

Thinking Forward

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Softlogic is a proactive, demand driven and constructive organisation whose foresight and strategy focus on meeting business challenges. We also capitalise upon new ventures to exceed our stakeholder expectations in the medium term. Our single-minded belief is that tangible success stems from our focused approach. We harness all resources to achieve value creation for our shareholders, employees, partners, customers and the community at large. We are truly passionate about today's business opportunities. We face challenges with resilience, while working towards greater prosperity with the aim of serving the community even better.

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COMPANY PREAMBLE

Softlogic Holdings PLC, rated as one of Sri Lanka's most dynamic and rapidly expanding conglomerates, commenced operations in 1991 as a software developer with just 12 employees and has now expanded its footprint with leading positions in domestic growth oriented sectors such as ICT, Healthcare, Retail, Financial Services, Automobiles and Leisure. The Group now provides employment to nearly 6,000 individuals generating a turnover of more than USD190 mn. Softlogic Holdings PLC was incorporated as a private limited company in 1998 and obtained a listing on the Colombo Stock Exchange in June 2011. Group's representations and strategic alliances with reputed global institutions and large multinational corporations confirm its unparalleled local stature across its diverse fields of operation.

VISION

To be the most preferred and trusted product and service provider delivering high quality solutions to the corporate and retail sector with a view to enhancing shareholder value and revolutionising industry competencies.

MISSION

To be the best, employ the best and reward the best with a view to reaching the highest market expectations and becoming the most valued corporate enterprise.

VALUES

High Performance Culture

We perform. We are committed to a result-oriented and customer-centric culture where success is shared and celebrated across the Group. We place customers at the centre of our activities and we hold ourselves responsible to deliver what we promise. A “can do” attitude has proven to be the key performance driver across Softlogic.

Innovation

We innovate. We constantly challenge conventional wisdom and aim to create an exciting and innovative culture, stimulating out-of-the box thinking and developing innovative solutions for our customers. Our group-wide innovation contest is just one of the ways in which we promote this creativity.

Integrity

Action speaks louder than words and that is precisely the reason for being self-effacing. But we act fairly, honestly and show respect and value all individuals for their diverse backgrounds, experiences, styles, approaches and ideas. We believe in ethics and transparency in all our dealings.

Human Capital

We nurture people and they are our most important asset. We benefit from the diversity of our business and our people by working together to achieve success with clear recognition, utilisation, retention of good talent and appreciation of employee skills and talents. We treat all our staff with utmost respect and dignity, provide opportunities for career enhancement and cross fertilise for disciplined valour.

Success

We succeed. We also ensure that the maximum return is provided to all stakeholders.

Accountability

We are accountable. We take responsibility for our actions and results and keep promises and commitments. We embrace the belief that the element of accountability starts with “me”.

Corporate Responsibility

We have a fiduciary duty to our customers and business partners. We care for the community and the environment, delivering the maximum benefits of responsible business practices and take responsibility to protect them. At Softlogic, Corporate Responsibility goes beyond words where we strive to think and act as a good corporate citizen whilst supporting worthy causes and CSR projects.

Simplicity

We are simple. Simplicity is the core value that expresses the personality and the style of Softlogic where the simple value of “effectiveness” is embodied enabling us to deliver effective solutions and results to our customers. It is also a company philosophy – having simple processes, procedures and activities in place to take decisions quickly and rapidly transform ideas into fruitful results.

Dynamism

We are dynamic in a change management culture. Whilst integrating our tradition of trust and relationship with our stakeholders, we possess the flexibility and dynamism required to adapt to increasingly changing markets. Our spirit comes from rare tenacity and dynamism, a Group seeking to be the market leader while seizing opportunities so that new frontiers open for greater rewards.

Landmark Achievements of Financial Year 2013

April - 2012

Softlogic Capital PLC's acquisition of Arrenga Capital (Pvt) Ltd—now Softlogic Stockbrokers (Pvt) Ltd—a licensed member of the Colombo Stock Exchange, assisted the Finance cluster of the Group to complete its portfolio and stands as a fully diversified financial solutions provider. The entirety of the issued share capital was purchased for a total consideration of Rs. 200 Mn.

June - 2012

Enhancing the scope of our retail operations, a 258-perch warehouse in Piliyandala was acquired.

October - 2012

Actis Investments enters Asiri Hospital Holdings

Actis Investments, a pan-emerging market private equity firm currently managing around USD5 Bn worth of funds in over 65 companies, entered Asiri Hospital Holdings via a private placement taking 19.1% equity stake in the hospital. Since then it holds 26.17% of the hospital. Citing clear potential in Sri Lanka's private healthcare sector, Asiri Hospital Holdings was their indisputable choice. This global face on the Asiri Board will be a strong support to the Asiri Hospital chain to expand and improve its services to global standards.

In an effort to restructure the healthcare sector with the elimination of cross holdings, Asiri Hospital increased its stake in its subsidiary hospitals. We believe that this would facilitate

wider contribution to the Group's equity holders in the upcoming periods.

Softlogic Credit Limited's Disposal by Softlogic Capital PLC.

Softlogic Credit, a 67% owned subsidiary of Softlogic Capital PLC, holds the license for leasing operations. With the sale of the leasing license, the Finance Group now concentrates on its existing leasing portfolio at Softlogic Finance PLC. The sale generated a total of LKR103.6 Mn.

Further Access to International Funding Lines

Softlogic is one of the few local companies in Sri Lanka to have access to international institutions. Ceysands Resorts Limited and Softlogic Properties, subsidiaries of Softlogic Holdings, signed a landmark loan agreement of USD10 mn with International Finance Corporation for the redevelopment of the 66 rooms of the resort to stand as a 166-room 4-star plus luxury resort operating in the hands of global management expertise, Centara Hotels & Resort. The agreement includes a 3 year grace period during the 10 year loan tenure.

Ties strengthened with International Finance Corporation which entered into a loan agreement of with Uni Walkers (Pvt) Ltd, (the name subsequently was changed to Softlogic Retail (Pvt) Ltd), a fully owned subsidiary of Softlogic Holdings PLC which manages the Retail arm of the Group. The prime purpose of this funding subject to disbursement is to support Softlogic's retail expansion.

Credit Rating

Marking our prudent, transparent and sound credit quality, Fitch Ratings Sri Lanka, an independent rating agency, assigned Softlogic a National Long-Term 'A-(lka) rating with a Stable Outlook.

November - 2012

Mobile Handset Range Widens



A Master Supplier Agreement was drawn between Research in Motion Singapore (Pte) Ltd and Softlogic International (Pvt) Ltd, thereby acquiring the authorised distributorship for Blackberry handsets in Sri Lanka.

Further Branded Apparel Acquisitions



Retail brand expansion continued aggressively with Softlogic consolidating its strategy to hold key global retail brands within its portfolio

thereby adding further thrust in its overall Retail strategy. A Franchise partnership agreement was struck with one of the world's most renowned mom and baby product retailers, Mothercare - UK.

December - 2012



Softlogic's retail journey productively lengthened with the opening of its very first mini-departmental store, Galleria, in Havelock Road, Colombo 05. We are the first to market the mini departmental store concept, selling exclusive international brands in Sri Lanka. This all in all store's full line-up of international heavy weight fashion, consumer electronic and home appliance brands target all age groups with diverse style and authentic quality, bringing the latest international trends to Sri Lanka.

January - 2013

Reiterating our commitment to continue in the ICT sector, the Dell Direct Partner Program awarded Softlogic Information Technologies (Pvt) Ltd, a fully owned subsidiary of Softlogic Holdings, with the prestigious Premier Partner status granted to a Sri Lankan company for

the first time ever, after winning Dell's Most Valuable Partner Award in July 2012. Your Company is now a part of an influential group of Premier Partners in the Asian Pacific region.



March - 2013

More Global credit agencies enter Softlogic

More global credit agencies entered Softlogic's long term funding offering further stability and strengthening reputation. DEG & FMO invested in Asian Alliance Insurance PLC, each taking 19% of the divestment by Softlogic Capital PLC and Softlogic Holdings PLC, in an effort to swap debt with equity.



Softlogic rated amongst the TNS Lanka's Employers of Choice



Softlogic was awarded the 23rd best employer rank in March by TNS Lanka, rating your Company as one of the most preferred employers in the country. This was a result of a survey of a total of 1,200 respondents in extracting the Employer Choice Index.

Opening of the 156th Consumer electronics showroom

Staying ahead of our Retail expansion plan, the 156th consumer electronics showroom was opened in the Hambantota district in March.

Financial Highlights

Year Ending March		2013	2012	2011
Profitability Ratios				
Group Revenue	(Rs. Mn)	25,361	21,819	10,788
EBITDA	(Rs. Mn)	4,259	4,201	1,331
Group Earnings Before Interest & Taxation	(Rs. Mn)	2,331	2,855	1,904
Group Earnings Before Taxation	(Rs. Mn)	484	1,601	1,047
Group Earnings After Taxation	(Rs. Mn)	191	1,016	971
Total Comprehensive Income Net of Tax	(Rs. Mn)	2,106	856	-
Group Earnings Attributable to Equity holder	(Rs. Mn)	(338)	448	829
Total Comprehensive Income Attributable to Equity holder	(Rs. Mn)	575	340	-
Earnings Per Share	(Rs.)	(0.44)	0.60	1.30
Dividends	(Rs. Mn)	234	101	-
Interest Cover	(X)	1.5	2.1	1.6
Return on Capital Employed*	(%)	8%	10%	9%
Liquidity Ratios				
Total Assets	(Rs. Mn)	53,893	44,688	29,204
Current Ratio	(X)	0.83	0.73	0.48
Asset Turnover		47%	49%	37%
Total Interest Bearing Borrowings	(Rs. Mn)	23,037	22,782	17,938
Shareholders' Funds	(Rs. Mn)	7,366	7,202	3,003
Net Asset per Share **	(Rs.)	9.5	9.2	3.9
Total Equity		13,665	11,312	7,064
Debt : Equity***	(X)	1.7	2.0	2.5
Total Assets Debt	(X)	2.3	2.0	1.6
Operating Cashflow	(Rs. Mn)	1,793	157	(1,916)
Capital Expenditure	(Rs. Mn)	2,270	1,138	245
Investor Ratios				
Market closing price as at 31st Mar	(Rs.)	10.4	11.2	-
Shares in Issue	(Mn)	779	779	640
Market Capitalisation as at 31.03.2013	(Rs. Mn)	8,102	8,725	-
52-week Market Share Price High	(Rs.)	13.3	28	-
52-week Market Share Price Low	(Rs.)	9.4	11.1	-
Price Earnings Ratio	(X)	(23.6)	18.7	-
Price to Book Value	(X)	1.10	1.2	-
Enterprise Value		29,816	30,592	17,658
Enterprise Value : EBITDA	(X)	7.14	7.38	13.27
Dividend Pay Out	(%)	-	23%	-
Dividend per Share	(Rs.)	0.30	0.14	-
Dividend Yield	(%)	1%	1%	-
Group Employment ****		6,400	6,085	4,581

* Return on Capital Employed calculated as a percentage of EBIT and Total Capital Employed (Equity plus interest bearing borrowings).

** Net Asset Value calculated based on shares as at 31.03.2013

*** Debt to Equity calculated based on Equity Capital only

**** Excluding employees of the associate companies of the Group

Revenue Contributors



22%

Retail



25%

ICT



3%

Automobile



27%

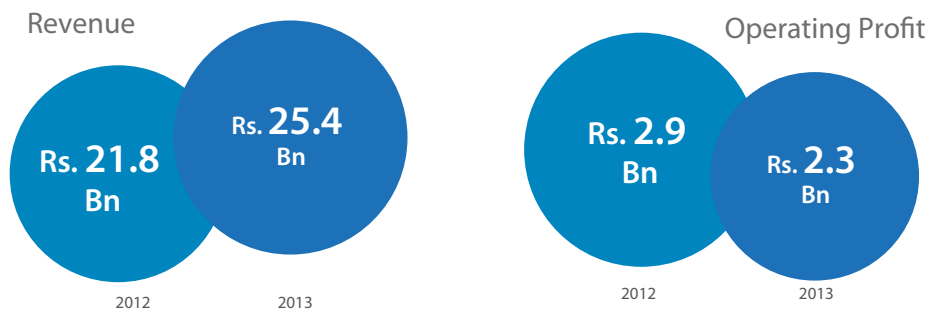
Healthcare Services



22%

Financial Services

The Group reached yet another business milestone with the turnover crossing Rs. 25 bn during the period under review, a 16% increase compared to the previous year. Healthcare Services continued to hold its dominant position as the highest contributor to the Group revenue followed by Information Communication & Technology (ICT – 25% share of the Group revenue), Financial Services (22% share of the Group revenue), Retail (22% share of the Group revenue), Automobiles (3% share of the Group revenue) and Leisure.



Chairman's Review

Softlogic is long term focused and we will continue to search for opportunities and market gaps that could be utilised to serve our best interests. We will invest responsibly and sustainably, thus focusing on laying the foundation for future growth.

Dear Shareholders,

It is with confidence that I present to you, on behalf of the Board of Directors, the Annual Report and the Consolidated Audited Accounts for the year ended 31st March 2013. Our results for the year reflect the Group's rapid expansion in the areas of Retail, Leisure, Financial Services, Healthcare, Automobile, and ICT with aim of maintaining medium to long-term sustainability. This year's Annual Report expresses the Group's forward looking objectives in key investment areas to further growth and enhanced returns. Softlogic is long term focused and we will continue to search for opportunities and market gaps that could be utilised to serve our best interests. We will invest responsibly and sustainably, thus focusing on laying the foundation for future growth.

Macro Economy

Global economic growth slowed to 3.2% in 2012 from a growth rate of 3.8% in 2011. The deceleration of growth is due to a number of reasons – the EU downturn, US fiscal cliff, geo-political uncertainties, sluggish demand in the advanced economies, Middle East woes and persistently higher petroleum prices. A growing number of developed economies fell into a double-dip recession during 2012. Developing countries however kept abreast with a 5.1% growth rate in 2012. In 2013, the prospects for developing and emerging economies remain challenging, with forecasts indicating lower growth increases subject to positive changes in the US economy and the West.

Following the low base growth in the aftermath of the civil conflict, the country's economy recorded impressive growth rates of more than 8% since 2010. 2012 encountered a more conservative outlook, and so, consolidating the past two years' achievements is still encouraging at this point in time.

Sri Lanka's economy reported a healthy 6.4% year-on-year growth in 2012 along with per capita income level reaching USD 2,923 (2011 – USD 2,836). The nation's growth rates were applauded amidst a number of challenges in terms of a much subdued global economic environment with the local business climate being affected by unfavourable weather conditions. The first quarter of the calendar year 2013 recorded an economic growth rate of 6.0% YoY. Cautious monetary policy implementation held inflation rates at single digits whilst some months saw the rates inching towards the double digit territory. Annual average inflation was 7.6% for 2012 and in March 2013 inflation slowed down to an annual average of 5.9%. The rise in inflation was primarily due to supply shortfalls resulting from the drought season and adjustments of administered prices followed by policy revisions.

Higher policy rates and the credit ceiling that existed during most of the year and lower levels of liquidity led to higher market interest rates during the year, curtailing the rapid expansion in credit and import demand. Private sector credit growth slowed to 17.6% during December 2012 after hitting a peak growth of 22.9% in April 2012. In March 2013 the growth rate slowed further to 10.9%. The unemployment rate for 2012 slowed to 3.9%. A flexible exchange rate policy was adopted during 2012 whilst curbing speculative behaviour in the Forex market. The depreciation of the Sri Lankan Rupee which started in early 2012, led the exchange rate to as high as USD/Rs. 132.86 in July 2012. However, the Exchange Rate settled at USD/Rs. 127.19 with March 2013 seeing further consolidation at USD/Rs. 126.82.

