 120 Mn Building - 130 Mn	Land - 92 Mn Building - 133 Mn
	Estimated price per perch is LKR 1.8 Mn & estimated price per Square foot - LKR 4,250 to LKR 4,750	Estimated price per perch is LKR 1.5 Mn & estimated price per Square foot- LKR 4,450 to LKR 4,950	Positively correlated	Land - 36 Mn Building - 22 Mn	Land - 30 Mn Building - 23 Mn

	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
	2019	2018		**31-Mar-2019**	31-Mar-2018
	Estimated price per perch LKR 7 Mn & estimated price per Square foot- LKR 5,350 to LKR 6,100	Estimated price per perch LKR 6 Mn & estimated price per Square foot- LKR 3,000 to LKR 6,250	Positively correlated	Land - 350 Mn Building - 175 Mn	Land - 300 Mn Building - 180 Mn
	Estimated price per perch is LKR 17 Mn	Estimated price per perch is LKR 15.5 Mn	Positively correlated	Land 3,614 Mn	Land 3.295 Mn

NOTES TO THE FINANCIAL STATEMENTS

11 INVESTMENT PROPERTY

11.1 Company

Gross carrying amount	Balance As at 1-Apr-18 LKR	Transfer In LKR	Adjustment for fair value LKR	Transfers Out LKR	Impairment LKR	**Balance As at 31-Mar-19 LKR**
Land	3,295,000,000		319,000,000	-	-	**3,614,000,000**
Total	3,295,000,000	-	319,000,000	-	-	**3,614,000,000**

	2019 LKR	2018 LKR
11.1.1 Net book value		
At fair value		
Land	**3,614,000,000**	3,295,000,000
Total at fair value	**3,614,000,000**	3,295,000,000

11.1.2 Odel PLC has entered into a long term lease agreement for the ground rent with Odel Properties One (Pvt) Ltd for the purpose of constructing proposed shopping mall under a mixed development project approved by the Board of Investment of Sri Lanka. Note No 11.3.1 represent the detail of the land thereof.

11.2 Group

Gross carrying amount	Balance As at 1-Apr-18 LKR	Transfer In LKR	Adjustment for fair value LKR	Transfers Out LKR	Impairment LKR	**Balance As at 31-Mar-19 LKR**
Land	1,130,000,000	-	234,000,000	-	-	**1,364,000,000**
Total	1,130,000,000	-	234,000,000	-	-	**1,364,000,000**

	2019 LKR	2018 LKR
11.2.1 Net book value		
At fair value		
Land	**1,364,000,000**	1,130,000,000
Total at fair value	**1,364,000,000**	1,130,000,000

11.2.2 Land with a carrying value of LKR 1,364,000,000 (2018 - LKR 1,130,000,000) have been pledged as security for term loans obtained, details of which are disclosed in Note 21.3.

11.3 Valuation information - Land and building

11.3.1 Company

Property	Extent	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
					2019	2018		31-Mar-2019	31-Mar-2018
No. 15, C.W.W. Kannangara Mawatha, Colombo 07. No. 21/5, C.W.W. Kannangara Mawatha, Colombo 07. No. 25/2 ,3,5,6 & 6B, C.W.W. Kannangara Mawatha, Colombo 07. No. 17, 17/1, 17/1A, 19 & 19A, C.W.W. Kannangara Mawatha, Colombo 07. No. 25, C.W.W. Kannangara Mawatha, Colombo 07.	Land - A 1, R 1, P 12.58	Comparison Method	31-Mar-19	G W G Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch is LKR 17 Mn	Estimated price per perch is LKR 15.5 Mn	Positively correlated	Land 3,614 Mn	Land 3.295 Mn

11.3.2 Group

Property	Extent	Method of valuation	Effective date of valuation	Property valuer	Significant unobservable inputs		Sensitivity of fair value to unobservable inputs	Fair Value as at	
					2019	2018		31-Mar-2019	31-Mar-2018
No 197/C, Kalapaluwawa Road & No 271, Kaduwela Road, Thalangama	A 1-R 1-P 35.24	Comparison Method	31-Mar-19	G W G Abeygunawardene, Chartered Valuation Surveyor	Estimated price per perch LKR 5.8 Mn	Estimated price per perch LKR 4.8 Mn	Positively correlated	Land 1,364 Mn	Land 1.130 Mn

NOTES TO THE FINANCIAL STATEMENTS

12 OTHER CURRENT/NON CURRENT ASSETS

12.1 Other Non Current Assets

	Company		Group	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
Work in progress	-	-	2,596,486,932	619,406,970
	-	-	2,596,486,932	619,406,970

12.1.1 Odel Properties one (Pvt) Ltd, fully owned subsidiary of Odel PLC commenced the construction of a shopping mall with apartments as a BOI project. Above balance represend the value of the work done for the said project in progress. This mainly consist of the construction cost of the project.

12.2 Other Current Assets

		Company		Group	
		2019	2018	**2019**	2018
	Note	LKR	LKR	LKR	LKR
Advance paid on constructions	12.2.1	-	-	654,000,000	114,000,000
Less - Work recovered from Advance		-	-	(344,158,438)	(50,357,072)
		-	-	309,841,562	63,642,928
Withholding Tax refund due		-	-	70,842	-
		-	-	309,912,404	63,642,928

12.2.1 Advances have been paid to M/s Access Engineering PLC and M/s China State Engineering Corporation for piling, diaphragm wall and construction of the shopping mall including apartments.

13 INTANGIBLE ASSETS

13.1 Company

	Balance As at 1-Apr-18	Incurred during the year / Transfers In	Revaluation	Disposals	Transfer Out	**Balance As at 31-Mar-19**
	LKR	LKR	LKR	LKR	LKR	LKR
13.1.1 Gross carrying amounts						
At cost						
Computer software	-	1,601,615	-	-	-	1,601,615
Total	-	1,601,615	-	-	-	1,601,615

	Balance As at 1-Apr-18 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals LKR	Revaluation / Transfer Out LKR	**Balance As at 31-Mar-19 LKR**
13.1.2 Amortization						
At cost						
Computer software	-	-	242,604	-	-	242,604
	-	-	242,604	-	-	242,604

	2019 LKR	2018 LKR
13.1.3 Net book value		
At cost		
Computer software	**1,359,011**	-
Total	**1,359,011**	-

13.1.4 Intangible Assets included fully amortised assets having a gross carrying amount of LKR 0 (2018 - LKR 0)

13 INTANGIBLE ASSETS

13.2 Group

	Balance As at 1-Apr-18 LKR	Incurred during the year / Transfers In LKR	Revaluation LKR	Disposals LKR	Transfer Out LKR	**Balance As at 31-Mar-19 LKR**
13.2.1 Gross carrying amounts						
At cost						
Computer software	125,567,571	18,270,403	-	(900,000)	-	142,937,975
Brand names	672,974,584	-	-	-	-	672,974,584
Total	798,542,155	18,270,403	-	(900,000)	-	815,912,559

	Balance As at 1-Apr-18 LKR	Acquisitions/ Transfers LKR	Charge for the year LKR	Disposals LKR	Revaluation / Transfer Out LKR	**Balance As at 31-Mar-19 LKR**
13.2.2 Amortization						
At cost						
Computer software	125,205,712	15,613,074	846,552	(900,000)	-	140,765,338
Brand names	198,049,723	-	83,916,574	-	-	281,966,297
	323,255,435	15,613,074	84,763,126	(900,000)	-	422,731,635

NOTES TO THE FINANCIAL STATEMENTS

	2019 LKR	2018 LKR
13.2.3 Net book value		
At cost		
Computer software	**2,172,637**	361,859
Brand names	**391,008,287**	474,924,861
Total	**393,180,924**	475,286,720

13.2.4 Intangible Assets include fully amortised assets having a gross carrying amount of LKR 155,746,640 (2018 - LKR 124,836,649)

13.3 Goodwill

The balance represents the Goodwill computed on the aqusition of;

	2019 LKR	2018 LKR
Softlogic Brands (Pvt) Ltd on 21st March 2015	104,680,409	104,680,409
Cotton collection (Pvt) Ltd on 28th August 2018 (13.3)	340,884,644	
	445,565,053	104,680,409

Impairment of goodwill

The recoverable amounts of the CGU has been determined based on the value in use (VIU) calculation. value in use calculated based on the discounted cash flows of CGU. Cash flows are derived from the budget for the next five years without considering the significunt future investments. Key Budget assumptions used for the budget are as follwos.

Gross Margin - Actual gross margins achieved in the year preceding the budgeted year adjusted for projected market condition

Discount Rate - Current weighted average cost of funds - 14%

Inflation Rate - Inflation rate based on projected economic conditions.

13.4 Assets acquired and liabilities assumed

The provisional fair values of the identifiable assets and liabilities of Cotton Collections (Pvt) Ltd as at the date of acquisition were

	Fair value recognised
Non-current assets	
Property, plant and equipment	17,782,666
Intangible assets	1,192,889
Other non current assets	41,524,706
Current assets	
Inventories	166,859,044
Trade and other receivables	138,134,234
Cash in hand and at bank	17,639,717
Total Assets	383,133,256

	Fair value recognised
Non-current liabilities	
Interest bearing borrowings	145,622
Employee benefit liabilities	8,630,714
Current liabilities	
Trade and other payables	187,871,962
Current portion of interest bearing borrowings	546,916
Bank overdrafts	226,822,686
Total Liabilities	424,017,900
Total identifiable net liability at faire value	(40,884,644)
Purchase Consideration transferred	300,000,000
Goodwill arising on the acquisition	340,884,644

13.4.1 Net Cash flow on the acquisition

Cash paid on the acquisition	(300,000,000)
Cash acquired	17,639,717
Bank overdraft acquired	(226,822,686)
Net cash flow impact	(509,182,969)

14 INVESTMENT IN SUBSIDIARIES

	% Holding	Company		Group	
		2019	2018	**2019**	2018
		LKR	LKR	LKR	LKR
Odel Properties (Pvt) Ltd.	100%	**108,100,000**	108,100,000	-	-
Odel Information Technology Services (Pvt) Ltd	100%	**10**	10	-	-
Odel Lanka (Pvt) Ltd	100%	**270,000,020**	270,000,020	-	-
Odel Apparels (Pvt) Ltd	100%	**1,000**	1,000	-	-
BSL International (Pvt) Ltd	100%	**1,000,000**	1,000,000	-	-
Greenfield Trading (Pvt) Ltd	100%	**10**	10	-	-
Softlogic Brands (Pvt) Ltd	100%	**1,719,288,000**	1,719,288,000	-	-
Odel Properties One (Pvt) Ltd	100%	**399,253,834**	188,583,390	-	-
Odel Restaurant (Pvt) Ltd	100%	**1,000,000**	1,000,000	-	-
Cotton Collection (Pvt) Ltd	100%	**300,000,000**	-	-	-
		2,798,642,874	2,287,972,430	-	-
Impairment of investment - BSL International (Pvt) Ltd		**(1,000,000)**	(1,000,000)	-	-
		2,797,642,874	2,286,972,430	-	-

NOTES TO THE FINANCIAL STATEMENTS

15 INVENTORIES

	Company		Group	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Finished Goods	1,977,278,129	1,916,497,352	3,870,838,953	3,071,979,536
Goods in Transit	-	2,218,032	-	2,218,032
Provision for obsolete and slow moving items	(31,072,997)	(23,829,342)	(71,880,158)	(59,904,698)
Total inventories at the lower of cost and NRV	1,946,205,132	1,894,886,042	3,798,958,796	3,014,292,870

16 TRADE AND OTHER RECEIVABLES

		Company		Group	
		2019	2018	2019	2018
		LKR	LKR	LKR	LKR
Financial Assets - At Amortized Cost					
Trade Debtors	16.1	87,929,604	67,732,486	91,071,071	60,088,756
Other Debtors		105,249,071	50,567,492	242,240,008	60,310,197
Provision for impairment on trade receivable		-	-	(2,576,483)	-
		193,178,675	118,299,978	330,734,597	120,398,953
Non Financial Assets					
Deposits & Prepayments		523,436,006	566,938,254	984,297,183	836,933,050
		716,614,681	685,238,232	1,315,031,780	957,332,003

16.1 Trade debtors aging analysis

	Company		Group	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
Aging brackets (Days)				
0-30	53,214,841	63,007,459	56,356,308	55,363,729
31-60	11,822,408	7,525	11,822,408	7,525
61-90	4,879,235	1,303,111	4,879,235	1,303,111
91-120	6,140,746	3,414,391	6,140,746	3,414,391
120 <	11,872,374	-	11,872,374	-
Total	87,929,604	67,732,486	91,071,071	60,088,756

16.2 The balances consist of credit card, rent and advertising debtor

17 OTHER FINANCIAL ASSETS

	Company		Group	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
Financial assets at fair value through profit and loss				
Investment in unit trust	**248,959**	248,959	**248,959**	248,959
Other Receivable				
Staff loan	**902,634**	259,568	**902,634**	259,568
Refundable deposit	**206,884,372**	108,289,383	**206,884,372**	142,893,093
	208,035,965	108,797,910	**208,035,965**	143,401,620
17.1 Total current	**1,440,000**	8,592,724	**1,440,000**	8,592,724
17.2 Total Non current	**206,595,965**	100,205,186	**206,595,965**	134,808,896
	208,035,965	108,797,910	**208,035,965**	143,401,620

18 CONTRACT LIABILITIES

	Company		Group	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
18.1 Deferred Revenue				
Loyalty programme				
Balance as at 01 st April	**9,113,757**	8,848,413	**9,113,757**	8,848,413
Points awarded during the period	**35,049,881**	16,659,783	**35,049,881**	16,659,783
Released to the income statement	**(41,815,021)**	(16,394,439)	**(41,815,021)**	(16,394,439)
Balance as at 31 st March	**2,348,617**	9,113,757	**2,348,617**	9,113,757
18.2 Deferred Expenditure				
Operating lease				
Balance as at 01 st April	**58,135,558**	49,336,007	**72,972,116**	57,983,647
Charged to the income statement	**520,734**	8,799,551	**13,833,683**	14,988,469
Balance as at 31 st March	**58,656,292**	58,135,558	**86,805,799**	72,972,116
Total Deferred Liability	**61,004,909**	67,249,315	**89,154,416**	82,085,873
18.2.1 Total current	**8,301,230**	11,846,035	**16,633,244**	37,077,972
18.2.2 Total non current	**52,703,679**	55,403,280	**72,521,173**	45,007,901
	61,004,909	67,249,315	**89,154,416**	82,085,873

NOTES TO THE FINANCIAL STATEMENTS

19 OTHER NON CURRENT LIABILITIES

	Company		Group	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
Retained from payments on constructions (19.1)	-	-	182,883,703	20,142,830
Advances received on apartment sales (19.2)	-	-	229,145,314	110,778,742
	-	-	412,029,017	130,921,572

19.1 The balance represents the retention amount on construction work carried out in relation to the mixed development project in progress by Odel Properties One (Pvt) Ltd.

19.2 The balance represents the advances received by Odel Properties One (Pvt) Ltd from the customers to reserve the apartments to be constructed under the mixed development project

20 AMOUNTS DUE FROM RELATED PARTIES

		Company		Group	
		2019	2018	**2019**	2018
	Relationship	LKR	LKR	LKR	LKR
Amount due from subsidiary companies					
Odel Properties (Pvt) Ltd	Subsidiary	74,064,647	76,091,604	-	-
Odel Properties One (Pvt) Ltd	Subsidiary	75,927,673	76,204,879	-	-
Odel Apparels (Pvt) Ltd	Subsidiary	20,009,821	18,419,416	-	-
Odel Lanka (Pvt) Ltd	Subsidiary	172,715,116	152,369,101	-	-
Softlogic Brands (Pvt) Ltd	Subsidiary	-	166,498,931	-	-
		342,717,257	489,583,931	-	-
Less: Provision for doubtful debt - Odel Lanka	Subsidiary	(65,532,013)	(65,532,013)	-	-
		277,185,244	424,051,918	-	-
Amount due from Other companies					
Softlogic Retail (Pvt) Ltd	Other Related	20,858,602	13,013,516	43,371,594	17,059,935
Softlogic Mobile Distribution (Pvt) Ltd	Other Related	-	-	2,504,609	1,538,260
Softlogic BPO Services (Pvt) Ltd	Other Related	20,036,750	83,300,000	20,059,150	83,300,000
Softlogic Holdings PLC	Ultimate Parent	-	92,575	2,928,283	144,000
Softlogic Restaurants (Pvt) Ltd	Other Related	28,113,210	2,921,859	28,113,210	2,921,859
Softlogic City Hotels (Pvt) Ltd	Other Related	722,264	469,511	722,264	521,911
Softlogic Information Technologies (Pvt) Ltd	Other Related	-	3,243,213	-	3,243,213
Softlogic Life Insurance PLC	Other Related	88,550	88,550	88,550	88,550
Central Hospital Ltd	Other Related	-	-	247,264	257,102
Softlogic Communication (Pvt) Ltd	Other Related	48,960	-	48,960	-
Softlogic Retail Holdings (Pvt) Ltd	Immediate Parent	255,775	-	359,755	-
Softlogic Supermarkets (Pvt) Ltd	Other Related	135,184	-	135,184	-
Asiri Hospital Holdings PLC	Other Related	-	-	166,127	-
		70,259,295	103,129,224	98,744,950	109,074,830
		347,444,539	527,181,142	98,744,950	109,074,830