Tourist arrivals surpassed 1Mn during 2012 whilst cumulative arrivals for the first quarter of 2013 was 260,525, progressing well in line with the country's target of 2.5 Mn by 2016, to generate USD 3.5 Bn as foreign exchange earnings by that time.



Amidst the challenging market conditions your Company's and Group's operations remained strong with the Consolidated Revenue crossing Rs. 25 Bn mark during the period under review to register a healthy 16% growth.

During the period under review, the Equity market performance proved to be volatile resulting in the benchmark All Share Price Index gaining marginally by 5.9% whilst the recently introduced Standard & Poors SL20 Index appreciated by 10.3%.

Corporate Performance

An analysis of the financial statements of the previous year's Annual Report against the comparative period of this Annual Report will find significant deviations owing to the adoption of LKAS and SLFRS Accounting Standards. Hence, last year's financial statements have been re-stated for comparison purposes. All key impacts of the transition have been included under the Management

Discussion and the relevant Notes to the Financial Statements.

Amidst challenging market conditions your Company and Group's operations remained strong with the Consolidated Revenue crossing the Rs. 25 Bn mark during the period under review, to register a healthy 16% growth from the previous year of Rs. 21.8 Bn. Gross Profit increased by 15% year-on-year (YoY) to Rs. 8.2 Bn from Rs. 7.2 Bn recorded during the comparative period. However, the Consolidated Profit After Tax fell to Rs. 190.61 Mn against Rs. 1.0 Bn made previous year. This was attributed to higher financing costs (up 37.5% YoY to Rs 2.8 Bn) and the longer than expected conversion plans of debt to equity.

Chairman's Review

Asiri Group has an ambitious yet a realistic capex plan drawn up for the upcoming period focusing primarily on technologically advanced medical equipment, hospital upgrades and laboratory expansions. Medical tourism has been eyed as a potential area yet to be explored.

At Company level, revenue remained strong at Rs. 280.76 Mn, which is a 31% YoY increase from Rs. 214.76 Mn during the previous period. Profit for the year was Rs. 348.22 Mn compared with Rs. 439.21 Mn reported last financial year. The key reason for the difference in profitability is the reduced dividend income following the temporary timing difference after the private placement and the restructure procedure of the healthcare group, which thus eliminated cross holdings. Your Company continues to hold controlling stake at Asiri Hospital Holdings.

The innovative and product development team of Softlogic's ICT sector progressed well. Our existing ICT portfolio did not fail to update the Sri Lankan market with the new products introduced by our principal. Nokia series continued to introduce its upgraded product portfolio with fast selling new models such as Nokia Lumia in the market. Your Company countered the grey market infiltration in the telecommunication sector with Nokia retaining the top position as the handset importer in Sri Lanka for 2012. However, being an import oriented sector, the ICT division shared the risks of exchange rate fluctuations. The acquisition of distributor rights for Blackberry consolidated our position in the telecommunication industry. Targeting of the corporate mobile phone users was made easier through our synergies with our long standing business partner, Dialog Axiata PLC.

Your Company's retail sector operations were slightly interrupted due to adverse weather conditions that devastated the rice harvest while the floods slowed down sales during the seasonal peak periods. Yet, our retail operations stood strong following the opening of Sri Lanka's first ever multi departmental showroom presenting our retail brands, Galleria. Mothercare, the general specialist merchandiser for mothers-to-be,

mothers, babies, children and parenting, was introduced in Sri Lanka by your Company. Your Company has always counted on investments made in global brand franchises. It is evident that consumers prefer authentic brands to imitations and we have accordingly commenced developing brand loyalty to stay ahead of the less brand conscious consumer segments. The Softlogic Maxmo laptop range was introduced along with Softlogic Televisions and the Kelvinator refrigerator range. The multi-brand approach was aggressively implemented with Sony and Samsung mobile handsets also being introduced in our mobile retail range.

Healthcare Services continued with impressive growth rates showing successful returns from its past investments in both advanced and superior medical facilities. Central Hospital Ltd deserves a special mention following its accelerated earnings whilst Asiri Surgical Hospital PLC maintained its contributor ranking. The Hospital group has an ambitious yet realistic capex plan for the upcoming period, focusing primarily on technologically advanced medical equipment, hospital upgrades and laboratory expansions. Medical tourism has been eyed as a potential area yet to be explored.

Financial Services operations overcame most hurdles of the external economy during the year under discussion, overriding market sentiments to mark important landmarks. The entry of DEG and FMO into our insurance business has given us access to international expertise and strategy paving way for Asian Alliance Insurance PLC - now ranked 6th in the composite industry league table, to become a superior insurance service provider with world class standards. We are already preparing for the segregated insurance operation requirement which is to come into operation in February 2015 when Life & Non-Life insurance

We will continue to do what is best for the Group notwithstanding the challenges we face. It is this attitude of leadership that sees positivism and expects the best that induces further confidence in the economy—this will move us forward as a nation—and should all business leaders think and act in this way the country would certainly reap greater rewards.

entities will be classified separately. Softlogic Finance PLC continued to make steady progress in its industry ranking even after the reclassification of the industry encompassing finance companies to include Licensed Finance companies and the Specialised Leasing companies, on the same playing field. Softlogic Finance PLC was ranked 14th out of 60 players as at December 2012 and is expected to make quick gains and get ahead in the upcoming period.

Performance of the Automobile sector is strongly correlated with external factors and is highly sensitive to policy decisions relating to import duties, exchange rates and interest rates. Although, your Company's Automobile segment did not deliver strong performance, it has been in line with management expectations due to subdued market conditions. We join the chorus of the automobile industry players in discouraging the increase of vehicle tariffs at the closure of last financial year which worsened with increasing interest rates and the depreciation of exchange rates. However, on the brighter side, we could envisage a growth in demand if the current trend reverses.

Capitalising on foreseen sectoral gaps with the expected tourism influx to Sri Lanka, your Company stepped into the leisure sector. In two years, we would see our hotel portfolio developing with the construction of our city hotel in 2015 and the completion of our resort in Bentota, Aluthgama next year.

Amidst all these challenges, your Company did not fail to satisfy Shareholders. A final dividend of Rs. 0.30 per share was declared during the financial year 2013, but the overall value in the Group's shareholder funds including that of minority shareholders rose from LKR11.3 Bn to LKR13.7 Bn (up 21%).

Future Outlook

Our investments are made with a view to gain both in terms of capital appreciation and profitability; the latter will be achieved by replacing more expensive debt with either equity or cheaper sources of funding over the medium term. We have confidence that top line growth will coincide with the development of the country. We will continue to do what is best for the Group notwithstanding the challenges we face. It is this attitude of leadership that sees positivism and expects the best that induces further confidence in the economy—this will move us forward as a nation—and should all business leaders think and act in this way the country would certainly reap greater rewards.

Acknowledgements

On behalf of the Board of Directors, I wish to thank our Senior Management team and the staff for their sincere and immense support and contribution during the period under review. We are doing our utmost to give our shareholders the best return. I also extend my special gratitude to the other Board members for their valuable insights and guidance reflecting their diverse experience and expertise, to deliver an effective and an efficient execution of the business the best interests of our stakeholders and staff.



Ashok Pathirage
Chairman

Board of Directors



1. Ashok Pathirage
2. Hemantha Gunawardena
3. Haresh Kaimal
4. Ranjan Perera



- 5. Roshan Rasool
- 6. Dr. Sivakumar Selliah
- 7. Deshamanya Deva Rodrigo
- 8. Prashantha Lal De Alwis

Board of Directors

Ashok Pathirage

Chairman/ Managing Director

Having served on the Softlogic Group Board as the Managing Director from inception, he was appointed as the Chairman of the Group in 2000. The Group which commenced with just twelve employees 23 years ago and with a small turnover now manages a multibillion turnover across various economic growth sectors. Along with Softlogic Holdings, six other firms, which are managed by Mr. Pathirage, are listed on the Colombo Stock Exchange. His role as the Chairman/MD of Asiri Group, has led the healthcare sector to be the leading private healthcare provider in Sri Lanka. He is also the Chairman of Softlogic Capital PLC, Softlogic Finance PLC, Asian Alliance Insurance PLC besides being the Chairman of many other Group Companies that operate in Leisure, Retail, Automobile and ICT industries. He also serves as the Deputy Chairman of the National Development Bank PLC and is the Chairman of NDB Capital Holdings PLC.

Hemantha Gunawardena

Executive Director

Mr. Hemantha Gunawardena is one of the co-founders of Softlogic Group and has served Softlogic Holdings as a Director from inception. He is currently the Director/CEO of the Software Division of Softlogic Information Technologies (Pvt) Ltd. He has over 25 years of experience in the field of IT. He has also held the position of Senior Software Manager at a leading blue chip company in Sri Lanka prior to him joining Softlogic.

Haresh Kaimal

Executive Director

Mr. Haresh Kaimal is a co-founder of Softlogic Group and he has been a Director since inception of the Company in 1991. With over 25 years of experience in IT and operations, he

currently heads the internal IT division of the Group to drive the Group's advancements and requirements in the Information technology field.

Ranjan Perera

Executive Director

Mr. Ranjan Perera, co-founder of Softlogic Group, is now the Sector Head – Business Mobiles and is also the Managing Director of Softlogic International (Pvt) Ltd, which has a business partnership with Dialog Axiata PLC.

He has many years of experience behind him, having worked in the senior managerial positions handling world renowned brands in the electronics and mobile telecommunication industries.

Roshan Rasool

Executive Director

Mr. Roshan Rasool joined the Softlogic Group in 1995 and currently is the Director/CEO of the Computing Systems & Systems Integration Solutions Division of Softlogic Information Technologies (Pvt) Ltd, which has business partnerships with Dell Corporation, Apple computers, CISCO, EMC storage systems, Microsoft, HP imaging products and VMware

He was appointed to the Board of Softlogic Holdings PLC in 2009. He is an MBA holder from the University of East London.

He is also an Associate Member of the Association of Business Executives and a Member of the Cyprus Institute of Marketing. He has over 25 years of experience behind him in the ICT industry having worked at senior managerial positions in reputed companies.

Dr. Sivakumar Selliah

Non-Executive Independent Director

Dr. Selliah holds a MBBS degree and a Masters Degree (M.Phil). Dr. Selliah joined the Board of Softlogic Holdings PLC in 2010. He has over 21 years of experience in various fields. He is the Deputy Chairman of Asiri Hospitals Holdings PLC, Asiri Surgical Hospital PLC and Central Hospital Ltd. He is also the Deputy Chairman of Lanka Floor Tiles PLC. His is a Director of Horana Plantations PLC, Expolanka Holdings PLC, Lanka Walltiles PLC, Swisstek (Ceylon) PLC, Swisstek Aluminium Pvt Ltd and Unidil Packaging Ltd. He is also the Chairman of Cleanco Lanka Pvt Ltd. Dr. Selliah serves on the Remuneration Committees and Audit Committees of some of the companies listed above.

Deshamanya Deva Rodrigo

Non-Executive Director

Deshamanya Deva Rodrigo was appointed to the Board in February 2011. Mr. Rodrigo, a Chartered Accountant, had a career with the International Accounting and Consulting Firm PricewaterhouseCoopers, joining it in East Africa in 1974 and serving in its London Offices in 1980. Being a Founding Partner of PricewaterhouseCoopers Sri Lanka, he held the position of Senior Partner from 1992 to 2006, when he retired from the firm. He is a past Chairman of the Ceylon Chamber of Commerce. He has previously held public office as a Director of People's Bank and as a member of the Telecommunication Regulatory Commission. He was also a member of the Monetary Board of the Central Bank of Sri Lanka and a member of the National Council for Administration. He also serves on the Board of Chevron Lubricants Lanka PLC and Cargills Bank Limited as a Non-Executive Director and Audit Committee Chairman. He has also been a part of John Keells Holdings PLC and Ceylon Tobacco Co. PLC Board.

Prashantha Lal De Alwis*Non-Executive Independent Director*

Joining the Softlogic Board as a Non-Executive Director in 2011, Mr. Prasantha Lal De Alwis brings with him a wealth of expertise. He obtained his LL.B (Bachelor of Law) and LL.M (Masters in Law) from the University of Colombo and was admitted and enrolled as an Attorney-at-Law in 1983. He was a State Counsel of the Attorney General's Department for seven years. He joined the unofficial Bar in the year 1991 and today he practices in the Trial and Appellate courts of Sri Lanka. He was appointed President's Counsel in 2012. Mr. De Alwis was a director of Sampath Bank from 2002 – 2011 and was Chairman of Human Resources and Remuneration and Risk committee. After retirement due to corporate governance rule, he is presently Director of Sampath Leasing and Factoring Ltd.. He is also a member of the Board of Management of the Lakshman Kadiragamar Institute of International Studies and Strategic studies and is a visiting Lecturer at the Faculty of Law, University of Colombo. He is an Associate Member of the Chartered Institute of Marketing (CIM) U.K. and is presently the Honorary Legal Advisor of the Chartered Institute of Marketing, Sri Lanka and Ayurveda Doctors (Gampaha Wickremarachchi) Association of Sri Lanka. He was a founder member of the Consumer Affairs Authority of Sri Lanka in 2002.

Management Discussion & Analysis

Economic Indicators	2012	2011	2010	2009
GDP (Market Prices - USD Bn)	59.4	59.2	49.6	42.1
GDP per Capita (USD)	2,923	2,836	2,400	2,057
GDP Growth (%)	6.4	8.2	8.0	3.5
Unemployment Rate (%)	4	4.2	4.9	5.8
GDP Deflator	8.9	7.9	7.3	5.9
Export (USD Mn)	9,774	10,559	8,626	7,085
Imports (USD Mn)	19,183	20,269	13,451	10,207
Workers' Remittances (USD Mn)	5,985	5,145.0	4,116	3,330
Current Account Balance (% of GDP)	-6.6	-7.8	-2.2	-0.5
Tourist Arrivals ('000)	1,006	856	654	447.9
Overall Balance (USD Mn)	151	-1,061	9,210	2,725
Total External Debt (USD Mn)	47.9	42.2	43.3	44.4
Annual Average Exchange Rate (Rs/ USD)	127.6	110.6	113.1	114.9
Budget Deficit (% of GDP)	6.4	6.9	8.0	9.9
Government Debt (% of GDP)	79.1	78.5	81.9	86.2
Interest Rate (91-Day T-Bill), (% p.a)	10	8.7	7.2	7.73
Inflation Rate (Annual Avg CCPI Change - %)	7.6	6.7	6.2	3.5
Year End All Share Price Index	5,643	6,074.4	6,635.9	3,385.6
Population ('000)	20,328	20,869	20,653	20,450
Doing Business Ranking	89	102	105	97

Sovereign Ratings:

Fitch	BB- Stable	BB- Stable	B+ Positive	B+Negative
Standard & Poor's	B+ Stable	B+ Positive	B+ Stable	B Negative
Moody's	B1 Positive	B1 Positive	B1 Stable	-

The Economy

Sri Lanka fast tracked its economic growth since the end of the civil conflict but the economic motor slowed down during 2012 recording an increase of 6.4%, and thus slightly pushed up per capita income to USD2,923. Yet, the country's growth rate should be applauded in the backdrop of the softening global economy, especially those depressed conditions prevailing in the West. In 2012, the industrial sector contributed 30.4% recording a 10.3% year-on-year growth whilst the agricultural sector contributed 11.1% to the Rs.7.5 trillion economy. Services sector contributed 58.5% to the economy with a 4.6% year-on-year growth. This was evident from the increased earnings of the group, which has key exposures to ICT services, travel industry. The wholesale and retail trade grew by 3.6% with subdued activity in the import oriented segments (which recorded a mere 1% growth in 2012). Domestic trade business improved 6.8% despite the increased interest rates, weakening of local currency and tighter access to credit. The Group's ICT segment overcame these challenges positively. The financial sector outperformed itself during 2012, maintaining stability and potential to further expand in spite of the volatile conditions in global financial markets and possible weaknesses witnessed in some areas of the domestic economy. A number of policy measures were taken early in the year to curb domestic demand and safeguard economic stability. The Group's financial service cluster performance is highly correlated to external financial economic conditions and policy changes. The hotels and restaurant sub-sector registered 20.2% growth, registering over 1Mn arrivals during 2012 (up 17.5% year-on-year). The expected growth in the tourist industry has been the key imperative for Softlogic's demonstrable interest in hotel development. However,

the first quarter of 2013 recorded a much slower arrival numbers at 288,798 (up 10.9% year-on-year) due to external constraints seen in international markets. Private healthcare continued to play a vital role in the country's healthcare service delivery with the total bed strength registering significant growth over time to now stand at 4,908, with Asiri Group taking the lead with 619 beds and possessing highly advanced medical equipment. As a result of the higher duty rates on vehicle imports, and the depreciation of the rupee, expenditure on imports of motor vehicles declined by 43.8% year-on-year to USD495 Mn in 2012. Our automobile sector performance moved in line with the industry.

The Central Bank of Sri Lanka (CBSL) has had its monetary policies in close check with the financial year starting off with increased policy rates. It further imposed a credit growth ceiling of 18% for commercial banks whilst an increase to 23% was allowed for off-shore borrowing. Consequently, private credit registered a declining trend during the year. However, the CBSL relaxed the system in December as an impetus to stimulate growth after reducing policy rates by 25 basis points to 9.5% in December 2012 and removing the existing credit ceiling. The high interest rates have had a burdensome impact on Group earnings with its debt funded investments and acquisitions being reflective of such a trend. Higher interest rates added to the margins of the Consumer Electronics segment's hire purchase scheme. Yet, all our segments stood strong, overcoming such external challenges with EBITDA showcasing good performance. However, with the CBSL moving to ease the high interest regime, we are expecting some relief in the finance cost burden, going forward.

Inflation levels were maintained at single digit levels for the fourth consecutive year, although they had neared double digits during the

Sri Lanka fast tracked its economic growth since the end of the civil conflict but the economic motor slowed down during 2012, recording an increase of 6.4%, and thus slightly pushed up per capita income to USD2,923.

year, peaking at 9.8% in February 2013. The increased inflation was due to the increase in administered prices for energy items, coupled with the depreciation of the Sri Lankan Rupee. Electricity bills saw a tariff hike of 25%-40% based on units consumed. Supply side constraints following the unfavourable weather patterns added to the demand pull situation. Retail segment slowed down during the peak seasonal sales periods due to the floods and the overall slowdown in consumer's purchasing ability and the fall in discretionary income.

Sri Lanka has been working hard to narrow its Balance of Payment Deficit by encouraging export oriented businesses whilst discouraging imports. The escalating trade deficit in the past led to the heavy depreciation of the local currency. The policy measures in February 2012 which discouraged imports has had an impact on the import oriented retail segments of the Group, compounded further by fluctuating foreign exchange rates. April 2012 quoted an average rate of Rs. 128.66 against the US Dollar and touched a monthly average peak of Rs. 132.87 in July 2012. However, towards the latter part of the financial year the Rupee appreciated and sustained at Rs.126 levels.

Consequently, the country's budget deficit was 6.4% of GDP, improving slightly from last year's 6.9%. The narrowing trade deficit (15.8% of GDP), was offset by the higher inflows into the

current, capital and financial account that led the balance of payments to record a surplus of USD115 Mn.

Global headwinds and policy decisions to stimulate demand in this backdrop continue to remain an economic challenge.

Outlook

Global

The global economy has still not fully recovered from the 2008-2009 crisis, although a more promising future seems likely with the US showing signs of recovery. Global growth dipped by nearly 3% in 2012. This slowing trend could continue. Mature economies are still recovering from the crisis with the United States indicating modest recovery. Uncertainty across the regions – from the post-election 'fiscal debate' question in the U.S. to the Chinese leadership transition and policy reforms in the Euro region – will continue to have global impacts in sluggish trade and foreign direct investment. Oil prices which had temporary supply side constraints in 2012 with accommodative monetary policies in the advanced economies, thus triggering price volatility, will have prices in check with the expected slowdown in global industrial activities.

Management Discussion & Analysis

Local

2013 looks at a better business climate with GDP growth forecasted at 7.5% on the assumption that the world economy would register a 3.3% growth, stable commodity prices, favourable weather patterns and that advanced economies would maintain their accommodative policies. Inflation rates are anticipated to settle at mid-single digit levels with the CBSL watching demand pull situations and favourable supply side conditions. Interest rates are expected to come down after the CBSL eased the credit caps and reduced interest rates. Off shore borrowings are perhaps one way to mobilise cheap funding lines and Softlogic is capitalising on this favourable window of opportunity. Sri Lanka's tourism sector which reached new heights since the end of war, targets a modest 1.2 Mn arrivals in 2013. The aggressive infrastructure development with road and rail connectivity, port development, 100% electrification targeted in 2013 and other tourist related projects are actively underway; all forces ensure the country's work towards a per capita income target of USD4,000 by 2016, elevating national

wealth. The private sector is expected to reap the benefits of the government's investments in these areas and Softlogic is focusing on related growth oriented sectors.

Consolidated Financial Review

SLFRS Financial Reporting

The financial performance and position for the period under review and the comparative year are based on Sri Lanka Accounting Standards (SLFRS/LKAS) in adherence to the directives of Institute of Chartered Accountants of Sri Lanka (ICASL). The Group financial performance prior to 31st March 2012 has been restated in adaptation of SLFRS/ LKAS for comparison purposes.

Impact on the Financial Statements

Below would be a brief summary of the impacts on the financial statements following the transition to the Sri Lanka Accounting Standards (SLFRS/LKAS) Reporting from Sri Lanka Accounting Standards (SLAS). A more detailed disclosure on the reporting conversion

is disclosed in the Notes to the Financial Statements of the Annual Report.

Revenue

The Group reached yet another business milestone when turnover crossed the Rs. 25 bn mark during the period under review, a 16% increase compared to the previous year. Healthcare services continued to hold a dominant position as the highest contributor to Group revenue, followed by Information Communication & Technology (ICT – 25% share of Group revenue), Financial Services (22% share of Group revenue), Retail (22% share of Group revenue), Automobiles (3% share of Group revenue) and Leisure.

The Group's growth was strongly upheld following the increased contribution from the Financial and Healthcare Services sectors. Full consolidation of Asian Alliance Insurance PLC and Softlogic Stockbrokers (Pvt) Ltd during the year under review added sizeably to the revenues. Healthcare performance was commendable in the aftermath of Asiri Group's investment in technology. The Retail sector

Financial Element in Transition	Impact
Income Statement	
Composition with the inclusion of a new item – Results from Operating Activities	Results from Operating Activities is a sum of Gross Profit, Other operating income less Distribution and Administrative expenses thus clearly distinguishing the Group's operational earnings.
Net Finance Cost	Presented with a Net result of Finance Income less Finance Expenses for clarity in respect of financing activities.
Statement of Comprehensive Income	Includes the movement of currency impact (forex gains or losses), clear denotation of other one-off or non-operational/unrealised gains/(losses) such as change in fair value of non-current financial assets
Notes on the adoption of 'First Time Adoption of Sri Lankan Accounting Standards (SLFRS/ LKAS)	Includes policies and statements on SLAS previous figures restated under SLFRS with the change coming into effect from 1st April 2011.
New notes to Financial Statements	Additional notes on risk exposure of the Group and analysis of financial instruments have been disclosed for better understanding of the financial position.

continued to progress crossing a turnover of Rs. 5.6 Bn. However, ICT sector of the Group emerged with a number of challenges considering the macro environment; high interest rate and exchange rate regimes coupled with unfavourable weather patterns affecting consumer purchasing power during the last two quarters of the financial year.

Results from Operating Activities

During the period under discussion, Gross Profit registered a healthy 15% growth to Rs. 8.22 Bn compared to Rs. 7.17 Bn during the previous year. Gross Profit Margins were maintained at 32% with timely price adjustments despite adverse changes in the macro-economic environment.

Earnings from Operating activities concluded at Rs. 2.33 Bn for financial year 2013 as against Rs. 2.86 Bn reported in the comparative year. The Group's business expansion and acquisitions were contributory reasons for increase in Distribution cost which registered a 67% increase from Rs. 793.84 Mn last year to Rs. 1.32 Bn for this financial year, and which saw cost margins heaving by 100 basis points. Administrative costs also recorded 27% surge to Rs. 5.03 Bn from Rs. 3.97 Bn in the previous year, thereby registering a 200 basis point increase in cost margins.

In terms of Operating Profit, Healthcare Services was the overriding contributor with 76% followed by Retail and ICT. With the exception of Financial Services and Automobiles, the rest of Softlogic business clusters recorded positive growth rates. Although Financial Services recorded a 79% revenue growth, bottom line performance slowed due to acquisition costs impacting the Sector performance coupled with Asian Alliance Insurance pushing forward its aggressive sales expansion. The Automobile industry is tightly correlated to policy decisions of vehicle import tariff and

Softlogic's Automobile division has been within expectations where we only foresee a resurgence subject to a tariff revision by the GoSL. Other Operating Income rose 4% to Rs. 470.33 Mn compared to Rs. 453.35 Mn during the previous period.

Operating Profit Margin (Y/E Mar)	2012/2013	2011/2012
Information & Communications Technology	11%	9%
Retail	12%	14%
Healthcare Services	25%	27%
Financial Services	-6%	3%
Automobile	2%	11%
Leisure	-164%	-120%

Group Debt position

During the period under review, the net debt increased to Rs. 20.2 bn from Rs. 18.7 bn as at 31 March 2012. This 8% increase in net debt comprises of short term and long term Group interest bearing borrowings, other financial liabilities and Bank Overdraft less cash & cash equivalents.

Net Debt excluding other Non-Current Financial Liabilities witnessed a slight decrease to Rs. 18.4 Bn from Rs. 18.7 Bn during the comparative period. The period under review marked a number of acquisitions and expansions including Softlogic Stockbrokers, initiation of the construction of Movenpick City

Rs. 000'

As at	31.03.2013	31.03.2012	% Change
Net Debt including other Non-Current Financial Liabilities	20,214,827	18,690,025	8%
Net Debt excluding other Non-Current Financial Liabilities	18,401,999	18,690,025	-2%

Hotel, the development of Ceysand Resorts & Spa, which is nearing completion now, expansion of retail showrooms (large and small formats) and the acquisition of more premier retail and ICT brands.

Net Financial Expenses

During the year under discussion, finance income of the Group recorded 108% increase to Rs. 825.46 Mn from a previous Rs. 396.44 Mn. The increase was primarily a result of financial income with the increasing funds of the Group's insurance business. The increase in interest rate in the external environment supported the growth in financial income of the Group. (Refer Note 06 to the Financial Statements)

The Group was impacted by the high interest rates, registering a 37% growth in finance expenses to Rs. 2.75 Bn as against Rs. 2 Bn in the comparative period. Consequently, the net financial expenses saw a 20% increase to Rs.1.93 Bn during financial year 2013 as compared to Rs. 1.61 Bn in the previous year.

Management Discussion & Analysis

Taxation

Group tax expenses for the period under review were Rs. 293.63 Mn which is a decrease of 50% from previous year, of Rs. 584.60 Mn. (Refer Note 09 and 41 to the Financial Statements for detailed explanation).

Profit After Taxation

Group Profit After Taxation concluded at Rs. 190.61 Mn for financial year 2013 as against Rs. 1.02 Bn during the comparative year. During the year under review, fair value gain in investment property revaluation made in the Group's Leisure and Asiri Central Hospitals PLC's properties saw increase by Rs. 61.31 Mn (Financial Year 2012 – Rs. 340.40 Mn).

Comprehensive Income Statement

The Group also recorded disposal gains on financial assets of Rs. 391.27 Mn during the year under review. This gain was primarily led by the 39% divestment of Asian Alliance Insurance PLC. Revaluation of land and buildings of the healthcare sector led to a gain of Rs. 1.68 Bn during the period under review. Currency translation gain from Softlogic Australia (Pty) Ltd, a fully owned Australian based subsidiary involved in software development, was Rs. 2.45 Mn during the financial year.

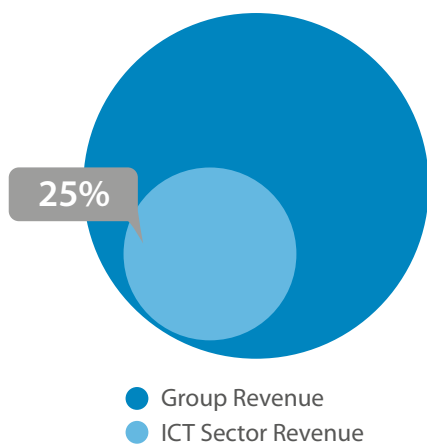
Group Outlook

With 2013 expected to be a year of consolidation in terms of lower interest rate the businesses across sectors are expected to perform better going forward. We also expect growth in revenues to be aligned with economic expectations, which we are very optimistic about. It should be emphasised, that all companies have demonstrated attractive EBITDA generation. Replacing debt with equity could become pivotal both for profit and capital gains and it thus makes sound business sense to ensure continuity for value creation of these different entities, garner goodwill and higher valuation returns should any such entity or sector be hived off for strategic reasons at an opportune time.

Business Review



ICT Sector



	FY13	FY12	% YoY
Revenue (Rs. Mn)	6,283.8	6,946.8	-10%
Operating Profit (Rs. Mn)	683.0	649.6	5%
PBT (Rs. Mn)	181.7	553.4	-67%
PAT (Rs. Mn)	169.3	385.3	-56%
Segmental Assets (Rs. Mn)	5,809.5	5,723.9	1%
Segmental Liabilities (Rs. Mn)	4,957.2	4,945.5	0%
No. of Employees	727	719	1%



The ICT sector has defined the Group's initial success story and the segment is now taking extensive strides in the ICT world with experienced management

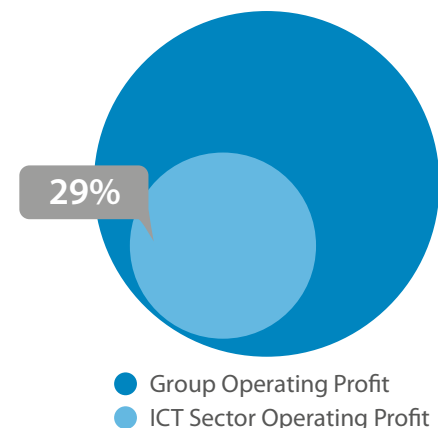
Informational Technology

Continued focus in brand status and customer satisfaction!

Our Information Technology (IT) sector comprises of hardware and software solution provision, marketing and distribution of notebook computers, servers, storage and network infrastructure and printers whilst providing imaging and audio visual solutions. This operation has had continuous progress overcoming challenges as an importer during the year under review. IT sector is currently focusing on demand upturn in corporate, government, and SME sectors. Our brand status has been elevated with the most recent title of the prestigious Premier Partner status, conferred upon a Sri Lankan company for the first time ever. We are now a part of an influential group of Premier Partners in the Asian Pacific region.