21 INTEREST BEARING LOANS AND BORROWINGS

21.1 Company

		2019	2019	2019	2018	2018	2018
		Repayable within 1 year	Repayable after 1 year	Total	Repayable within 1 year	Repayable after 1 year	Total
		LKR	LKR	LKR	LKR	LKR	LKR
Bank loan	21.1.3	2,281,410,272	586,409,642	2,867,819,914	2,146,725,379	366,485,618	2,513,210,997
Bank overdraft	25.2	632,421,294	-	632,421,294	720,391,513	-	720,391,513
Related Party Loans	21.1.3	481,744,838		481,744,838	75,600,000	-	75,600,000
		3,395,576,404	586,409,642	3,981,986,046	2,942,716,892	366,485,618	3,309,202,510

21.1.1 Short Tern Loans

	2018	Obtained	Repayment	2019
	LKR	LKR	LKR	LKR
Bank Loans	1,778,835,083	548,986,189	(371,697,400)	1,956,123,872
Related party loans- Softlogic Holdings PLC	75,600,000	406,144,838	-	481,744,838
	1,854,435,083	955,131,027	(371,697,400)	2,437,868,710

21.1.2 Medium Term Loans

	2018	Obtained	Repayment	2019
	LKR	LKR	LKR	LKR
Bank Loans	734,375,914	550,000,000	(372,679,872)	911,696,042

21.1.3 Summary

	2018	Obtained	Repayment	2019
	LKR	LKR	LKR	LKR
Total bank loans	2,513,210,997	1,098,986,189	(744,377,272)	2,867,819,914
Total relatd party loans	75,600,000	406,144,838	-	481,744,838
Grand total	2,588,810,997	1,505,131,027	(744,377,272)	3,349,564,752

NOTES TO THE FINANCIAL STATEMENTS

21.2 Group

		2019	2019	2019	2018	2018	2018
		Repayable	**Repayable**		Repayable	Repayable	
		within 1 year	**after 1 year**	**Total**	within 1 year	after 1 year	Total
		LKR	**LKR**	**LKR**	LKR	LKR	LKR
Bank loan	21.2.4	3,422,054,351	3,045,059,407	6,467,113,758	2,990,124,295	366,485,618	3,356,609,913
Lease creditors	21.4	379,287	-	379,287	-	-	-
Bank overdraft	25.2	1,005,049,976	-	1,005,049,976	825,527,000	-	825,527,000
Related Party Loans	21.2.2	771,998,518	-	771,998,518	75,600,000	-	75,600,000
		5,199,482,131	3,045,059,407	8,244,541,539	3,891,251,295	366,485,618	4,257,736,913

	2018			2019
		Obtained	Repayment	
	LKR	LKR	LKR	LKR
Bank Loans				
Short term working capital loans	2,622,233,999	3,300,864,825	(2,826,330,873)	3,096,767,951
Medium term project loans	734,375,914	3,016,149,815	(380,179,922)	3,370,345,807
	3,356,609,913	6,317,014,640	(3,206,510,795)	6,467,113,758

21.2.1 Short Tern Loans

	2018			2019
		Obtained	Repayment	
	LKR	LKR	LKR	LKR
Bank Loans	2,622,233,999	3,300,864,825	(2,826,330,873)	3,096,767,951
Related party loans- Softlogic Holdings PLC	75,600,000	521,398,518	-	596,998,518
Related party loans- Softlogic Fianace PLC	-	175,000,000	-	175,000,000
	2,697,833,999	3,997,263,342	(2,826,330,873)	3,868,766,468

21.2.2 Related Party Loans

	2018	Obtained	Repayment	2019
	LKR	LKR	LKR	LKR
Short term working capital loans				
Softlogic Holdings PLC	75,600,000	521,398,518	-	**596,998,518**
Softlogic Finance PLC	-	175,000,000	-	**175,000,000**
	75,600,000	696,398,518	-	**771,998,518**

21.2.3 Medium Term Loans

	2018	Obtained	Repayment	2019
	LKR	LKR	LKR	LKR
Bank Loans	734,375,914	3,016,149,815	(380,179,922)	**3,370,345,807**

21.2.4 Summary

	2018	Obtained	Repayment	2019
	LKR	LKR	LKR	LKR
Total bank loans	3,356,609,913	6,317,014,640	(3,206,510,795)	**6,467,113,758**
Total relatd party loans	75,600,000	696,398,518	-	**771,998,518**
Grand total	3,432,209,913	7,013,413,158	(3,206,510,795)	**7,239,112,276**

NOTES TO THE FINANCIAL STATEMENTS

21.3 Terms of the loans and assets pledge

21.3.1 Company

Lending institution	Year Obtained	Loan/Facility value	Nature of facility	Security
BOC	2018/19	450Mn	Medium term loan	First and additional legal mortgage over the property depicted as Lot No. 01 in Plan No. 012166 dated 10.07.2012 made by K D W D Perera , LS of the property situated at a Kotte Road, Rajagiriya, within the Administrative Limits of the Municipal Council of Sri Jayawardanapura Kotte, in the District of Colombo, Western Province.
BOC	2018/19	100Mn	Medium term loan	Corporate Guarantee of Softlogic Holdings PLC
DFCC Bank	2012/13	96Mn	Medium term loan	Property at 15, C.W.W Kannangara Mw. Colombo 07 and 29 A,Jayathilaka Mawatha Panadura
Commercial Bank	2015/16	500Mn	Medium term loan	Credit card & debit card sales except for BIA
Commercial Bank	2016/17	500Mn	Medium term loan	Credit card & debit card sales except for BIA
Commercial Bank	2017/18	350Mn	Medium term loan	Credit card & debit card sales except for BIA
HNB	2018/19	375Mn	Short term Loan	Concurrent Mortgage Bond, Stock in Trade & Book debts
NTB	2018/19	28.5Mn	Short term Loan	None
Seylan Bank	2018/19	750Mn	Short term Loan	Loan Agreement Form for LKR 750Mn, Series of Loans for LKR 750 Mn, Facility Commitment Letter, Board Resolutions for borrowings
Union Bank	2014/15	450Mn	Short term Loan	Property at No 10, Ward Place, Colombo 7.
Union Bank	2018/19	400Mn	Short term Loan	Concurrent Mortgage Bond
DFCC Bank	2018/19	150Mn	Short term Loan	Primary Concurrent Mortgage Bond
BOC	2018/19	200Mn	Short term Loan	Loan Agreement
Nations Trust Bank	2018/19	101.5Mn	Import Loan	Mortgage over Stocks and Books Debts
Sampath Bank	2018/19		Import Loan	Import Loan Agreement
DFCC Bank	2018/19		Import Loan	Primary Concurrent Mortgage Bond
Commercial Bank	2018/19		Import Loan	None
Hatton National Bank		150Mn/400Mn	Bank Overdraft	Concurrent mortgage over stock and book debts
Sampath Bank		75Mn	Bank Overdraft	Existing Concurrent Mortgage Bond for Rs.300 Mn over stocks and book debts of the Company
Union Bank		100Mn	Bank Overdraft	Concurrent Mortgage Bond totaling to Rs. 1.650 Bn over stocks and book debts
DFCC Bank		135/175Mn	Bank Overdraft	Primary Concurrent Mortgage Bond No. 1066/4744/1439/1174 for Rs. 210 Mn over stocks
Bank of Ceylon		0	Bank Overdraft	
Seylan Bank		0	Bank Overdraft	
Nations Trust Bank		20Mn	Bank Overdraft	Mortgage Over Stocks & Book debts for Rs. 100Mn
Commercial Bank		50Mn	Bank Overdraft	Primary Mortgage Bond over credit and debit card sales of all outlets of the Company(excluding the outlet at BIA) routed through 3 Acquiring Banks (HSBC, Sampath, NTB- (Amex)
Softlogic Holding PLC	2016/17		Short term Loan	None

Repayment term	Interest Rate	**Loan Balance as at 31 March 2019**	Loan Balance as at 31 March 2018
66 Months including 6 Months Grace Period	AWPLR+ 2%	**450,000,000**	-
30 Months including 6 Months Grace Period	AWPLR+ 2%	**97,500,042**	-
84 equal monthly instalments (capital) after a grace period of 12 months	AWPLR+ 1%	**-**	15,999,914
5 Years	AWPLR+ 0.5%	**124,970,000**	224,978,000
3 Years	AWPLR+ 1.5%	**27,774,000**	194,442,000
4 Years	AWPLR+ 2%	**211,452,000**	298,956,000
Maximum of 90 days subject to roll over	13.66% -14.16% reviewed monthly	**375,000,000**	375,000,000
Maximum of 60 days subject to roll over	AWPLR+ 1.25%	**28,500,000**	-
Maximum of 90 days subject to roll over	15%	**750,000,000**	750,000,000
Monthly	AWPLR+ 2%	**-**	272,421,220
Monthly	AWPLR+ 2%	**400,000,000**	-
Maximum of 90 days subject to roll over	13%	**150,000,000**	176,868,449
Maximum of 90 days subject to roll over	Market rate reviewed monthly	**157,000,000**	200,000,000
Maximum of 90 days	AWPLR+ 1%	**20,482,818**	-
Maximum of 90 days	AWPLR+ 1.25%	**32,127,021**	-
Maximum of 90 days	4 week AWPLR+ 2% - review monthly	**6,434,042**	-
Maximum of 90 days	PLR + 1.5%	**36,579,991**	4,545,414
On demand	AWPLR (reviewed Annually)	**235,805,150**	307,983,704
On demand	AWPLR+1.25%	**75,457,775**	64,576,894
On demand	AWPLR +2% P.A.	**102,328,280**	282,943,117
On demand	Revised every month and will be 2% per annum above the AWPR	**136,546,435**	-
On demand		**3,709,287**	-
On demand		**4,323,233**	-
On demand	Weekly AWPLR+1.5%p.a	**31,038,572**	7,826,877
On demand	PLR+2.5% p.a., reviewed Monthly	**43,212,562**	46,955,607
On demand (Related party)	15.49% reviewd monthly	**481,744,838**	75,600,000

NOTES TO THE FINANCIAL STATEMENTS

21.3.2 Group (together with No 21.3.1)

21.3.2.1 Odel Properties One (Pvt) Ltd

Lending institution	Year Obtained	Loan/Facility value	Nature of facility	Security
HNB/Sampath/ BOC	2018/19	5,400 Mn	Medium term loan	Primary concurrent mortgage over the property marked lot A depicted in Plan No 016016 made by K.D Walter D Perera LS together with building and everything else standing thereon. 100% of ordinary shares of Odel Properties One (Pvt) Ltd. Corporate guarantee of Softlogic Holding PLC for 5.4 Bn. Document of the title of goods to be imported in respect of a LC / Shipping guarantee for the mixed development project.
HNB	2017/18	250 Mn	Short term Loan	Corporate guarantee from Odel PLC & Softlogic Holding PLC

21.3.2.2 Softlogic Brands (Pvt) Ltd

Lending institution	Year Obtained	Loan/Facility value	Nature of facility	Security
BOC	2018/19	450 Mn	Medium term loan	First legal mortgage over the property depicted as Lot No. Y in plane No 996 made by S.B Abeysinghe situated at 29A, Jayathilaka mawatha in Panadura.
Commercial Bank	2017/18	100 Mn	Import Loan	
DFCC	2015/16	75 Mn	Import Loan	Corporate Guarantee RS. 100 Mn executed by ODEL
Union Bank	2017/18	250 Mn	Import Loan	Corporate Guarantee RS. 200 Mn executed by ODEL + A negative pledge over stocks & Book Debts
NTB	2017/18	50 Mn	Import Loan	
HNB	2017/18	200 Mn	Short term Loan	Corporate Guarantee RS. 200 Mn executed by ODEL
Seylan Bank PLC	2018/19	-	Import Loan	None
Sampath Bank PLC	2018/19	-	Import Loan	None
Softlogic Holding PLC	2017/18	-	Short term Loan	None
Softlogic Finance PLC	2018/19	-	Short term Loan	None

21.3.2.3 Cotton Collections (Pvt) Ltd

Lending institution	Year Obtained	Loan/Facility value	Nature of facility	Security
NTB	2017/18	50 Mn	Import Loan	Primary mortgage over stocks for Rs 80 Mn

Repayment term	Interest Rate	**Loan Balance as at 31 March 2019**	Loan Balance as at 31 March 2018
120 months including a grace Period of 36 months	AWPLR + 2%	**2,016,149,815**	-
3 Months		-	209,558,929

Repayment term	Interest Rate	**Loan Balance as at 31 March 2019**	Loan Balance as at 31 March 2018
66 months including 6 months grace period	AWPLR + 2%	**442,499,950**	-
Maximum 90 Days	AWPLR + 2%	**80,275,526**	7,505,106
Maximum 180 Days	AWPLR + 2%	**153,377,291**	51,582,658
Maximum 120 Days	AWPLR + 2%	**317,255,800**	270,583,245
Maximum 90 Days	AWPLR + 2%	**63,623,162**	31,118,978
Maximum 90 Days	AWPLR + 2%	**125,000,000**	175,000,000
Within 90 Days of granting each loan	AWPLR + 2%	**242,019,239**	-
Within 120 Days of granting each loan	AWPLR + 2%	**98,000,000**	-
On demand (Related party)	AWPLR + 2%	-	98,050,000
On demand (Related party)	AWPLR + 2%	**175,000,000**	-

Repayment term	Interest Rate	**Loan Balance as at 31 March 2019**	Loan Balance as at 31 March 2018
Within 120 Days of granting each loan	AWPLR + 2.75%	**61,093,061**	-

NOTES TO THE FINANCIAL STATEMENTS

Long term finance lease commitments - Group

	2019	2019	2019	2018	2018	2018
	Repayable	Repayable		Repayable	Repayable	
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Future minimum lease payment	382,924	-	382,924	-	-	-
Finance cost allocated to future period	(3,637)	-	(3,637)	-	-	-
Net liability	379,287	-	379,287	-	-	-

22 RETIREMENT BENEFIT LIABILITY

		Company		Group	
		2019	2018	2019	2018
		LKR	LKR	LKR	LKR
Defined Benefit Plan Costs - Gratuity					
As at the beginning of the year		55,321,269	39,583,277	69,888,564	47,826,823
Balance acquired		-	-	4,242,019	-
Charge for the year	22.1	12,787,376	10,683,626	10,409,145	13,619,335
Payment made during the year		(11,775,527)	(6,066,983)	(15,414,119)	(6,828,541)
Actuarial loss/ (Gain) on obligation		4,614,786	11,121,348	6,830,583	15,270,946
Defined Benefit Obligation as at the end of the year		60,947,904	55,321,269	75,956,191	69,888,564
22.1 Charge for the year					
Current service cost		7,255,250	5,636,758	3,618,376	7,504,104
Interest cost		5,532,126	5,046,868	6,790,769	6,115,231
Gratuity		12,787,376	10,683,626	10,409,145	13,619,335
Recognized in other comprehensive income					
Experience losses/(Gain) arising during the year		8,779,847	4,060,149	12,537,831	5,222,648
Losses/(Gain) due to change in assumption		(4,165,061)	7,061,199	(5,707,248)	10,048,298
		4,614,786	11,121,348	6,830,583	15,270,946

22.2 The Retirement benefit liability of Odel PLC is valued by Mr. Piyal Goonatilleke, who is a fellow member of the society of actuaries (USA) and a member of the American Academy of Actuaries. Defined liability is valued as at 31st March 2019 and the principal actuarial assumptions used are as follows.

Principal actuarial assumptions

	Company		Group	
	2019	2018	**2019**	2018
Discount rate	**11.00%**	10.00%	**10%, 10.16%**	10%, 10.16%
			& 10.36%	& 10.36%
Salary increases	**8.0%**	8.0%	**8.0%**	8.0%
Staff turnover				
Age	**Turnover**	Turnover	**Turnover**	Turnover
20	**40%**	40%	**40%**	40%
25	**40%**	40%	**40%**	40%
30	**30%**	30%	**30%**	30%
35	**20%**	20%	**20%**	20%
40	**11%**	11%	**11%**	11%
45	**6%**	6%	**6%**	6%
50	**1%**	1%	**1%**	1%
Retirement Age	**55 Years**	55 Years	**55 Years**	55 Years
Weighted average duration of define benefit obligation	**7.3 Years**	7.5 Years	**7.5, 11.8 & 12.5 Years**	7.5, 11.8 & 12.5 Years

22.3 Sensitivity of Assumptions Employed in Actuarial Valuation

The following table demonstrates the sensitivity to a reasonably possible change in the key assumptions employed with all other variables held constant in the employment benefit liability measurement.