Innovation, Expertise and Exceptional customer service, the key drivers of our ICT business...

The ICT sector has defined the Group's initial success story and the segment is now taking extensive strides in the ICT world with experienced management. The sector was beset by exchange rate fluctuations and the increase in interest rates, thereby reflecting a slower performance during the year under review. IT sector benefited from a number of projects whilst the Communication sector progressed with the new product range sales of Nokia.



ICT Sector

Communications

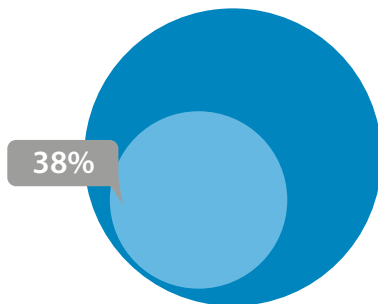
Holding the National Distributor rights for Nokia handsets in Sri Lanka, Softlogic Communications (Pvt) Ltd operates over 2,000 retail points islandwide with twelve Nokia Care and Sales Centres. Our longstanding partnership with Dialog Axiata PLC has assisted with the acquisition of BlackBerry to tap into the dense corporate telecommunication market. Our new smart phone range was well received in the market. The telco operations continue there effort to subdue grey market players. It is noted that nearly 2.75 Mn handsets were imported to Sri Lanka during 2012 with Nokia emerging as the market leader whilst the grey market imports were estimated at c.8% of the total reported shipments.

Financial Review

ICT operations saw challenges from policies that discouraged imports due to the wider ramifications of the trade deficit. However, the sector remained a prominent contributor to the Group's bottom line during the year under review. Revenue dipped 10% YoY to Rs. 6.3 Bn. Nonetheless, Operating Profit was upheld at Rs. 683 Mn with the company's tight control over operational costs. Consequently, Operating Profit margins improved 152 basis points to 10.9% during financial year 2013. Finance cost of the sector moved in line with the interest rates in the economy. Profit before Taxation was Rs. 181.7 Mn, down 67% YoY and the sector's contribution to the Group's profitability stood at 89% to Rs. 169.3 Mn.



Holding the National Distributor rights for Nokia handsets in Sri Lanka, Softlogic Communications (Pvt) Ltd operates over 2,000 retail points islandwide with twelve Nokia Care and sales Centres.



- Group PBT
- ICT Sector PBT

The ICT Thinking Forward Mind:

'Actively align with the country making IT and BPO a billion dollar industry by 2015 and top the foreign exchange earners' list by 2020'

Softlogic is very much synonymous with its ICT brands in the country. The disruption in the sector's performance during financial year 2013 was due to policy changes in the economy which impacted all industry players. Yet Softlogic ICT has remained the preferred vendor for IT solutions and in the handset market. We have always aligned our sectors with the country's economic targets. We see vast potential in Sri Lanka's ICT sector with the country's National Development plan targeting computer literacy of 75% (2012 surpassed 35%) by 2016. Although mobile penetration has reached 100% in Sri Lanka, replacement sales have seen accelerated growth with the development of new models at regular intervals. The increase in GDP could be easily related to the customer purchasing ability of such goods.

The ICT sector will continue its focus on brands and new product development/ introduction. Financial year 2013 saw a number of new products/ models being introduced by Softlogic.

softlogic MAXMO
Maximum Mobility

Experience the best performance with Softlogic Laptops
"Laptops for Everyone"

Introducing Now
W51 ULTRA-LIGHT BOOK

Intel® Core™ i3 Processor 3rd Generation 3110M
4 GB DDR3 Memory, 500 GB Hard Disk Drive
15.6" HD Display, Super Multi DVD Writer
Genuine Windows 8, Security Essentials
Maxmo Carry Case

Windows 8

Intel® vPro™

A wide range of models now available at unmatched easy payment schemes. Gain knowledge and have fun whether at home or at work.

W51C NOTEBOOK COMPUTER	W51SC NOTEBOOK COMPUTER
 <p>Intel® Pentium™ Dual Core Processor 3 GB DDR3 Memory 500 GB Hard Disk Drive, 14" HD Display Genuine Windows 7 Starter Office 2010 Starter Security Essentials, Webcam, Carry Case One Year Warranty Recommended Windows 8</p>	 <p>Intel® Core™ i3 Processor 3 GB DDR3 Memory 500 GB Hard Disk Drive 14" HD Display, Free Starter Webcam, Carry Case One Year Warranty Recommended Windows 8</p>

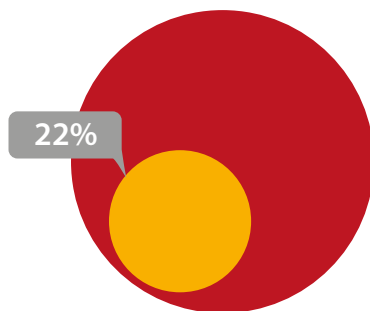
***Backed By Softlogic Warranty** Available in all Softlogic HSE and Softlogic Resonance schemes

COMPUTER **WARRANTY**

softlogic



Retail Sector



- Group Revenue
- Retail Sector Revenue

	FY13	FY12	% YoY
Revenue (Rs. Mn)	5,647.1	4,660.5	21%
Operating Profit (Rs. Mn)	704.8	641.1	10%
PBT (Rs. Mn)	369.2	464.4	-20%
PAT (Rs. Mn)	286.0	256.8	11%
Segmental Assets (Rs. Mn)	6,064.7	4,871.1	25%
Segmental Liabilities (Rs. Mn)	5,415.9	4,328.4	25.1%
No. of Employees	746	608	23%

Apparel operations maintained an above / average growth while the Consumer Electronics sector enjoyed growth parallel to the market, thus registering revenue which outperformed forecast.

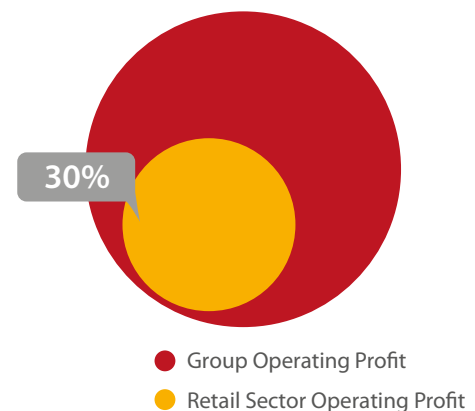
Branded Apparel & Furniture Division

Authentic Value to customers!

Softlogic's retail brand portfolio now includes over twenty five brands all of which hold leading global positions with strong run-rates in retail sales worldwide. With our brand management platform in place, our plan is to focus on growing each brand in our portfolio, while pursuing new brands targeting to satisfy the premium tastes of customers. Our brand building team is one of the most respected in the retail industry especially after the opening of Galleria and Mothercare acquisition. Galleria, the first ever mini multi brand departmental store in Sri Lanka, coalesces all our apparel brands under one roof with the introduction of branded watch and perfumery range. Mothercare, the international baby product showroom operates on a franchise agreement in which we invested wisely.

Brand Focus and Market Development, the key drivers of our Retail Journey...

Primarily driven by a growth in volumes, Softlogic's Retail business progressed with network expansion, new product developments and introduction of latest brands. The division continued to outperform expectation while its operations proved to be one of the key eventful areas during the year under review. The Branded apparel division's performance deserves applause for its successful brand acquisition strategies. Consumer Electronics on the other hand is on an aggressive on a network expansion mode along with active product introduction. Apparel operations maintained an above average growth while the Consumer Electronics sector enjoyed growth parallel to the market, thus registering revenue growth which outperformed forecast. Retail sector overall recorded improved business through Softlogic's focus on a higher margin mix and increased footfall rates with through network expansion.



Retail Sector



Consumer Electronics

Electronics at your doorstep!

Consumer Electronics has been one of Softlogic's most happening business segments driven by and active branch expansion.

Financial Review

Your Company's Retail operations continued resiliently in a challenging macro environment in terms of exchange rates and interest rates coupled with adverse weather patterns disturbing our peak season sales. Revenue increased by a strong 21.2% YoY to Rs. 5.6 Bn, primarily led by our rapid expansion phase in terms of network and new product sales. Operational Profits remained healthy at Rs. 704.8 Mn though a slight movement down was visible in Operating profit margins due to the exchange rate fluctuations and the increased fixed costs relating to the new outlets. Finance cost of the sector took an

upward turn throughout the year reflecting the rise in interest rates in the wider economy whilst we wait for low interest funding from the International Finance Corporation to assist fund our retail branch expansion. Consequent to the finance cost burden, Earnings before Taxation dipped 20% YoY to Rs. 369.2 Mn, a 11% YoY improvement in Profit after Taxation of Rs. 286 Mn.

The Thinking Forward Mind

'Capture Top International Brands in the wake of consumerism thus doubling our reach as GDP heads towards USD4,000 by 2016'

Our retail journey is well aligned with the country's vision. The clear uptrend in the country's economic growth will definitely

trigger the spending pattern for Consumer Durables and Clothing & Footwear. Expenditure in this areas has recorded a 10-year CAGR of 193% and 175% respectively tightly correlating to the country's economic growth. Personal credit card and loan exposure for the consumer durables has had uninterrupted growth and now stands at Rs. 61 Bn for 2012.

Consumer Electronic division will be making significant investments in branch expansion to double our network from our current island wide reach of 156, over the next two years. The Consumer Electronics and white goods market penetration levels are high in the island with the industry reading a spend of circa Rs. 65 Bn. Durable goods are expected to record a positive growth in the years ahead following country's promotion to middle income status

and a notable increase in female employment. Your company makes the task easier with its synergetic power supported by its financial service operations providing easy and flexible payment schemes to customer. The island's electricity coverage being limited to city and suburbs at around 85%, the country targets 100% electrification by 2013. Softlogic feels the pulse of the white goods market in Sri Lanka whilst replacement sales are ongoing and thus we look to lead in providing superior products where there are possible gaps in the market.

One of Softlogic's aims has always been the acquisition of distributor rights of world's renowned fashionable brands in Sri Lanka. Consumer preference now indicates a shift from basic essentials to semi-luxury and luxury needs. Your Company has clearly taken note of this trend by booking the top global brands in Sri Lanka as we head towards a USD4,000 per capita income by 2016. Our branded apparel sector has and will continue to progress, and in line with this trend, we have recently acquired Charles & Keith and Splash.

Charles & Keith - Fashion in fast velocity

The eponymous fashionable shoe brand from Singapore launched in 1996 and since then captured the interest of industry insiders and the admiration of the fashion-conscious alike. Triumphant with its remarkable high street fashion shoes, bags, sunglasses and other accessories, Charles & Keith has won the hearts of many, placing itself as one of the most marketable fashion footwear brand in today's international scene.

Softlogic paves way to introduce high street fashion to Sri Lanka making the latest trends on Paris runways a part of our wardrobe.

Splash - International fashion at great value

The Middle East's largest fashion retailer founded in 1993, now has over 200 stores and 50 brand stores across 13 countries.

Softlogic will open its first Splash outlet by end of 2013.

Panasonic



Kelvinator

BlackBerry

CANDY



Russell Hobbs

Midea



Levi's

MANGO

adidas

GIORDANO

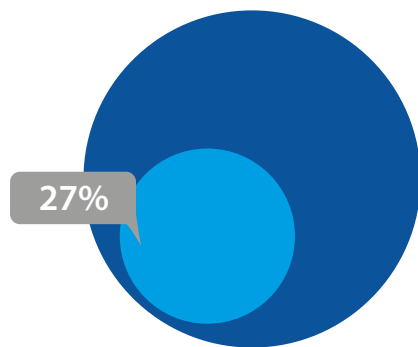
DIESEL

DKNY

SKAGEN



Healthcare Sector



- Group Revenue
- Healthcare Sector Revenue

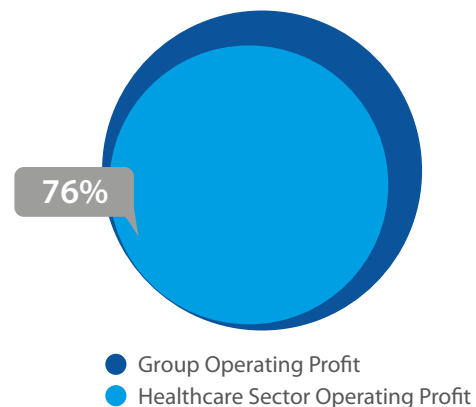
	FY13	FY12	% YoY
Revenue (Rs. Mn)	6,927.4	6,005.1	15%
Operating Profit (Rs. Mn)	1,763.5	1,597.4	10%
PBT (Rs. Mn)	1,182.1	955.7	24%
PAT (Rs. Mn)	1,019.0	837.2	22%
Segmental Assets (Rs. Mn)	21,414.0	19,747.1	8%
Segmental Liabilities (Rs. Mn)	8,393.4	9,322.7	-10%
No. of Employees	3,635	3,502	4%

Asiri Group of Hospitals has been the benchmark for multi-specialty, responsible healthcare for the people across the country. Patients come first in all we do across the Asiri Hospital chain.

improving upon the course of modern healthcare. The Healthcare operations of the Group have registered uninterrupted progress since Softlogic's initial stake in 2006. Financial year 2013 marked an important milestone for Asiri with the entry of Actis investments, a private equity investment firm with investments across the globe, now a key shareholder bringing international expertise and experience to the Board of Asiri. Asiri Hospitals has taken the lead as the 'Most Valuable Medicare Provider' at Brands Annual 2012, and elevation to 35th place from 47th last year. State-of-art technological investments successfully continued across the hospital group. A Biplaner digital subtraction angiography unit, another pioneering medical innovation to Sri Lanka, to offer Interventional Radiology was installed during the year at Central Hospital Ltd. The hospital group is also working actively to obtain the Joint Commission International (JCI) accreditation to ensure we keep

Redefining healthcare to deliver medical excellence of higher benchmark service, the key driver of our healthcare business...

The Asiri Group of Hospitals has been the benchmark for multi-specialty, responsible healthcare for people across the country. Patients come first in all we do across the Asiri Hospital chain. From its beginning as a laboratory service provider in 1980, the hospital's mission has been to advance in patient-care, education and research, whilst continuously



Healthcare Sector



pace with international medical standards. The Asiri Group's focus on technology will strengthen it to become the first preference for medical tourism especially after additional international accreditation is acquired. Asiri is also working on its outreach across the island through rapid expansion of Asiri laboratory and collection network. The year also witnessed an active restructuring process with Asiri Hospital Holdings PLC increasing its stake in its subsidiaries, thus becoming the ultimate holding company.

Financial Review

The Healthcare Service sector revenue recorded a steady 15% YoY growth to near Rs. 7 Bn for financial year 2013 and maintained its contribution to the Group's turnover at 27%. During the financial year, all the hospitals delivered remarkable performance with Central Hospital Ltd marking noteworthy progress since its full year operation. Asiri Group's recent investments in medical technology have yielded the anticipated returns, thus adding further value to financial books.

Operating Profit gained 10% YoY growth to Rs. 1.8 Bn whilst PBT moved up 24% YoY to Rs. 1.2 Bn. Healthcare operations strengthened the Group's bottom line with Rs. 1 Bn during the period under review recording strong progress of 22% YoY.

The Thinking Forward Mind:

'Preference for private healthcare supported by medical insurance growth'

Asiri has fully capitalised on the private healthcare potential of the country. Public healthcare is only able to provide 3.6 beds per 1,000 people, leaving a wide gap for the private healthcare sector which now stands with a bed strength of 4,908. A clear increase in private healthcare is visible with as income levels and changing lifestyles of individuals accelerated with the growth in corporate medical insurance whilst the epidemiological demographic transition has created a rapid shift to non-communicable diseases. Asiri has differentiated itself with an advanced healthcare status reflected in a number of specialised areas.

Plans Ahead

Asiri's investment plans for the upcoming period are quite ambitious, underpinned by strong free cash flow position and successful investment track record. The Kandy hospital project awaits the Urban Development Authority's approval on the lease. Asiri has been one of the private hospitals to initiate an outstation roll-out plan.

Asiri's laboratory services have over thirty years' presence and have long been recognised as the preferred destination for laboratory services. Asiri is working on the concept of elevating its brand equity by getting closer to people in smaller towns and cities. A new state-of-art laboratory building has also been planned adjoining Asiri Hospital Holding PLC.

A number of major investments have been planned including a Stroke and Bone Marrow transplant unit at Central Hospital Ltd and a

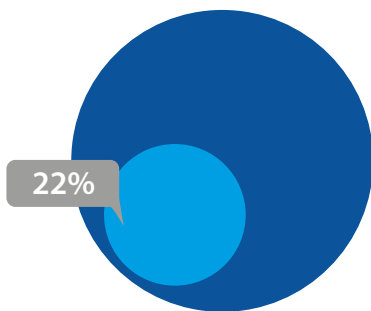


Asiri's investment plans for the upcoming period are quite ambitious, underpinned by a strong free cash flow position and successful investment track record.

treatment centre for cancer at Asiri Surgical Hospital PLC.

Further, plans are underway to further invest in the hospitals to make Asiri chain a world class healthcare provider, targeting niche markets such as health tourism. Are efforts in further obtaining globally renowned accreditation, Joint Commission International (JCI), are actively in force.

Financial Services Sector



- Group Revenue
- Financial Service Sector Revenue

	FY13	FY12	% YoY
Revenue (Rs. Mn)	5,681.2	3,170.5	79%
Operating Profit (Rs. Mn)	(361.6)	104.1	-447%
PBT (Rs. Mn)	(199.4)	(62.5)	219%
PAT (Rs. Mn)	(233.0)	(129.1)	80%
Segmental Assets (Rs. Mn)	25,302.1	19,633.3	29%
Segmental Liabilities (Rs. Mn)	20,779.9	17,315.4	20%
No. of Employees	1,041	550	89%



Softlogic's Financial Services combines to offer a fully-fledged financial solutions outfit that has been formed with the intention of extracting maximum synergies across the Group.

the purview of the Central Bank of Sri Lanka – Softlogic Finance PLC, a composite insurer licensed for both Life and General insurance by the Insurance Board of Sri Lanka – Asian Alliance Insurance PLC, a broking company licensed and operating on the Colombo Stock Exchange – Softlogic Stockbrokers (Pvt) Ltd and the most recently formed Softlogic Asset Management licensed by the Securities Exchange Commission with Softlogic Capital PLC, the holding company of these operations.

Our Financial Services focus has been very clearly established, to initially gain critical market share in financial market propositions that have immense potential, and then forge a path of sustainable and superior profitability. These have been evidenced by heavy top line performances delivered by Asian Alliance Insurance PLC that saw GWP growth of 46% whilst Softlogic Finance PLC delivered Asset Growth of 31%, that were

A fully-fledged financial services proposition combining with group synergies to be the key driver of our Financial Service business...

Softlogic's Financial Services segment combines to offer a fully-fledged financial solutions outfit that has been formed with the intention of extracting creating maximum synergies across the Group. The sector is defined by a Licensed Finance Company under



Financial Services Sector

top league performances in their respective industries. This financial year will be best remembered for the grand partnerships that we established with influential Development Financial Institutions (DFI's) in the form of DEG from Germany and FMO from the Netherlands. Both are AAA rated entities that are very positive on the outlook of Financial Service sector in Sri Lanka and have full belief in the Softlogic entrepreneurial spirit, choosing to partner us on our journey. They bring to the table valuable access to global strategic insights, key technical assistance, not to mention the credibility that is so vital in the Financial Services arena. A USD10 Mn credit facility was provided to Softlogic Finance PLC by FMO, making us only the third Non-Bank Financial Institution (NBFi) to access international DFI funding that will enable the company to continue servicing the vital SME sector of the market. FMO and DEG also jointly invested in Asian Alliance Insurance PLC, each taking a stake of 19%, combining to own 38% with an investment of Rs. 1.8 Bn.

Financial Review

It is important to gain proper perspective when analysing the results of this Sector. The entry of Softlogic into financial services is still quite recent with the financial year 2013 seeing a full years consolidation of Asian Alliance Insurance PLC and Softlogic Stockbrokers (Pvt) Ltd. The costs of these acquisitions at Softlogic Capital PLC- the Financial Services Holding Company of the Group, have also been considerable as the part divestments to FMO and DEG only took place at the financial year-end. Further, growth strategies implemented at subsidiary level have also seen expenditure rising, that from an overall viewpoint have negatively impacted on the result for the year. Revenues for the sector were recorded at Rs. 5.7 Bn, increasing from Rs. 3.1 Bn the previous year, whilst the Sector recorded a loss of Rs. 233 Mn due to the



Heavy top line performance delivered by Asian Alliance Insurance PLC that saw GWP growth of 46% whilst Softlogic Finance PLC delivered Asset Growth of 31%, proving to be top league performers in their respective industries.

reasons stated earlier. Total Assets surged to Rs. 25.3 Bn from Rs. 19.6 Bn the previous year in demonstration of the significant potential that can be realised in the Sector, encompassing the fields of Finance and Insurance.

The Thinking Forward Mind:

'Optimising Group Synergy, SME market focus, and a favourable macro position, '

We feel that the Sector has immense potential in the backdrop of a surging Sri Lankan economy and we have worked hard to set up the essential elements that should reap rich rewards in the years to come. The fact that reputed international institutions such as DEG and FMO have chosen to partner with the Softlogic Group strengthens our credentials in Sri Lanka's financial services industry. Furthermore, we are proud that this has consequently raised Sri Lanka's investor profile as well and we hope this will have a snowballing effect in terms of attracting long term investors of this nature to our shores. These high profile investors obviously perceive Softlogic as a conglomerate with a strong future and as one that epitomizes the entrepreneurial spirit of Sri Lanka.

We will continue to execute our strategy in the Sector that will bring about enhanced financial solutions and convenience for our customers and sustainable superior performance for our stake holders, as we line up synergies that no other Sri Lankan Group possesses; Insurance combining with Retail distribution, Insurance with Healthcare, Finance with Insurance, Finance with Retail distribution – to deliver the next dimension in Financial Services as Sri Lanka progresses towards a USD 100 Billion economy.





Automobile Sector



	FY13	FY12	% YoY
Revenue (Rs. Mn)	704.7	989.6	-29%
Operating Profit (Rs. Mn)	16.5	112.8	-85%
PBT (Rs. Mn)	(48.5)	93.2	-152%
PAT (Rs. Mn)	(43.9)	84.4	-152%
Segmental Assets (Rs. Mn)	519.8	461.4	13%
Segmental Liabilities (Rs. Mn)	306.5	358.8	17%
No. of Employees	76	69	10%



The management is actively working on diversifying its scope of operations and gives special attention to after sales services. Our service standard is one that is based upon recruiting specialised employees.

Financial Review

Revenue slippage was 29% YoY at Rs. 704.7 Mn during the year under discussion, reducing its contribution to the Group's turnover to 3% from 4.5% in the comparative period. Operating Profit too declined by 85% to Rs. 16.5 Mn with the sector struggling with adverse exchange rate movements before concluding the year on a negative note at a loss of Rs. 43.9 Mn.

The Thinking Forward Mind:

'Capture the Top International Brands...with a sound track record.'

The management is actively working on diversifying its scope of operations and gives special attention to after sales services. Our service standard is one that is based upon recruiting specialised employees. Despite the interruptions in the external environment, the management has been working on improving internal developments. A state-of-the-art 3S facility encompassing Sales, Service and Spare parts has been planned by our Ford operations. The facility will consists of a showroom and an after-sales-facility which would set new benchmark levels in the automotive dealership experience.

World Class brands & Incomparable after sales service...

The success of this sector is tightly correlated to policy decisions by the Government of Sri Lanka in terms of the import license scheme, lending rates, vehicle import tariff structure and exchange rate movements – all of which are beyond our remit of control. Yet, our Automobile sector has remained positive focusing on strategic moves to overcome the collective weakness of the industry.





Leisure Sector



	FY13	FY12	% YoY
Revenue (Rs. Mn)	54.9	30.6s	79%
Operating Profit (Rs. Mn)	(90.0)	(36.8)	145%
PBT (Rs. Mn)	(94.7)	(37.5)	153%
PAT (Rs. Mn)	(77.2)	(38.4)	101%
Segmental Assets (Rs. Mn)	6,267.2	1,235.5	407%
Segmental Liabilities (Rs. Mn)	2,427.1	700.7	246%



Strategic partnerships with internationally reputed hotel chains form the base of our hotel operation's strengths.

Restaurant is surrounded by water on all sides and offers sea food of all types. A Cenvaree Spa experience, the oasis for relaxation and serenity, becomes a must during your stay. Throughout the guests' experience at the spa, they will experience a concept designed to liven one up through music, rituals and traditions. Guests will also have the opportunity to learn about traditional herbs and their benefits in spa treatments. The spa menu is extensive, with both individual treatments and packages, and a multi-day retreat package.

Movenpick City Hotel is well underway with sub structure work completed and construction reaching ground level. The super construction and MEP work has been awarded to reputed contractors after series of negotiations through a professionally managed competitive tender process.

A Sector to luxuriate in...

We have partnered with Movenpick, one of the world's leading hotel chains, to build a 219-room 5-star city hotel in the heart of Colombo. The redevelopment and the renovation of the 4-star plus resort, Ceysands Luxury Hotel & Spa, in Bentota is nearing completion. The iconic resort is to offer luxury, comfort and adventure for those seeking an escape from their day to day city life to a fun filled place of thrill and blissful relaxation. The Resort will have endless outdoor activities, water and beach sports. A boat ride across the lagoon would take you to the resort. Centara's signature restaurants Café Bem and 360° Degree Sea Food Restaurant offers diverse tastes of Sri Lankan traditional as well international cuisines. 360° Sea Food



Leisure Sector

	Sketch Plan	Status	Estimated Cost (Rs. Mn)	Funding line	Target Date of Completion
Ceysands Resorts & Spa	Redevelopments and renovation of Ceysands Resorts & Spa to a 4-star plus 166 well-appointed rooms luxury resort to be managed by Thailand based Centara Resort & Spa	Open doors for paying guests in January 2014 following a dry run in December 2013.	USD24.4 Mn	USD10 Mn from International Finance Corporation spread over a three year grace period and the residual via equity infusion.	Sept-2015
Movenpick City Hotel	25-storeyed 219-room 5-star city hotel in Colombo	Sub structure work completed and construction reaching ground level. The Super Structure, MEP, Aluminum/ Glazing and Vertical Transport contracts have been awarded. Topping up is scheduled for December 2014 and the target date for commencement of operations is December 2015.	USD46.6 Mn	USD26.6 funded via BOC syndicated loan and the residual via equity infusion.	Jan-2014

Financial Review

We expect this sector to generate cash flows only after the hotels are fully operational. The Leisure & Travel arm generated Rs. 54.9 Mn revenue, up 79% YoY, during the period under review. This was primarily driven by the travel solutions provider, Softlogic Destination Management (Pvt.) Ltd. This travel wing is expected to initiate the sector's performance once the hotels are in operation—we plan on working as one team to serve the leisure market. However, the sector concluded the financial year with a loss of Rs. 77.2 Mn following pre-operating costs incurred during the financial year 2013.

The Thinking Forward Mind:

'Readying to welcome 2.5Mn tourists by 2016'

Leisure and Recreation has been rated a fresh untapped market which saw phenomenal low based growth rates in the aftermath of the war. A clear accommodation capacity gap is visible to the industry with the country targeting 2.5 Mn arrivals by 2016. The country's current serving capacity is 15,510 rooms in graded hotels and resorts which could only take in 800,000 tourists. Softlogic has two leisure projects underway. Both hotels would be in the hands of internationally renowned hotel chains such as Movenpick and Ceysand Resorts, capturing professional qualifications and global proficiencies to boost guest service.



Both hotels would be in the hands of internationally renowned hotel chains such as Movenpick and Ceysand Resorts, capturing professional qualifications and global proficiencies to boost guest service.



Corporate Governance

Company's Philosophy on the Code of Governance

We at Softlogic are aware that high quality corporate governance helps underpin long-term Group performance. We ensure fairness, transparency and integrity across the organisation. We believe that Corporate Governance is a way of life, rather than a mere legal compulsion as it inspires and strengthens investor confidence, aided by the Board's commitment. This Report provides a general and a comprehensive overview of Corporate Governance adopted by Softlogic Holdings for the Financial Year 2013. In compliance with applicable laws and regulations, and taking account of the guidelines and best practices of Securities Exchange Commission of Sri Lanka (SEC) and the listing rules of the Colombo Stock Exchange (CSE), the Report offers information about the ownership structure and adoption of the Code of Best Practice on Corporate Governance (the "Code") jointly recommended by the Institute of Chartered Accountants of Sri Lanka and the SEC, underscoring the choices made by the Company in applying its corporate governance principles.

The Consolidated Financial Statements for financial year 2013 of Softlogic Holdings PLC comply with Sri Lanka Accounting Standards (SLFRS/LKAS) as issued by the Institute of Chartered Accountants of Sri Lanka (ICASL) and the Companies Act No.07 of 2007.

Our Governance Model

Our Corporate Governance is based on a robust model that respects the execution of duties of the Company to the Board of Directors, this being assigned by the shareholders. Key roles of the governance model stems from the Audit and Risk Committees. External audit is carried out by the audit firm appointed at the Shareholders' Meeting. It is the Group's policy to obtain the services of world renowned audit firms. Operating nearly thirty subsidiaries, the

"The Board of Directors and management of Softlogic have long recognised the importance of corporate governance for effective oversight and strong accountability - the DNA for sustainable value creation for our shareholders - knowing that reputation is the toughest to be replaced once diminished."

Group's Board of Directors and the Managing Director appoint the respective General Managers and Chief Executive Officers (CEOs) to manage each of the subsidiary operations while reserving decisions on issues which are considered significant and delegating powers to the Managing Director to identify and promote major projects and strategically relevant international agreements.

Main tasks of our Governance Model

- promote and maintain an adequate, effective and efficient internal control and risk management system and preserve data integrity;
- Adhere to appropriate values and standards with regard to accounting policies in line with requirements by of the ICASL, SLAASMB, SEC and CSE.
- adopt measures that ensure correct handling of any situation that may involve a conflict of interest, even potential or otherwise whilst acting in the best interest and preserving the rights of and relations with its stakeholders and providing

complete, timely, clear and correct information;

- pursue the best corporate governance practices, with the principles issued by the most representative institutions and associations viz: ICASL and SEC;
- promote Corporate Governance principles by encouraging observation and introducing new ideas, in particular through participation in institutional-and-sector working groups and by promoting relevant initiative;

Board's collective responsibility in the formulation and implementation of business strategies proves to be effective with the quality contribution by the Non Executive Directors (NEDs) as well. Hence, the Board possesses an ideal mix of diverse industry expertise and experience inclusive of Law, Finance, Technology, Healthcare and other prominent fields; making the operational decision-making process more effective. Senior Management meetings with the Board at operational level proved to be very effective, transparent and participative resulting in sharing of knowledge and experience.