The sensitivity of the Comprehensive Income Statement and the Statement of Financial Position is the effect of the assumed changes in discount rate and salary increment rate on the profit & loss and employment benefit obligation for the year.

Assumptions	Discount rate		Salary increment rate	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on defined benefit obligation - Company	(3,718,387)	4,165,060	4,116,146	(3,738,432)
Impact on defined benefit obligation - Group	(4,039,423)	6,835,306	6,775,614	(4,073,599)

NOTES TO THE FINANCIAL STATEMENTS

22.4 Maturity Analysis - Company

Year	Retirement	Term	Death	Disable	Total
2019/2020	3,399,635	12,503,483	137,730	238,849	16,279,697
2020/2021	2,815,181	11,419,034	156,321	265,157	14,655,693
2021/2022	5,246,253	10,386,213	179,470	297,010	16,108,946
2022/2023	3,834,228	9,394,705	193,081	321,559	13,743,573
2023/2024	1,088,233	8,894,155	227,404	376,663	10,586,455
2024/2025	2,204,054	8,343,760	282,290	474,402	11,304,506
2025/2026	4,084,096	7,148,814	331,207	569,815	12,133,932
2026/2027	13,021,618	6,170,340	379,168	671,625	20,242,751
2027/2028	13,240,501	5,342,055	392,588	717,684	19,692,828
2028/2029	18,579,837	4,325,847	611,653	1,125,765	24,643,102
2018/2019	Actual Benefit Pay-out				11,775,527

The expected benefits are estimated based on the same assumptions used to measure the company's benefit obligation at the end of the year and include benefits attributable to estimated future employee service.

23 TRADE AND OTHER PAYABLES

	Company		Group	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
Financial Labilities				
Trade payables	**140,902,607**	258,551,635	**534,466,558**	541,533,137
Sundry creditors	**236,050,378**	167,571,408	**431,832,078**	185,752,843
Accrued expenses	**52,934,012**	37,425,432	**77,502,468**	68,829,989
Unredeemed vouchers	**61,604,388**	101,407,167	**61,604,388**	109,626,408
Work certified on constructions	**-**	-	**141,152,565**	124,512,117
Deposits & Advances	**227,332,595**	25,262,858	**24,641,379**	30,377,964
	718,823,980	590,218,500	**1,271,199,435**	1,060,632,458
Non Financial Liabilities				
Tax & Statutory	**(16,287,449)**	11,026,344	**(12,727,613)**	(4,158,880)
	702,536,531	601,244,844	**1,258,471,822**	1,056,473,578

24 AMOUNTS DUE TO RELATED PARTIES

		Company		Group	
		2019	2018	2019	2018
	Relationship	LKR	LKR	LKR	LKR
Amount due to subsidiary companies					
Odel Information Technology Services (Pvt) Ltd	Subsidiary	9,000,082	2,562,982	-	-
Odel Restaurant (Pvt) Ltd	Subsidiary	950,000	1,000,000	-	-
Softlogic Brands (Pvt) Ltd	Subsidiary	643,622,188	433,969,505	-	-
Cotton Collection (Pvt) Ltd	Subsidiary	41,099,377	-	-	-
		694,671,647	437,532,487	-	-
Amount due to other companies					
Softlogic Retail (Pvt) Ltd	Other related	-	126,086	125,146,295	129,570,756
Softlogic Corporate Services (Pvt) Ltd	Other related	1,173,836	-	2,397,911	309,100
Softlogic Destination Management Ltd	Other related	1,354,251	-	1,356,751	-
Softlogic Furniture (Pvt) Ltd	Other related	-	2,254	-	2,254
Softlogic Holdings PLC	Ultimate parent	13,678,538	-	35,162,322	1,513,169
Softlogic Information Technologies (Pvt) Ltd	Other related	32,500	-	52,000	-
Softlogic Restaurants (Pvt) Ltd	Other related	-	-	222,124	225,194
Softlogic Communications (Pvt) Ltd	Other related	-	2,028	18,904	20,932
Softlogic Retail One (Pvt) Ltd	Other related	-	-	70,792	70,792
Ceysand Resorts (Pvt) Ltd	Other related	150,000	-	150,000	-
Future Automobiles (Pvt) Ltd	Other related	14,437	-	14,437	-
Softlogic Computers (Pvt) Ltd	Other related	3,850	-	3,850	-
Softlogic Mobile Distribution (Pvt) Ltd	Other related	20,000,000	-	20,000,000	-
		36,407,412	130,368	184,595,386	131,712,197
		731,079,059	437,662,855	184,595,386	131,712,197

NOTES TO THE FINANCIAL STATEMENTS

25 CASH AND CASH EQUIVALENTS

Components of Cash and Cash Equivalents	Company		Group	
	2019	2018	2019	2018
	LKR	LKR	LKR	LKR
25.1 Favourable cash & cash equivalents balance				
Cash & bank balances	22,435,869	62,261,092	117,229,478	175,721,010
25.2 Unfavourable cash & cash equivalents balance				
Bank overdraft	(632,421,294)	(720,391,513)	(1,005,049,976)	(825,527,000)
	(609,985,425)	(658,130,421)	(887,820,498)	(649,805,990)

26 STATED CAPITAL

	2019	2018	2019	2018
	Number	LKR	Number	LKR
Fully paid ordinary shares	272,129,431	2,795,513,620	272,129,431	2,795,513,620
	272,129,431	2,795,513,620	272,129,431	2,795,513,620

27 FINANCIAL ASSETS & LIABILITIES - FAIR VALUES

27.1 The fair value of the financial assets and liabilities is included in the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Investment in unit trust, cash and short-term deposits, staff loans, refundable deposits, trade receivables, trade payables, amount due to/from related party and other current liabilities approximate their carrying amounts.

The fair value of, obligations under finance leases, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair value of loans from bank approximate the carrying value as loans have been obtained on floating rates.

27.2 Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1 : quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3 : techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at 31 March 2019, the Group held the following assets carried at fair value in the statement of financial position:

Assets measured at fair value - 2019		**Level 1**	**Level 2**	**Level 3**
	LKR	LKR	LKR	LKR
Financial assets at fair value through profit and loss				
Investment in unit trust	248,959	248,959	-	-
			-	-
Non-Financial Assets				
Free hold lands	5,640,000,000	-	-	5,640,000,000
Free hold buildings	494,400,000	-	-	494,400,000
Investment Property	1,364,000,000	-	-	1,364,000,000

Assets measured at fair value - 2018		Level 1	Level 2	Level 3
	LKR	LKR	LKR	LKR
Financial assets at fair value through profit and loss				
Investment in unit trust	248,959	248,959	-	-
Non-Financial Assets				
Free hold lands	5,142,000,000	-	-	5,142,000,000
Free hold buildings	546,000,000	-	-	546,000,000
Investment Property	1,130,000,000			1,130,000,000

27.3 Unobservable inputs used in measuring the fair value of non-financial assets

Note numbers 10.3 & 11.3 set out information about significant unobservable inputs used as at 31st March 2019 in measuring non-financial assets categorised as level 3 in the fair value hierarchy

28 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit / (loss) for the year attributable to equity holders of parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares outstanding during the year and the previous year are adjusted for events, that have changed the number of ordinary shares outstanding, without a corresponding change in the resources.

The following reflects the income and share data used in the basic earning per share computations

	2019	2018
	LKR	LKR
Amounts used as the numerators:		
Net profit	244,652,393	199,341,908
Net profit attributable to ordinary shareholders for basic earnings per share	244,652,393	199,341,908
Number of ordinary shares used as denominators:		
Weighted average number of ordinary shares in issue applicable to basic earnings per share	272,129,431	272,129,431
Adjusted weighted average number of ordinary shares applicable to basic earnings per share	272,129,431	272,129,431
Basic Earning per share	0.90	0.73

NOTES TO THE FINANCIAL STATEMENTS

29 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

There were no significant capital commitments and contingent liabilities as of the Balance sheet date except for the operating lease commitments stated in the note 32 to this financial statements and for the amount disclosed below,

29.1 Capital Commitments

Odel Properties One (Pvt) Ltd which is a fully owned subsidiary, has entered into agreements with;

a) Access Engineering PLC for Rs 570 Mn to construct the diaphragm wall and piling work of the proposed Odel department store. As at 31st March 2019, estimated value of the work done is Rs 450Mn.

b) China Construction Third Engineering Bureau Co, Ltd for 7,017 Mn on commercial development at Ward Place. As at 31st March 2019, the estimated value oof the work done is Rs 1.543 Bn

Non contracted capital commitments

Estimated non contracted commitment for the above project will be Rs 8,310 Mn.

29.2 Contingent Liabilities

letter of credits executed for LKR 219,607,341 (USD 845,845 & EUR 199,217 & SGD 18,630) and reffer note no 21.3.2.1 and 21.3.2.2 to this financial statements for the details of the corporate guarantees given by Odel PLC

30 RELATED PARTY DISCLOSURES

The financial statements include the financial statements of the Group and the Subsidiaries listed in the following table:

Name	% of equity interest	
	2019	2018
Odel Apparels (Pvt) Ltd	100%	100%
Odel Information Technology Services (Pvt) Ltd	100%	100%
Odel Properties (Pvt) Ltd	100%	100%
Odel Lanka (Pvt) Ltd	100%	100%
BSL International (Pvt) Ltd	100%	100%
Greenfield Trading (Pvt) Ltd	100%	100%
Softlogic Brands (Pvt) Ltd	100%	100%
Odel Properties One (Pvt) Ltd	100%	100%
Odel Restaurants (Pvt) Ltd	100%	100%
Cotton Collections (Pvt) Ltd	100%	

30.1 Transaction with the parent Entity

The following table provides the total amount of transactions that have been entered into with the above related parties for the relevant financial year and the information regarding outstanding balances as at balance sheet date

	2019	2018
	LKR	LKR
Transactions between the Company and subsidiaries		
Nature of Transaction		
Balance as at 1 April (Before Provision)	52,051,444	79,605,531
Loan Granted	(419,440,087)	(219,443,255)
Purchase of Goods/Services	(706,856,020)	(598,370,690)
Sale of goods/services	197,026,999	
Investment in equity shares	-	(189,583,390)
Settlement of liabilities on behalf of the Company	525,263,274	979,843,248
Balance as at 31 March (Before Provision)	(351,954,390)	52,051,444

	2019	2018
	LKR	LKR
Transactions between the Company and other related entities		
Nature of Transaction		
Balance as at 1 April (Before Provision)	102,998,856	53,063,650
Loan Granted/Advance Paid	(104,949,012)	(1,757,300,000)
Purchase of goods/services	(286,284,181)	(124,178,529)
Sale of goods/services	78,655,114	
Settlements/Receipts	243,431,106	1,931,413,735
Balance as at 31 March (Before Provision)	33,851,883	102,998,856

30.2 Transactions with immediate parent company - Softlogic Retail Holding (Pvt) Ltd.

During the year,Rs 255,755/= has been incurred by Odel PLC on behalf of Softlogic Retail Holding (Pvt) Ltd.

Transactions with ultimate parent company - Softlogic Holding PLC

Working capital loans of LKR 406,144,838 were obtained and out of which no settlement was done during the financial year. Further LKR 64,371,499/= worth of services were received during the financial year.

Above balances are included in the amount due to / due from related parties. Balance outstanding as at the year end is disclosed in the Note 20 and 24 to the financial statements

Terms and conditions of transactions with related parties

All trading transactions are at the arms length and interest has been charged on loans granted at the rate of AWPLR + 1%. All other amounts are due to/from on demand

NOTES TO THE FINANCIAL STATEMENTS

30.3 Transactions with Key Management Personnel of the Company or its parent

The key management personnel of the Company/Group are the members of its Board of Directors and that of its parent.

	2019	2018
	LKR	LKR
a) Key Management Personnel Compensation		
Short-term employee benefits	3,600,000	3,600,000
Post-employment benefits	-	-
Other long term benefits	-	-
Termination benefit	-	-
Share based payments	-	-
	3,600,000	3,600,000
b) Advances received for purchase of goods/services	19,401,406	8,622,000
	23,001,406	12,222,000

31 Operating lease commitments — Group

The Group has entered into commercial leases for properties to operate its outlet network. These leases have an average life of between 4 and 9 years. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2019	2018
	LKR	LKR
Within one year	868,401,489	323,580,373
After one year but not more than five years	3,450,472,450	930,538,023
More than five years	908,269,794	450,743,590
	5,227,143,734	1,704,861,986

Operating lease commitments — Company

Future minimum rentals payable under non-cancellable operating leases are as follows:

	2019	2018
	LKR	LKR
Within one year	397,986,058	208,381,714
After one year but not more than five years	1,894,058,003	572,235,847
More than five years	600,446,958	297,408,133
	2,892,491,019	1,078,025,693

32 DIVIDENDS PAID AND PROPOSED

	2019	2018
	LKR	LKR
Declared and paid during the year:		
Dividends on ordinary shares:		
Final dividend for 2019: 0 cents per share (2018: 0 cents per share)	-	-
Interim dividend paid for 2019: 0.26 cents per share (2018: 0 cents per share)	70,753,652	-
	70,753,652	-

33 COMPARATIVE INFORMATION

33.1 Reclassifications of financial Instruments on adoption of SLFRS 09

On the date of initial application, 1 April 2018, the financial instruments of the group and the company were as follows, with any reclassification noted:

Group	Measurement category		Carring Amount		
	Original (LKAS 39)	New (SLFRS 9)	Original	New	Difference
Other Current & Non Current Financial Assets	Loans and receivables	Amortised cost	143,401,620	143,401,620	-
Trade and other receivables	Loans and receivables	Amortised cost	120,398,953	120,398,953	-
Cash and Cash Equivelant	Loans and receivables	Amortised cost	175,721,010	175,721,010	
Trade and Other Payable	Amortised cost	Amortised cost	1,060,632,458	1,060,632,458	-
Interest bearing borrowing	Amortised cost	Amortised cost	4,257,736,913	4,257,736,913	-

Company	Measurement category		Carring Amount		
	Original (LKAS 39)	New (SLFRS 9)	Original	New	Difference
Other Current & Non Current Financial Assets	Loans and receivables	Amortised cost	108,797,910	108,797,910	-
Trade and other receivables	Loans and receivables	Amortised cost	118,299,978	118,299,978	-
Cash and Cash Equivelant	Loans and receivables	Amortised cost	62,261,092	62,261,092	
* The Differences noted in this column are the result of applying the new expected Credit Loss Model. The reclassifications of the financial instruments on adoption of SLFRS 9 did not resuilt in any changes to measurement.					
Trade and Other Payable	Amortised cost	Amortised cost	590,218,500	590,218,500	-
Interest bearing borrowing	Amortised cost	Amortised cost	3,309,202,510	3,309,202,510	-

NOTES TO THE FINANCIAL STATEMENTS

33.2 Adaption of SLFRS 15

The adaption of SLFRS 15 in the retail sector of the group resulted no adjustments being required to the statement of financial position of the group as at 01 April 2018, except for the reclassification as below,

Group	Measurement category		Carring Amount		
	Original (LKAS 18)	New (SLFRS 15)	Original	New	Difference
Loyalty program	Deferred liability	Contract liabilities	9,113,757	9,113,757	-
Operating lease	Deferred liability	Contract liabilities	72,972,116	72,972,116	-

Company	Measurement category		Carring Amount		
	Original (LKAS 18)	New (SLFRS 15)	Original	New	Difference
Loyalty program	Deferred liability	Contract liabilities	9,113,757	9,113,757	-
Operating lease	Deferred liability	Contract liabilities	58,135,558	58,135,558	-

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations.

The Group has loan and receivables, trade and other receivables, and cash and short-term deposits that are derived directly from its operations.

The Group's senior management oversees the management of the financial risks. The Board of Directors has the overall responsibility to manage risk effectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates arise due to the borrowings with floating interest rates. The company work closely with the parent company to negotiate favourable terms and consitions for loan facilities obtained.

34.1 Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax	
		Company	Group
2019			
Loan interest	+100	(36,455,943)	(62,511,392)
Loan interest	-100	36,455,943	62,511,392
2018			
Loan interest	+100	(33,092,025)	(28,377,057)
Loan interest	-100	33,092,025	28,377,057

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group has minimal exposure to credit risk from operating activities due to nature of business. The risk from its financing activities, including deposits with banks and financial institutions is managed by dealing with institutions carrying high credit rating.

34.2 Credit exposure

The Company's maximum exposure to credit risk for the components of the Statement of Financial Position as at balance sheet date is the carrying amounts of respective financial instruments.