The Board has been working on critical areas such as the formulation of the Senior management succession strategy whilst continuously protecting data integrity and internal control. Key appointments had been made during the year towards the acquisition of skills looking to revamp business processes and Business Risk.

The Board

Board Composition

The Board has an optimum combination of Executive and Non-Executive Directors, and comprises of five Executive Directors and three Independent Non-Executive Directors. The Executive Directors generally have a responsibility for making and implementing operational decisions and running the Group's business. The Non-Executive Directors who possess the requisite qualifications and experience in general corporate management, finance, banking, healthcare, law and other allied fields enable them to contribute effectively to the Executive Directors in managing the affairs of the Group.

Board balance between Executive and Non-Executive Directors

Category of Directors	Number of Directors
Executive (including the Chairman/ MD)	05
Non-Executive & Independent	03

Independence of the Directors

The Code sets out the circumstances that may be relevant to the Board in determining whether each Non-Executive Director is independent. The Board assessed the independence of each Non-Executive Director, and concluded that each of them continues to demonstrate the criteria of independence.

Dr. S Selliah, Deshamanya P D Rodrigo and Mr. W M P L De Alwis, PC function as independent directors of the Company.

Access to independent professional advice

All Directors have access to the advice of the Company Secretary and independent professional advice is available to Directors in appropriate circumstances on request, at the Company's expense.

Company Secretary

Messrs Softlogic Corporate Services (Pvt) Ltd act as the Company Secretary. The Company Secretaries provide dedicated support to the Board. Their services extend particularly to the Non-Executive Directors who may need additional support to ensure they receive timely and accurate information to fulfill their duties. The Directors have access to the advice of the Company Secretary, who is responsible to the Board for ensuring that board procedures are followed and that applicable rules and regulations are complied with.

Independent Judgement

All Directors have been encouraged to provide independent judgement on Company decisions and issue pertaining to performance, strategy, resources and business conduct. Softlogic Holdings' Board comprises of an optimum mix of diverse industry professionals.

Board Meetings and Procedure

The annual calendar of Board Meetings is agreed upon at the beginning of the year. The Board generally meets once a quarter. Special Board Meetings are also held as and when needed. Scheduled Board meetings are arranged well in advance to ensure, as far as possible, that Directors can manage their time commitments. All Directors are provided with Board minutes, supporting documents and

other relevant information for each meeting in anticipation that they prepare themselves for and to attend all Board meetings, shareholders meetings and all meetings of the committees on which they serve, unless there are exceptional circumstances that prevent them from doing so. Failure to be present at the Meetings, the Director is briefed on the items to be discussed prior to the Meeting when he can share his views with the Chairman or he would join the Meeting via teleconference. The Directors also to excuse themselves when a personal interest with the Company is under review although no such situation rose during Financial Year ended 31st March, 2013.

The Agenda is circulated well in advance (seven (07) days prior to the Meetings) to the Board members to enable effective conduct for the Board to execute its duties accordingly. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. The Board is also kept informed of major events/items and approvals taken wherever necessary. At Board Meetings, the Managing Director keeps the Board apprised of the overall performance of the Company. The Board reviews the strategy, annual business plan and capital expenditure budgets, compliance reports for all laws applicable to the Company, review of major legal issues, significant transactions and arrangements entered into by the subsidiary companies of the group, adoption of quarterly/ bi-annual/ annual results, transactions pertaining to purchase / disposal of property, major accounting provisions and write-offs/ write backs, corporate restructuring, Minutes of Meetings of the Risk, Audit and Remuneration Committee of the Board.

Corporate Governance

Chairman and Managing Director

The Management continues with the combined role of Chairman and the Managing Director to give rise to a more efficient and effective management cycle to suit the size, complexity of a heavily diversified conglomerate like Softlogic. The Chairman/Managing Director is aware of the crucial responsibility in implementation of proper Corporate Governance across the Group with the following being the prominence during the period under discussion:

- The effective participation of both Executive and Non-Executive Directors;
- All Directors were encouraged to make an effective contribution, within their respective capabilities, for the benefit of the Company;
- Maintenance of power balance between Executive and Non-Executive Directors
- The views of Directors on issues under consideration are ascertained; and
- The Board remains in total control of the Company's affairs and alert to its obligations to all shareholders and other stakeholders.

Appraisal of the Managing Director

The performance of the Managing Director is reviewed every year by the Board. The Managing Director is accountable to the Board and is responsible for the day-to-day operations of the Company while ensuring that corporate goals are achieved making the optimum use of resources available.

Time commitment

The Board dedicates adequate time to discharge their duties effectively. In addition to Board meetings, they attend sub-committee

meetings and make decisions via circular resolutions.

Appointments to the Board

New appointments to the Board are based on collective consensus of the Board. In making new appointments, the Board considers the mix in order to assess whether they have the right composition of skills and experience to be better equipped to manage the Company. The Board aims to appoint Independent non-executive Directors who have the skills and experience needed for a comprehensive understanding of the Group's activities.

No active Nominations committee was formulated as no new appointments were made to the Board during the period under review. However, the Board has not failed to review its size, structure and composition constantly in order contribute effectively and efficiently to the Company.

Re-election of Directors

As per the Articles of Association of the Company, three directors shall retire from office at each Annual General Meeting (AGM) and offer themselves for re-election. Any Directors appointed during the year seek re-election at the next AGM. The Managing Director is not subject to retirement by rotation.

Appraisal of Board Performance

The Board continued on their self-appraisal scheme highlighting satisfactory output by the Board during the period under review.

Remuneration of the Directors

The remuneration of the Executive and Non-Executive Directors are determined by the Board and disclosed on page 114 of the Annual Report.

Board Committees

Certain responsibilities of the Board are delegated to Board Committees to assist the Board in carrying out its functions. The three principal Board appointed Committees are;

Risk Committee

The Integrated Risk Management Framework of Softlogic has been set up to identify, assess and manage risks, monitoring of key performance indicators, extract key risks and report to Board Members in relation to current and potential exposures of the Group. The IRMC for the upcoming period targets to enhance the current risk framework to a much higher level. It has recognised an enhanced management approach will be implemented in identifying and mitigating risks using a bottom up approach too.

Audit Committee

The audit committee monitors the Company's financial reporting processes and systems of internal control over financial reporting, the independence and the evaluation of the external auditors and the performance of the head and senior internal auditors. It also acts as an oversight responsible to assist the Board of Directors.

The Audit Committee comprises of the following Independent Non-Executive Directors.

- Deshamanya Deva Rodrigo - Chairman
- Dr. Sivakumar Selliah
- Prashantha Lal De Alwis, PC

The Audit Committee meets at least once a quarter to review and approve the quarterly and annual financial statements before being presented to the Board and release to the public and shareholders. The Committee from time to time also invited such of the executives,

as it considers appropriate, to be present at the meetings. The members of the Committee brief the Managing Director of the discussions and findings of the Audit Committee meetings. The Company Secretary acts as the Secretary to the Committee.

During the year under review, the Committee met the external auditors twice during the year without the Executive management and the Managing Director, to discuss the audit scope, barriers to carry out the Audit and to purposefully plan the draft Financial Report and Accounts. The responsibilities of the Audit Committee are set forth in the written Terms of Reference adopted by the Board of Directors.

Remuneration Committee

The Committee's objective in relation to remuneration is to ensure that it incentivises excellence in business and personal performance thereby enabling the Group to attract and retain employees with credentials and experience. In relation to senior management development, the committee's objective is to ensure that the Group's people resources are managed to maximise business performance and support the long-term success and growth of the business.

The following Independent Non-Executive Directors comprise the remuneration committee;

- Prashantha Lal De Alwis, PC – Chairman
- Deshamanya Deva Rodrigo

The Chairman who is also the Managing Director attends meetings by invitation except when his own remuneration is discussed.

Aggregated remuneration paid to the Executive and Non-Executive Directors of

the Company is disclosed in Note 08 to the Financial Statements.

Remuneration Committee responsibilities are set forth in the written Terms of Reference adopted by the Board of Directors.

The Whistle Blower Policy

The Company has adopted a basic Whistle Blower policy to provide a formal mechanism to the employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Conduct or Ethics policy. All staff receive quarterly reminders on insider-trading laws and other areas of Ethical conduct and policy. The policy provides adequate safeguards against victimisation of employees and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee. The Human Capital Division holds open doors for any such alerts whilst the policies are currently being reviewed for further improvements.

Investor Relations

The Company has a strong investor relations association to address the information needs of investment institutions and market analysts on Softlogic with a special Investor Relations Department possessing the relevant skills to handle the queries of Company performance and Outlook. The Company Secretaries & Registrars, another in-house department, adds to the Shareholder correspondence.

Means of Communications

The Annual General Meeting, Annual Report of the Company and Quarterly Reports are the principal means of communication with the shareholders. The financial results and

the Annual Reports are also displayed on our corporate webpage: www.softlogic.lk.

Group's Corporate Website

The Company's website is a comprehensive reference on Softlogic Holdings PLC's management, vision, mission, policies, corporate governance, corporate sustainability, investor relations, updates and news. The section on 'Investors Relations' serves to inform the shareholders, by giving complete financial details, shareholding patterns, corporate benefits, information relating to stock exchanges. The section on 'News Room' includes all major press reports and releases, awards, campaigns, etc.

Quarterly and Annual Reports

Being a listed entity, the Group enforces timelines in meeting the deadlines set by the Colombo Stock Exchange under 7.4 and 7.5 of the Listing Rules in releasing the quarterly and the annual performance of the Group to the market. The financial results (quarterly and the Annual Reports) are displayed in the Colombo Stock Exchange site as well as on our corporate webpage: www.softlogic.lk. Each financial quarterly release carries a comprehensive message by the Chairman on the financial analysis of the Company's performance during the relevant period. The management operates an investor friendly scheme where analysts are welcome to meet the management.

Code of Conduct

The Company has adopted a strict Code of Best Practice & Ethics for all the employees of the Company and all the Board members and senior management personnel affirm the compliance with 'The Code of Conduct & Ethics'.

Corporate Governance

Integrity and transparency are the pillars that Softlogic Holdings relies in formulating a management and control structure that is suited to its size, complexity and operating structure. The Board of Directors believes in the importance of clearly defining the values and principles that inspire the Group's activities – both within and outside the Group structure – so as to ensure that all activities are carried out in compliance with the applicable regulations, in the context of fair competition, honesty, integrity, fairness and good faith, and in conformity with the legitimate interests of all stakeholders with whom the Group entertains relations on a daily basis. This includes shareholders, employees, suppliers, customers, commercial and financial partners, local communities and institutions of the countries in which the Group holds partnerships.

Employees of Softlogic are called upon to observe these principles, and to ensure that they are observed, as the Code of Ethics plays an important role for the efficiency, reliability and reputation of the Group, a crucial asset for business success and for improving the social context in which we operate. Employees are always encouraged to keep away from conflict of interest activities. With specific reference to corporate governance issues, the Code includes references to the main Corporate Governance rules contained in the Code, which Softlogic has adopted, highlighting relations with shareholders and the public, and defining the main principles to be observed in disclosing confidential Group information.

The widespread distribution of the Code of Conduct and Ethics has been continued,

from the Board of Directors to new recruits, through a range of initiatives using interactive tools, dedicated presentations and integration into the Group's institutional training courses. Representatives within the Group bodies of other affiliates, consortia and joint ventures promote the principles and contents of the Code within their respective areas of responsibility.

Compliance with Rules and Regulations

The Company has complied with the requirements of the Colombo Stock Exchange and SEC on all matters related to capital markets since being listed in 2011. No penalties or strictures have been imposed on the Company by these authorities to date.

Compliance with the Corporate Governance Rules of the Colombo Stock Exchange

CSE LISTING RULE NO.	SUBJECT MATTER	CONDITION	STATUS OF COMPLIANCE	REFERENCE TO THE REPORT
Board of Directors				
7.10.1	Non-Executive Directors (NEDs)	Two or at least one third of the total number of Directors should be NEDs.	Complied	Corporate Governance Report
7.10.2 (a) and (b)	Independent Directors	Two or one third of NEDs (whichever is higher) should be independent. Each Non-Executive Director should submit a declaration of independence/ non-independence in the required format.	Complied	Corporate Governance Report
7.10.3(a) and (b)	Disclosure relating to Directors	Names of Independent Directors should be disclosed in the Annual Report.	Complied	Corporate Governance Report
7.10.3(c)	Directors' Resume	A brief resume of each Director should be included in the Annual Report, including his area of expertise with the same being submitted for new Directors.	Complied	Board of Directors' Profile (Page 14 and 15 of the Annual Report)
7.10.4	Definition of "Independence"	Requirements for fulfilling criteria.	Complied	Corporate Governance Report

CSE LISTING RULE NO.	SUBJECT MATTER	CONDITION	STATUS OF COMPLIANCE	REFERENCE TO THE REPORT
Remuneration Committee				
7.10.5(a)	Requirement and composition of Remuneration Committee	The Committee shall consist of Non-Executive Directors, a majority of whom shall be independent. The Chairman of the Committee shall be a Non-Executive Director.	Complied	Corporate Governance Report
7.10.5(b)	Disclosure of the functions of the Remuneration Committee	The Committee shall recommend the remuneration payable to the Executive directors and Chief Executive Officer or equivalent role. Aggregate Remuneration paid to the Executive and NEDs	Complied	Corporate Governance Report, Committee Reports and Annual Report of the Directors
Audit Committee				
7.10.6(a)	Composition of Audit Committee	Shall comprise NEDs, a majority of who shall be independent. The Chairman of the Committee shall be a Non-Executive Director. The Chairman or a member should be a member of a recognised professional accounting body.	Complied	Corporate Governance report, the Annual Report of the Directors and the Committee Reports
7.10.6(b)	Functions of the Audit Committee	Overseeing the: <ul style="list-style-type: none"> * preparation, presentation and adequacy of the disclosures in the financial statements in accordance with the SLFRS/ LKAS. * compliance with financial reporting related regulations and requirements. * processes to ensure that internal controls and risk management are adequate. * Assessment of the independence and performance of the external auditors. * Recommendations to the Board on the appointment, re- appointment and removal of the external auditors and approving their remuneration and terms of engagement. 	Complied	Corporate Governance Report and the Committee Reports.
7.10.6(c)	Annual Report Disclosures on the Audit Committee	The names of the members of the Audit Committee. The basis of determination of their independence. A report of the Audit Committee setting out the manner of compliance with their functions.	Complied	Annual Report of the Directors and Committee Reports

Risk Management

The Group's diversified business naturally entails risk in business operations transactions and as a result, Integrated risk management is acquiring a stronger focus in our core business planning, decision making and implementation models. As risk lies in every sector of our business, we believe that a sound and an effective risk management system is fundamental to the long term sustainability and the anticipated rapid growth of the Group. The Group acknowledge the necessity of risk recognition and proactive risk management given the competitive business climate it operates. Further, our risk management strategy is based on a crystal understanding of numerous risks, systemised through the disciplined risk assessment, recognition measurement procedures and continuous monitoring.

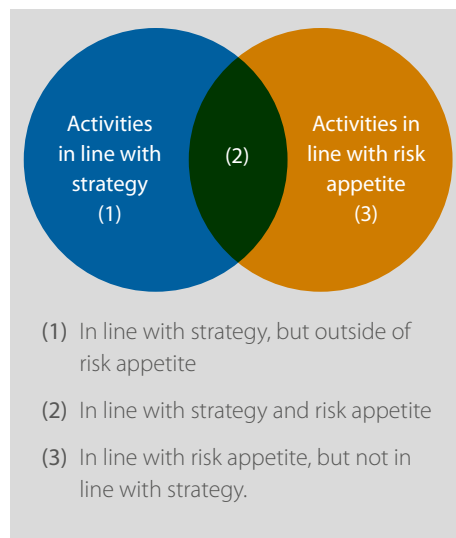
We believe Group's management capacity, financial flexibility and operational adaptability to a rapidly changing business environment, have been the core strengths in overcoming external macro challenges.

The Enterprise Risk Management Framework has been set up to identify and manage risks for continuous value creation, assessment of key business risks through ongoing measurement, monitoring of key performance indicators, extract key risks and report to the Board of Directors in relation to current and potential exposures of the Group.

Responsibilities of the Committee

- To identify organisation-wide risks.
- To decide on the Group's risk appetite and set risk tolerance limits.
- To design and implement risk management policies across the Group.
- To review risk measurements, monitor and control risk aspects across the Group.
- To advices on risk mitigating measures and ensure these measures are adhered to in a timely manner.

Linkages between Risk Appetite and Strategy



Risk Management Operating Model

- To review the Terms of Reference for Group Risk Management;
- To approve the Group Risk Management annual operational plan with reference to the appropriateness of the scope and timing of proposed coverage in relation to risk;
- To consider the adequacy and effectiveness of resource within Group Risk Management;
- To review the scope and nature of the work undertaken by Softlogic Risk Management (noting any significant issues in the period under review and work planned for the next period) in connection with.

Governance Structure

Risk management governance structure of the Group begins with oversight by the Board of Directors. The Integrated Risk management committee (IRMC) assists the Board in discharging its duties relating to risk management.

The IRMC consists of a Non- Executive Director, an Executive Director, the Chief Financial Officer, Head of Operations, Head of Marketing, Head of Retail, Head of Human Capital. The IRMC also meets with individual business heads when necessary to make the risk mitigation process more effective.

The IRMC meets on a quarterly basis.

Our Top down Model

We apply our risk management approach across the entire Group from senior management to staff at operational level with the functions of each being as follows:

- The Board: carries the overall accountability for the risk management practice of the Group.
- Audit Committee: focuses on the robustness of the risk management process and oversees the Group's major risks.
- IRMC: assists the Audit Committee by conducting internal reviews of the Group's operations, in particular, the review of material controls in areas identified whilst overseeing how the Group's properties and functions have sought to monitor and mitigate the risks. The IRMC act as the coordinator to ensure that each operation addresses those risks identified, tracks progress of mitigating plans and activities of key business risks and reports on examination of specific risks as required.
- Business Units: Ensure compliance with the risk management policies and procedures set up by the Group and monitor and report risk profiles and implement actions.

Risk Definition	Mitigating Strategy
Strategic Risks	
Investment Risk	
<p>Capital expenditure in executing our current business plan is critical to remain competitive and capitalise on opportunities that rise. Fresh investments in novel industries create new risks and potential reputation risk to the Group. Uncertainty of the investment yielding expected returns. Identification of ideal strategic partners is vital in protecting and sharing the potential risks.</p>	<p>Our choice of strategic partnerships in the past has stood strong. Our international investment penetration has been justified by our plethora of global icons under Retail further strengthened by the recent strategic alliances with DEG and FMO.</p> <p>Our Corporate Planning team works with scrutiny on a due diligence process to assess appropriate fund allocation to ensure that we invest within our capabilities and execute on the best terms. A market & competitive analysis, earnings, IRR and other financial projections are compiled on the viability of the investments before execution.</p>
Business Partnership Risk	
<p>Most sections of the Group's operations are in strategic partnerships. Loss of any of the partners will have a major impact on the business.</p>	<p>All strategic partnerships have stood strong till now. Most our distributorship rights trace years of service. However, we do not rely on one single principal in each of our operations as we continue to tap into new alliance partners globally. Regular service assessments also ensure non-termination of agreements with the principals' content of our service levels of their products in Sri Lanka.</p>
Credit Risk	
<p>Credit Risk is the potential financial loss that could arise as a result of the failure of a borrower or counterparty to honour their contractual obligations. Possibility of a financial loss as a result of a customer or counterparty default to a financial instrument failing to meet contractual obligations.</p>	<p>The management closely monitors credit evaluation and credit limits and effective follow-up procedures are existent. On balance sheet netting and guarantees assist us to minimise default losses.</p>
Market Risks	
Interest Rate Risk	
<p>Market risk is the risk that adverse movements in market risk factors such as interest rates, foreign exchange rates, and equity and commodity prices will affect our income or the value of our portfolios. The probability of income losses arising owing to a change in domestic or foreign interest rates.</p>	<p>Our Centralised Treasury Management remains vigilant of the volatile market conditions and Regulatory changes with constant monitoring to ensure an effective and an efficient investment portfolio prevails at all times.</p> <p>Good business relationships with lending institutions allow productive negotiations on favourable terms of credit.</p> <p>Financial models have been developed with projections to make informed decisions on interest and foreign exchange movements (for instance, a sensitivity analysis showing impacts on interest rates fluctuations).</p>

Risk Management

Risk Definition	Mitigating Strategy
Foreign Exchange Risk	
Adverse movements and fluctuations in foreign exchange rates against the domestic currency could affect the Group's pricing strategy, especially the Retail import oriented arm.	Exchange rate movements are constantly monitored for currencies in which the Group carries exposure and where applicable Group Treasury enters into forward exchange rate contracts to mitigate foreign exchange risk.
Commodity Risk	
Fluctuations in commodity prices especially our retail products could have an impact on our pricing strategy, making us less competitive in the market.	The procurement team foresees any such escalations and works with the Corporate Planning Division of the Group to assess a pricing formula with minimal impact on market share. In addition, our healthy long term business partnership with are principal overseas dealers also assists to reduce the impact of such radical effects.
Liquidity Risk	
Insufficient funds could postpone investments paving the way for costly sourcing of funds making the Group unable to capitalise on profitable investments.	The Group Treasury Department maintains a business model and a working capital management model which identifies any such shortfalls to act in advance to minimise dependability on external lenders although healthy relationships with such lenders have been maintained to ensure lending facilities are accessible when the need arises.
Product Risk	
New product failures and products becoming irrelevant/obsolete in the market.	Accreditations are obtained from customers as we abide by international standards. Product development has always been top priority with close monitoring of individual product life cycles. With most of the brand portfolio representing international names, international developments and innovations are well captured by the Group.
Market Share Risk	
Loss of market share amidst intense competition from existing and potential competitors, changes in customer preferences and socio-economic conditions.	Close management of customer attitudes and extrapolation of economic conditions have led our business so far. The Group's investments into the future highlight our get-ready formula when the GDP reaches USD4,000 as targeted by the Sri Lankan economy by 2016. Continuous attention has been given to product developments and other innovative strategies.
Reputational Risk	
Faulty items being sold, unsatisfactory service deliverance and poor after sales service could create reputational damage.	Constant product functionality reviews, measuring of quality assurance, proactive responses to customer negative feedback act as defense lines to mitigate reputational risks.

Risk Definition	Mitigating Strategy
Operational Risk	
Process Risk	
Internal process breakdown, fraud, natural and man-made disasters holding potential loss of earnings and reputation.	Constant monitoring and business continuity models on sensitivity plans even during a crisis. Analysis of customer, vendor, documentation process and other operational level activities are an ongoing activity at Softlogic.
Employee Risk	
Loss, retirement or resignation of key management personnel will impact the performance of the Group. Lack of staff training and development would lead to ineffective performance and negligence.	A succession plan is in place for all the key management personnel. An adequate training and development process is in place Group wide.
Technological Risk	
Malfunctioning of physical assets and incompatible software could have a serious impact on the Group whilst outdated software and systems could create business losses.	Being an IT led Group, technological investments have always been top priority. Adequate evaluation processes on compatibility and test runs are performed prior to the acquisition of physical assets and software.
Regulatory Risk	
Regulation reforms that could have had an adverse impact on the Company.	The Centralised Legal Division & Compliance informs the Board of any such material changes and the required steps needed to remain in line. Constant compliancy checks are done across all operations of the Group especially of our finance and healthcare clusters which are under scrutiny by relevant governing bodies. The Group's Legal team participates in specific forums when necessary.
Environmental Risk	
Group's exposure in breaking any environmental regulations will create both monetary and non-monetary losses. Adverse climatic conditions can have an impact on the Group's operations, especially the retail segments.	An active Sustainability team overlooks all Group activities. High bio diversity areas falling into the Group's operational fields are protected though none of the Group's operations are located within close proximity to national reserves or any protected areas. All on-going construction projects have been in line with the relevant local and provincial regulations. A Group wide waste management process is in place.

Risk Management

Insurance

The Group's risk mitigation programme includes insurance and where feasible and appropriate, to transfer the risk of high severity and low probability events arising from fraud and external events that are beyond the control of the Group. These covers are being consistently monitored and reviewed for their adequacy and validity.

Future Outlook

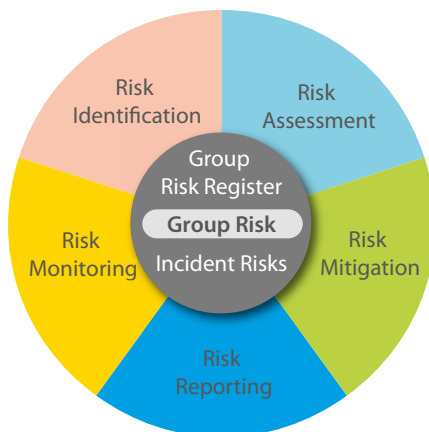
Proposed appointment of a Group Head of Risk

In order to consolidate the integrated risk management framework of the Group, the appointment of a Group Head of Risk has been proposed.

Integrated Management Information System (MIS)

It is planned to strengthen the existing data processing system to an enhanced Management Information System to assist manage risk related information in an efficient and an effective manner across the Group.

The Proposed Risk Management Model



The IRMC for the upcoming period aims to enhance the current risk framework to a much higher level. It has recognised that an enhanced management approach which will be implemented in identifying and mitigating risks using a bottom up approach too.

In addition, the IRMC is to formulate an active Risk Register as a framework that allows the Risk Committee to have a better overview of the Group's major systematic and internal risks. This Risk Register would assist management to eliminate, avoid or transfer them.

The Risk Register, comprising the key risks identified, defined and calibrated by the IRMC, along with detailed action plans, will be reviewed by the Risk Committee and the key risks identified will be transferred to the Board Audit Committee in order to consider these risks at the Audit planning stage.

Risk Recognition Culture

- Formulation of Policy Directives on:
 - (a) Risks underwriting standards (risk appetite)
 - (b) Risk categorization
 - (c) Standard of review
- The IRMC aims to integrate the process of managing risk into overall governance, strategy and planning, management and reporting processes and policies and hence build a strong 'risk culture' within the Group.

Business Continuity Plan

Business Continuity Management (BCM) aims at ensuring resiliency of business activities for emergencies and disasters. The Group plans to establish a Disaster Recovery site and fortify the existing data and information backing up process.

Sustainability Reporting

Sustainability Report

Softlogic operates in a highly self-regulated environment which requires careful planning considering the ramifications that such planning will have on Business Sustainability. Our investments focus on areas ranging from leisure construction, retail expansion, market savvy ICT product enhancement, healthcare and finance. Social institutional engagement is an ongoing commitment for us and our initiatives are aimed at personal development, social empowerment and creating avenues for better livelihood and status, thereby contributing qualitatively to the country's socio-economic growth. This report provides an overview on our Sustainability strategy in a challenging environment and to make a real difference to our stakeholders as we progress towards a better future.

Softlogic believes in the shared responsibility amongst stakeholders; hence, it is advantageous to have a healthy relationship with the community. As a progressive Company, the Company is interdependent upon all structures of society to leverage from those structures that are inherently correlated.

Economic Value Statement

Year Ending March (Rs. Mn)	2013	2012	YoY Change (%)
Direct Economic Value Generated			
Revenue	25,361	21,819	16%
Interest Income	566	304	86%
Dividend Income	145	92	64%
Share of results of Associates	21	16	33%
Value Gain in investment property	61	340	-82%
Other Income	579	453	28%
Total Value Created	26,739	23,025	16%

Economic Value Distributed

Operating Cost	19,076	15,971	19%
Employee Wages & Benefit	3,079	2,002	54%
Payments to Government	1,587	1,943	-18%
Capital Providers	2,988	2,109	42%
Total Value Distributed	26,731	22,024	21%

Economic Value Created

Depreciation	824	741	11%
Amortisation	195	136	43%
Defined Cost Benefit - Net	52	39	34%
Retained Profit	8	1001	-99%
Total Retained	1,079	1,917	-44%

This Business Sustainability Report documents our continuing progress in three key performance areas which are relevant to the Group; Workplace, Environment and Community.

Workplace

Our core asset is people.

Softlogic's work place motto is to improve quality of work-life by enabling people to do more and feel better. At the core of our business model is the use of knowledge. We operate from a standpoint of being flexible and open and hence, the organisational structure is capable of responding to the fast-changing business environment. Shared growth has been another area of strong emphasis in the business management at Softlogic; we believe in buttressing and harnessing the social structure with a view to enhancing our competitive edge in business through actions of reciprocity. We have also been striving to develop and sell eco-friendly products being very conscious of the environment.

Creative Organisational Culture

Softlogic is aware of the increasingly important "employee" factor. At Softlogic, each and every one of us feels a sense of dignity, pride and ownership of the Group's vision. Softlogic strives to build a creative organisational culture, and acknowledges that the investment we make in strengthening the core competencies of our employees will have a direct impact on our competitive spirit. We actively promote a flexible organisational culture that allows employees to pursue a healthy work-life balance, in a dynamic, creative and challenging work environment. As an entity with strong international alliances, we embrace individuals whose backgrounds and abilities are diverse.

Learning and Development

Softlogic has established a strong creative and development culture providing employees with opportunities to pursue creative and new ideas, that take full advantage of their talents and professional passions in a way that encourages taking risks. We are committed

Softlogic is aware of the increasingly important "employee" factor.

to identifying and developing talent so that our staff, wherever they work, can fulfill their potential. Special training sessions are held for new employees to instil the 'Softlogic Work Culture & Ethics'. An extensive Training Need Analysis is executed across the Group with employees ranging from top management to all levels of staff being sent for either internal or external training sessions to fill the required technical or soft skill gap, attitude and knowledge.

Apart from the Group wide training practices, company-wide training and development is also conducted so that we are in line with industry best practices. Training and Development Unit at Softlogic Finance PLC has been delivering productive training and continual professional developments of its staff. Cross functional training is one key move of this unit where employees are given a full understanding of the company's operations on a 360 degree scale. Asian Alliance Insurance PLC too has been holding management meetings and leadership programmes along with product trainings conducted to ensure that skill, ability and potential of all staff are developed.

The Hospital chain places prime importance on learning and development, focusing on the areas below:

- **Learning for delivering quality services**
Learning is the "key result" of the staff member, which is directly related to the unit results and measured against the organisational forecasts envisaged during a given reporting period. Quality service

takes precedence at Asiri at all given points with the staff complying with the motto - 'Committed to Health'. This has been encouraged through on-the-job training to provide staff with hands on experience. Since the need for practical exposure has been identified, the new comers with A/L and O/L qualifications are provided with on-the-job training for a period of six months to twelve months depending on the manpower requirement. This enables them to understand organisational expectations from their job roles. In addition, the Learning Plan is equipped with Technical Learning modules and employees are nominated for various technical courses & resources as per their training requirement.