34.2.1 Company

As at 31 March 2019	Neither past-due nor impaired						
						Past-due but not	
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated	impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	65,087,215	22,842,389	87,929,604
Other debtors	-	-	-	-	105,249,071	-	105,249,071
Deposits & prepayments					523,436,006		523,436,006
Staff loan					902,634		902,634
Refundable deposit					206,884,372		206,884,372
Investment in unit trust					248,959		248,959
Amounts due from related parties					347,444,539		347,444,539
Total	-	-	-	-	1,249,252,796	22,842,389	1,272,095,185

As at 31 March 2018	Neither past-due nor impaired						
						Past-due but not	
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated	impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	63,007,459	4,725,027	67,732,486
Other debtors	-	-	-	-	50,567,492	-	50,567,492
Deposits & prepayments					566,938,254		566,938,254
Staff loan					259,568		259,568
Refundable deposit					108,289,383		108,289,383
Investment in unit trust					248,959		248,959
Amounts due from related parties					527,181,142		527,181,142
Total	-	-	-	-	1,316,492,257	4,725,027	1,321,217,284

NOTES TO THE FINANCIAL STATEMENTS

34.2.2 Group

As at 31 March 2019	**Neither past-due nor impaired**						
	Risk free	**AAA to AA-**	**A+ to A-**	**BBB+ to BB-**	**Non-rated**	**Past-due but not impaired**	**Total**
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	68,228,682	22,842,389	91,071,071
Other debtors	-	-	-	-	242,240,008	-	242,240,008
Deposits & prepayments					984,297,183		984,297,183
Staff loan					902,634		902,634
Refundable deposit					206,884,372		206,884,372
Investment in unit trust					248,959		248,959
Amounts due from related parties					98,744,950		98,744,950
Total	-	-	-	-	1,601,546,789	22,842,389	1,624,389,178

As at 31 March 2018	**Neither past-due nor impaired**						
	Risk free	AAA to AA-	A+ to A-	BBB+ to BB-	Non-rated	Past-due but not impaired	Total
	LKR	LKR	LKR	LKR	LKR	LKR	LKR
Loans and receivables							
Trade debtors	-	-	-	-	55,363,729	4,725,027	60,088,756
Other debtors	-	-	-	-	60,310,197	-	60,310,197
Deposits & prepayments					836,933,050		836,933,050
Staff loan					259,568		259,568
Refundable deposit					142,893,093		142,893,093
Investment in unit trust					248,959		248,959
Amounts due from related parties					109,074,830		109,074,830
Total	-	-	-	-	1,205,083,426	4,725,027	1,209,808,453

34.3 Liquidity Risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled with existing lenders.

The Company and the Group are making optimum use of cash inflows with the help of the Group treasury division, ensuring the Group-wide interest exposure is kept to a minimum & performing regular reviews of the actual performance against planned to ensure achievement of budgeted targets to mitigate he risk.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted gross payments.

34.3.1 Company

Year ended 31 March 2019	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings	-	2,858,630,788	133,906,147	563,072,489	-	3,555,609,424
Bank Overdrafts	632,421,294	-	-	-	-	632,421,294
Trade and other payables	61,604,388	640,932,143	-	-	-	702,536,531
	694,025,682	3,499,562,931	133,906,147	563,072,489	-	4,890,567,249

Year ended 31 March 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings	-	1,891,919,766	322,021,110	407,511,882	-	2,621,452,759
Bank Overdrafts	720,391,513	-	-	-	-	720,391,513
Trade and other payables	101,407,167	499,837,677	-	-	-	601,244,844
	821,798,680	2,391,757,443	322,021,110	407,511,882	-	3,943,089,116

NOTES TO THE FINANCIAL STATEMENTS

34.3.2 Group

Year ended 31 March 2019	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings	-	4,399,228,200	458,202,486	3,482,447,850	386,227,344	8,726,105,880
Bank Overdrafts	1,005,049,976	-	-	-	-	1,005,049,976
Trade and other payables	61,604,388	1,196,867,434	-	-	-	1,258,471,822
Other non current liabilities	-	-	-	412,029,017	-	412,029,017
	1,066,654,364	5,596,095,635	458,202,486	3,482,447,850	386,227,344	10,989,627,678

Year ended 31 March 2018	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	LKR	LKR	LKR	LKR	LKR	LKR
Interest-bearing loans and borrowings	-	2,735,318,682	322,021,110	407,511,882	-	3,464,851,675
Bank Overdrafts	825,527,000	-	-	-	-	825,527,000
Trade and other payables	101,407,167	955,066,411	-	-	-	1,056,473,578
Other non current liabilities	-	-	-	130,921,572	-	130,921,572
	926,934,167	3,690,385,093	322,021,110	538,433,454	-	5,346,852,253

34.4 Capital Management

The Board's policy is to maintain healthy capital base so as to maintain lenders,investor, creditor and market confidance and to sustain future development of the business. Capital consists of share capital, reserves, retained earnings of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

The gearing ratio at the reporting date was as follows

	Company		Group	
	2019	2018	**2019**	2018
	LKR	LKR	LKR	LKR
Interest bearing borrowings - Current	**3,373,140,535**	2,880,455,800	**5,082,252,654**	3,715,530,285
Interest bearing borrowings - Non Current	**586,409,642**	366,485,618	**3,045,059,407**	366,485,618
Total Borrowings	**3,959,550,177**	3,246,941,418	**8,127,312,061**	4,082,015,903
Total Equity	**6,630,555,575**	6,250,226,678	**7,867,432,444**	7,256,200,454
Total Equity and Debt	**10,590,105,752**	9,497,168,096	**15,994,744,505**	11,338,216,357
Gearing Ratio (Total Debt/ Total Capital)	**37%**	34%	**51%**	36%

35 SIGNIFICANT TRANSACTIONS AND EVENTS

35.1 Odel PLC invested Rs 210,670,444/= additionally in the ordinary shares of Odel Properties One (Pvt) Ltd, a fully owned subsidiary, of which the business is to carry out a special project under the agreement with the Board of Investment.

35.2 Odel PLC acquired 100% of the voting shares of Cotton Collection (Pvt) Ltd for 300 Mn on 28th August 2018, of which the principal activity and nature of operation is to engage in retail business.

36 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There have been no material events occurring after the balance sheet date that require adjustments to or disclosure in the financial statements.

37 Segment Information

Odel group is organised into business units based on its products and services and has two reportable segments, as follows,

* Fashion Retailing Segment which offers various fashion related clothing, accessories and sport ware foot ware etc., to wide range of customers.

* The investment property segment consists of land that holds for capital appreciation purpose.

The Management team monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements

The methods of accounting for the reportable segments are the same as those stated in "2.5 Summary of Significant Accounting Policies".

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2019						Consolidated
		Investment			Adjustments and	Financial
	Fashion Retail	Property	Other	Total Segmennts	Eliminatiion	Statements
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue						
External Customers	8,077,350,451		82,360,659	8,159,711,110		8,159,711,110
Inter Company	718,296,434		248,322,126	966,618,560	(966,618,560)	-
Total Revenue	8,795,646,885		330,682,786	9,126,329,671	(966,618,560)	8,159,711,110
Other Operating Income	63,213,401	234,000,000		297,213,401		297,213,401
EBIT	690,359,603	234,000,000		924,359,603		924,359,603
Amortisation and depreciation	478,217,464			478,217,464		478,217,464
Segment Profit	34,052,393	210,600,000		244,652,393		244,652,393
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	11,282,793,642	1,364,000,000		12,646,793,642		12,646,793,642
Total Liabilities	11,160,841,442	69,800,000		11,230,641,442		11,230,641,442

Year ended 31 March 2018						Consolidated
		Investment			Adjustments and	Financial
	Fashion Retail	Property	Other	Total Segmennts	Eliminatiion	Statements
	LKR	LKR	LKR	LKR	LKR	LKR
Revenue						
External Customers	7,041,255,402		371,315,687	7,412,571,089		7,412,571,089
Inter Company	473,299,075		105,231,997	578,531,072	(578,531,072)	-
Total Revenue	7,514,554,477		476,547,684	7,991,102,161	(578,531,072)	7,412,571,089
Other Operating Income	11,394,920	189,000,000				200,394,920
EBIT	455,102,402	188,060,245				643,162,647
Amortisation and depreciation	359,741,550					359,741,550
Segment Profit	38,083,922	161,257,986				199,341,908
Non-Current Assets (excluding financial assets, goodwill and deferred tax assets)	8,066,624,112	1,130,000,000				9,196,624,112
Total Liabilities	6,456,096,915	161,589,101				6,617,686,016

Amount classified under "Other" category in above table, consists of commission / rental income earned by the Company from third parties

INVESTOR INFORMATION

The percentage of shares held by the public as at 31 March 2019 was 2.26% (2018 ~ 2.28%). The number of shareholders representing the public holding was 5,148 (2018 ~ 5,285)

Market Capitalisation of public share holding is LKR 160,783,073 (2018 - LKR 156,817,726)

DISTRIBUTION OF SHAREHOLDING AS AT 31 ST MARCH 2019

There were 5,151 registered shareholders as at 31st March 2019

NO. OF SHARES HELD		NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL HOLDING
1	1,000	4,651	90.29	1,162,137	0.43
1,001	10,000	438	8.50	1,354,693	0.50
10,001	100,000	53	1.03	1,557,230	0.57
100,001	1,000,000	7	0.14	2,134,503	0.78
Over	1,000,000	2	0.04	265,920,868	97.72
TOTAL		5,151	100	272,129,431	100

ANALYSIS REPORT OF SHAREHOLDERS AS AT 31 ST MARCH 2019

Analysis of Share Holders According to the No of Shares [Company/Member]

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL HOLDING
Individual	5,054	98.12	4,312,543	1.58
Institutional	97	1.88	267,816,888	98.42
TOTAL	5,151	100	272,129,431	100

Analysis of Share Holders According to the No of Shares [Local/Foriegn]

CATEGORY	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	TOTAL HOLDING	% OF TOTAL HOLDING
Resident	5,122	99.44	271,877,339	99.91
Non-resident	29	0.56	252,092	0.09
TOTAL	5,151	100	272,129,431	100

SHARE TRADING INFORMATION

	2018/19	2017/18
	LKR	LKR
Highest	32.50	27.40
Lowest	22.10	20.60
Closing	26.10	25.90
Dividend per share (cents)	0.26	-
Dividend pay out (%)	20%	-

INVESTOR INFORMATION

TWENTY LARGEST SHAREHOLDERS OF THE COMPANY AS AT 31 MARCH 2019 ARE AS FOLLOWS.

No	Name	No of Shares	%
1	SOFTLOGIC RETAIL HOLDINGS (PRIVATE) LIMITED	240,920,868	88.53
2	COMMERCIAL BANK OF CEYLON PLC/SOFTLOGIC RETAIL HOLDINGS (PVT) LTD	25,000,000	9.19
3	Mrs. ELAINE BRYNHILDA HELGA ANIL PERERA	527,000	0.19
4	AYENKA HOLDINGS PRIVATE LIMITED	509,408	0.19
5	MERCANTILE INVESTMENTS AND FINANCE PLC	300,000	0.11
6	TANGERINE TOURS (PVT) LIMITED	225,600	0.08
7	BANK OF CEYLON NO. 1 ACCOUNT	222,295	0.08
8	MR. INDIKA PRASAD GALHENAGE	200,100	0.07
9	ASHA FINANCIAL SERVICES LIMITED/MR.C.N.PAKIANATHAN	150,100	0.06
10	Mr. NAYANAKA ARJUNA SAMARAKOON	100,000	0.04
11	MISS NEESHA HARNAM	99,800	0.04
12	PEOPLE'S LEASING & FINANCE PLC/DR.H.S.D.SOYSA & MRS.G.SOYSA	90,000	0.03
13	COMMERCIAL BANK OF CEYLON PLC/ANDARADENIYA ESTATE (PVT) LTD	81,700	0.03
14	MR. AMARAKOON MUDIYANSELAGE WEERASINGHE	66,200	0.02
15	Mr. MADHURA SUPUN HIRIPITIYA	60,305	0.02
16	BANSEI SECURITIES CAPITAL (PVT) LTD/M.A.U. GNANATILAKE	55,950	0.02
17	Mr. SARATH KUSUM WICKREMESINGHE	55,000	0.02
18	DFCC BANK PLC/MR.M.C.FERNANDO	54,191	0.02
19	Mr. DILIP SUDHIRA JAYAWICKRAMA	50,000	0.02
20	MR. ASOKA KARIYAWASAM PATHIRAGE	48,292	0.02

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Odel PLC will be held at the Central Hospital Limited (4th floor), No.114, Norris Canal Rd, Colombo 10 on Wednesday the 18th day of September 2019 at 10.00 a.m. for the following purposes:

1) To receive and consider the Annual Report of the Board of Directors and Financial Statements of the Company and of the Group for the year ended 31st March 2019 together with the Report of the Auditors thereon.

2) To re-appoint the retiring Auditors, Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorize the Directors to determine their remuneration.

3) To authorize the Directors to determine and make donations for the year ending 31st March 2019 and up to the date of the next Annual General Meeting.

By Order of the Board

SOFTLOGIC CORPORATE SERVICES (PVT) LTD

(Sgd.)
Secretaries

20th August 2019.
Colombo

Note:
A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend on behalf of him/her.

The Form of Proxy is enclosed in this Report.

The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 475/32, Kotte Road, Rajagiriya not later than forty eight (48) hours before the time appointed for the holding of the meeting

NOTES

FORM OF PROXY

*I/We...of

....being *a member/ members of ODEL PLC,

do hereby appoint ....

.... (holder of N.I.C. No. ....) of

.... or (whom failing)

Mr A K Pathirage	of Colombo	(whom failing)
Dr S Selliah	of Colombo	(whom failing)
Mr H K Kaimal	of Colombo	(whom failing)
Mr R P Pathirana	of Colombo	(whom failing)
Dr I C R De Silva	of Colombo	

as *my/our Proxy to represent *me/us and to speak and vote for *me/us on *my/our behalf at the ANNUAL GENERAL MEETING OF THE COMPANY to be held at the Central Hospital Limited (4th floor), No.114, Norris Canal Rd, Colombo 10 on Wednesday the 18th day of September 2019 at 10.00 a.m. and at any adjournment thereof, and at every poll which may be taken in consequence thereof.

	FOR	AGAINST
1) To receive and consider the Annual Report of the Board of Directors and the Financial Statements of the Company and of the Group for the year ended 31st March 2019 together with the Report of the Auditors thereon.	☐	☐
2) To re-appoint Messrs Ernst & Young, as Auditors and to authorize the Directors to determine their remuneration.	☐	☐
3) To authorize the Directors to determine and make Donations.	☐	☐

....
*Signature/s

....
Date

Note:

1) *Please delete the inappropriate words.
2) Instructions as to completion are noted on the reverse hereof.

INSTRUCTIONS AS TO COMPLETION

1. Kindly perfect the Form of Proxy after filling in legibly your full name, address and the National Identity Card number and signing in the space provided and filling in the date of signature.

2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy who need not be a member, to attend and vote on behalf of him. Please indicate with an "X" in the boxes provided how your Proxy is to vote on each resolution. If no indication is given, the Proxy in his discretion will vote as he thinks fit.

3. If the Form of Proxy is signed by an Attorney, the relevant Power of Attorney should also accompany the completed Form of Proxy for registration, if such Power of Attorney has not already been registered with the Company.

4. In the case of a Corporate Member, the Form of Proxy must be executed in the manner prescribed by the Articles of Association/Statute.

5. The completed Form of Proxy should be deposited at the Registered Office of the Company, No. 475/32, Kotte Road, Rajagiriya not later than forty eight (48) hours before the time appointed for the holding of the meeting.

CORPORATE INFORMATION

NAME OF COMPANY
Odel PLC

LEGAL FORM
Public Limited Liability Company
Incorporated in Sri Lanka in 1990

REGISTERED OFFICE OF THE COMPANY
475/32, Kotte Road,
Rajagiriya.

COMPANY REGISTRATION NO.
PV 7206 PQ

DIRECTORS
Mr. A K Pathirage - Chairman/Executive Director
Mr. H K Kaimal - Non Executive Director
Dr. S Selliah - Independent Non Executive Director
Mr. R P Pathirana - Independent Non Executive Director
Dr. I C R De Silva - Independent Non Executive Director

AUDIT COMMITTEE
Mr. R P Pathirana - Chairman
Dr. S Selliah
Dr. I C R De Silva

REMUNERATION COMMITTEE
Mr. R P Pathirana
Dr. S Selliah

RELATED PARTY TRANSACTIONS REVIEW COMMITTEE
Dr. I C R De Silva - Chairperson
Mr. R P Pathirana
Mr. H K Kaimal

SECRETARIES AND REGISTRARS
Softlogic Corporate Services (Pvt) Ltd
No 14, De Fonseka Place,
Colombo 5.

AUDITORS
Ernst & Young
Chartered Accountants,
201, De Saram Place,
P.O. Box 101,
Colombo.

BANKERS
Bank of Ceylon
Commercial Bank
DFCC Bank
Hatton National Bank
Nation Trust Bank
Sampath Bank
Seylan Bank
Union Bank
Cargills Bank
National Development Bank

INVESTOR RELATIONS
Odel PLC
475/32, Kotte Road,
Rajagiriya.
Tel: 0115885000
web: www.odel.lk

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