- **Learning for competency development**

This refers to soft skill areas in connection with the competencies that are identified and are to be developed to deliver results effectively to our patients. It requires active and close guiding and coaching by supervisors.

- **Learning for career development**

To serve our staff member's career aspirations and identified career path, a multi - year training plan needs to be in place for future career advancement opportunities. Some of the learning areas have been developed in line with the expected business impact studies and require staff composition to be modified into this definition.

Sustainability Report

On the job training –the Asiri Group has a well-established Nurses' Training School which was initiated in 1986 at Asiri Hospital Limited. 40 batches were passed out up-to-date whilst the 43rd batch was enrolled recently. Currently, there are over 180 student nurses within the Group. The duration of the Diploma course is three years with clinical experience in all general wards and speciality units. The Hospital chain possesses one of the best equipped laboratory chains with state-of-the-art technology in Sri Lanka. Trainee Medical Laboratory Technicians are subjected to a rigorous three year on the job training programme prior to becoming a Junior MLT.

- **Soft skill training**

The training programmes are planned to deal with soft skills such as customer care aspects, telephone etiquette, ISO, OSHAS, JCI quality standards etc, prior to each financial year and the training calendar is circulated among the staff.

- **Hard skill training**

On the job trainings and other technical trainings are classified under hard skills training. Asiri employees are sent to trainings conducted by external parties as well. During the last financial year, 248 sessions in total were conducted, covering 6,054 participants across the Group and Training evaluations have been conducted to monitor effectiveness and improve the sessions further.

Group Diversity

Softlogic has developed various activities to create an atmosphere in which each employee can flourish. With Softlogic now grown into one of the leading conglomerates in the country with extended global partners, it has become

essential for us to ensure that our workforce reflect the diversity of the global markets our principals and other stakeholders operate in. Every employee, regardless of gender, race, or country of origin must have a voice in the organisation. Softlogic continues its efforts to encourage its employees toward creativity and better work performance by investing in infrastructure, embracing diversity, and raising awareness in working together. Once a talent is recognised, the employee is given a chance across other growing sectors of the Group.

Employee Health & Safety

Sectors in which Softlogic operates are mostly fast-changing and require the development of new technologies, innovations and specialised expertise. We have qualified health and safety professionals in every operating market and every business to make sure that our offices and showrooms are safe places to work and shop.

Independent professional inspection was conducted for fire and safety in our retail showrooms with a Criteria and Standard Design

Specification for Life and Fire Safety systems developed for future showrooms, becoming a key element of our Retail expansion project.

The organisation also provides insurance packages to employees across the Group.

Work Life Balance

The Human Capital Division of the Group places importance on individual lifestyles and values to promote a work-life balance that creates synergies for the Group as a whole. With activities that include maintaining various systems, reviewing operations to introduce ways to reduce working time, conducting workshops with outside experts and other motivational programmes; the Centralised Human Capital Division works hard to create a culture that accommodates diverse working styles where investment in people is given top priority.

Employee Awareness

Softlogic continually invests in introducing and implementing an effective line for employee communication and awareness to ensure





that all employees work toward one shared goal. The Finance sector of the Group holds 'Employee Congress' at regular intervals where employee thoughts are shared and their commitment is obtained to reach the goals for the upcoming period.

Staff Strength

The Group currently provides employment to 6,414 individuals including the associate companies. Asiri Group of Hospitals continues to dominate the total staff strength by over 50%. Total resignations of the Group amounted to 1,852 whilst new appointments added to 2,196 during the period under concern. Child and forced or compulsory labour is prohibited across the Group. Softlogic's working environment upholds ethics abiding by an effective Corporate Governance code with no sexual harassments or any other mistreatments at work. The gender mix has remained at 50:50.

The Human Capital Division of the Group places importance on individual lifestyles and values to promote a work-life balance that creates synergies for the Group as a whole.

Sustainability Report

Environment

We have clearly defined footprint incorporating sustainability into our way of doing business, thus eliminating harm to the environment and benefitting our customers, associates and families, shareholders and the earth. We improve our offices, showrooms, logistical operations and use of technologies in ways that save energy and thus reduce emissions. And we aim to ensure that sound environmental, health and safety, labour and ethical practices are embedded within all our operations. Softlogic initiated the concept of 'reduce, re-use and recycle' in 2012 saying 'NO WASTE' targeting 100% waste utilisation. The staff are educated on the importance of reducing waste to foster a better working environment in their day-to-day activities. The discipline of frugality on our part not only registers non-financial gains but if saved, they could be redeployed to enhance other urgent sustainable risks objectives. For example, we could save more by consuming less electricity, and hence, the country would also save on scarce foreign exchange resources due to the reduced consumption of fossil fuel required to fire up thermal power generators. The consequence of this action results in reduced emission of poisonous gases into the environment thus reducing the impact on the already damaged ozone layer. In this way, conscious actions widens the web of beneficiaries.

"Re-use" is another vital area for minimising wastage. Hence, the staff at Softlogic have been encouraged to embrace the concept of re-use with a paper recovery system where each employee is motivated to use one-sided paper for drafting of documents, and printing them only in case of need.

Softlogic is concerned that the environment is kept clean and safe. The Group continued advocating the "e-waste re-cycling programme"

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and "paper re-cycling programme" to the staff of Softlogic and the subsidiaries within the group; the involvement and the passion shown by the staff in the re-cycling projects has been immense.

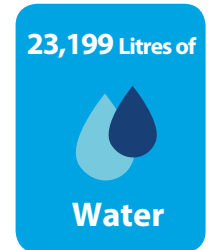
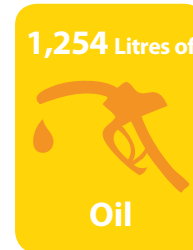
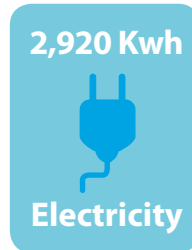
The Softlogic Paper re-cycling programme assisted recycle over 700kgs of waste paper which is said to have saved 12 fully grown trees, 1,254 litres of oil, 2,920 kwh of electricity, 23,199 litres of water, 03 cubic metres of landfill and has reduced Greenhouse Gas emission by over 700kg of carbon equivalent.

Conservation of the Environment

Future Automobiles (Pvt) Ltd, a subsidiary of Softlogic Holdings PLC has brought FORD Conservation and Environmental Grant to Sri Lanka for the second consecutive year in 2012. It awarded two organisations, "The Tree Society of Sri Lanka and The Wanasarana Thurulatha Swechcha Society" to split USD15,000 in respect of developing and protecting IFS-Popham Arboretum - Dambulla and Dediyaigala Forest Reserve.

The IFS-Popham Arboretum - Dambulla - Popham Arboretum is located off Kandalama Hotel Road, 3km from the Dambulla rock.. There are as many as 278 different plants and trees species that have been duly identified and recorded. During the many years that Mr. F H Popham tended his 'Garden of Eden' he adopted this method of seeking nature's way to re-establish this forest. The 'Re-generation Process' was going on apace. Under 'Conservation & Improvement' of The Ford Motor Company will be funding a few key areas of the project including management of the arboretum, extension of the auditorium enhancing and improving educational facilities, raising the dam, conserving water to facilitate the rainwater harvesting system and securing the perimeter fencing to prevent encroachments.

Dediyagala Forest Reserve - Conservation of the Bio Diversity of Dediyagala Forest Reserve of southern province by Joint Forest Management with Buffer Zone Communities. Promoting Kithul as a livelihood for buffer zone communities and preserving the forest in return is the theme of the project and Ford Grants will be utilised to supply training and infrastructure to Kithul tappers, establishing forest plant nurseries and kithul nurseries and their management and to promote home gardening by providing training and infrastructure.



The discipline of frugality on our part not only registers non-financial gains but if saved, they could be redeployed to enhance other urgent sustainable risks objectives.

Sustainability Report

Community

Child Welfare: Uplifting Quality of Life at Home for Orphans

Abacus International Lanka (Pvt) Ltd, our travel agent subsidiary, continued its annual sponsorship of funds for ten children in the SOS children's Villages in the country. This was initiated and has been sustained since 2008 by Abacus. The Family "Nilwala" consists of a group of under privileged children, who are without parental care and a lady volunteer who takes care of the children; the children call her "Mother!"

Asian Alliance Insurance PLC offered a helping hand to uplift the standards of orphaned children through its Sports Club, which is committed to contribute to the orphaned girls at the Peter Weerasekera Children's Home in Buthpitiya. Inaugurated in 1960, the home was created as a shelter for destitute and orphaned girls. The initial intake was a batch of 10 girls, ranging from 7 to 14 years of age, but today, the shelter houses 49 girls. This is a Government approved charity with children being directed to the residence by the Department of Probation and Childcare through a Magistrate Court's authority. The Sports Club of Asian Alliance Insurance PLC gifted the children living at the Home with a motor insurance cover for their school bus for the second consecutive year. This will provide them protection in the event of any accidents, while, reducing the financial burden on Home.

Asian Alliance Insurance PLC, aligning with the parent company's mindset, sets great store on nurturing the development of the next generation with the prospect of moulding future professionals who will benefit the nation. The company has contributed to this task by collaborating with a diverse array of projects. The Asian Alliance Insurance PLC Sports Club believes that this will be the stepping stone



Asian Alliance Insurance PLC, aligning with its parent's mindset, sets great store by nurturing the development of the next generation with the prospect of moulding future professionals who will benefit the nation.

towards a long term partnership with the Peter Weerasekera Children's Home and will lead to the children being nurtured into becoming good citizens.

Healthcare

Asiri Hospital Holdings PLC made a cash donation of Rs. 100,000 to Friends of Lady Ridgeway hospital with the intention of caring for children stricken by dengue. Asiri Surgical Hospitals PLC sponsors Free Heart Surgeries for Underprivileged Children on a regular basis to give them an opportunity to live a normal life. Asiri Hospital Holdings also provided free testing facilities for underprivileged patients referred by the Maharagama Cancer Hospital (Laboratory tests, MRI & Scans, X-Rays etc).

Further, the hospital has conducted several free health camps in Kandy, Matara, Kalutara, Jaffna, Trincomalee, Negombo, Anuradhapura and Ampara, Pamunugama in collaboration with social organisations in these areas.

Asiri Hospitals also donated linen, medicine, trolleys, chairs etc. to the following institutions:

- Maskeliya District Government Hospital
- National Ayurvedic Hospital of Sri Lanka (Teaching)
- Sri Jinarathana Bhikku Teaching School

Moreover, Asiri Hospital is the platinum sponsor for the "BEAP Project" (Batticaloa Teaching Hospital Emergency & Accident Project) which was introduced to empower doctors in Sri Lanka's Teaching Hospitals to improve health care services by providing them with adequate medical resources, training and support and to build the necessary infrastructure within their teaching hospitals. The long term aim of the hospital would be to enhance the National Trauma Service from Karapitiya to Batticaloa and beyond. The need for appropriate facilities for treatment is high; hence, the BEAP project also aims to upgrade the Batticaloa Teaching Hospital and other hospitals as needed.



Donation of Main Nurse's Station to the Medical ward 09 at Kalubowila Teaching Hospital - 2012

The realisation of the dire need for financial and technical support in government hospitals inspired Asian Alliance Insurance PLC to establish an agreement with the Colombo South Teaching Hospital to drive qualitative improvements in its service offering, which will ultimately impact the patients in a positive manner. Through this decision, the company has enabled tangible improvements in various aspects of the hospital's services. We believe that a public-private-partnership of this nature is the way forward to improve infrastructure and facilities for citizens of the country.

Another CSR programme introduced by Asian Alliance Insurance PLC was in partnership with the Colombo South Teaching Hospital in its noteworthy 'Quality and Productivity Improvement' programme launched in 2010. The company was enthused by the opportunity to help enhance the quality of service offered to patients by supporting the quality centre training for hospital staff. The programme was focused on the building blocks of the system – service delivery, human resources, infrastructure, medical technology, health financing and stewardship. The Japanese 5S system was introduced as well to promote best practices and improved customer levels.



Upgrading Hospital Facilities:

Leveraging on its fruitful association with the Colombo South Teaching Hospitals, Asian Alliance Insurance PLC was exploring further opportunities for collaboration, being committed to enhancing the quality of patient facilities at the hospital. Asian Alliance Insurance PLC stepped forward to build the much-needed waiting area of the Colombo South Teaching Hospital, which required urgent upgrading to ensure a pleasant and aesthetic ambience for patients. Funded by Asian Alliance Insurance PLC, the newly refurbished waiting area was handed over to the hospital authorities in the presence of Health Minister, Mr. Maithripala Sirisena on the 16th of February 2012.



Blood Donation Programme

Our employees are enthusiastic about the company's involvement in blood donation camps which witness a record turnout of staff and promote a feeling of oneness. Our experience has shown that employees are extremely responsive to any efforts by the Company to involve them in projects targeted to benefit the community at large.

The realisation of the dire need for financial and technical support in government hospitals has inspired Asian Alliance Insurance PLC to establish an agreement with the Colombo South Teaching Hospital to drive qualitative improvements in its service offering, which will ultimately impact the patients in a positive manner.

Sustainability Report



Enjoying the status of a preferred employer in the insurance industry, Asian Alliance Insurance PLC has always taken the initiative to develop and nurture future professionals.

Education

Asian Alliance Insurance PLC, plays an active role in supporting the recognition of talents of school children island-wide by 'contributing towards moulding future professionals' through the School Certificates Project.

School Certificates Project

Sri Lanka's state education sector faces many challenges in its pursuit of ensuring that youth in Sri Lanka have access to free education. Determined to fill the gap, Asian Alliance Insurance PLC partners with schools around the country to encourage and reward excellence. The company places a steadfast value on nurturing and developing the potential of the next generation and is playing an active role in assisting schools to present accolades to deserving, high achieving students, thereby honouring their achievements. The aim of the project is to mould young professionals through recognition and encouragement of

their talents. The company has contributed to this objective via focused internal and external programmes as well as by engaging with the country's educational system in a strategic manner. Under Asian Alliance Insurance PLC's unique CSR programme entitled 'Contributing towards Moulding Future Professionals', the company has taken many steps to honour the talents of school children since 2006.

Enjoying the status of a preferred employer in the insurance industry, Asian Alliance Insurance PLC has always taken the initiative to develop and nurture future professionals. The company also extends this concern for maximising potential at an earlier stage. Asian Alliance Insurance PLC engages closely with schools to inject professionalism in students and schools by being an active participant in school events such as sports meets, inter-school competitions, prefect days, prize giving ceremonies, talent shows and other annual events. The company identified that the

cost of designing, printing and production of certificates was too costly for schools, which resulted in demoralising the children who should rightfully be recipients of some formal recognition from these economically underprivileged schools. We stepped in to bear the entire cost of these school certificates of excellence, putting smiles back on the faces of children who are high achievers. Over time, we have strengthened our collaboration with the schools and on realising the positive impact of our initiative, we have sustained our commitment to this project.

Asian Alliance Insurance PLC has extended their contribution towards this worthy cause by printing 45,000 certificates for 40 schools located island wide including Jaffna (Northern Province) during 2012.



Partnering Sri Lankan Delegates to the London Paralympics 2012.

The London Paralympic Games were the greatest ever celebration of sporting achievement by disabled athletes, which provided a golden opportunity to change attitudes about disability. Asian Alliance Insurance PLC supported a team of seven national athletes who represented Sri Lanka at Paralympics 2012 in various sports disciplines.

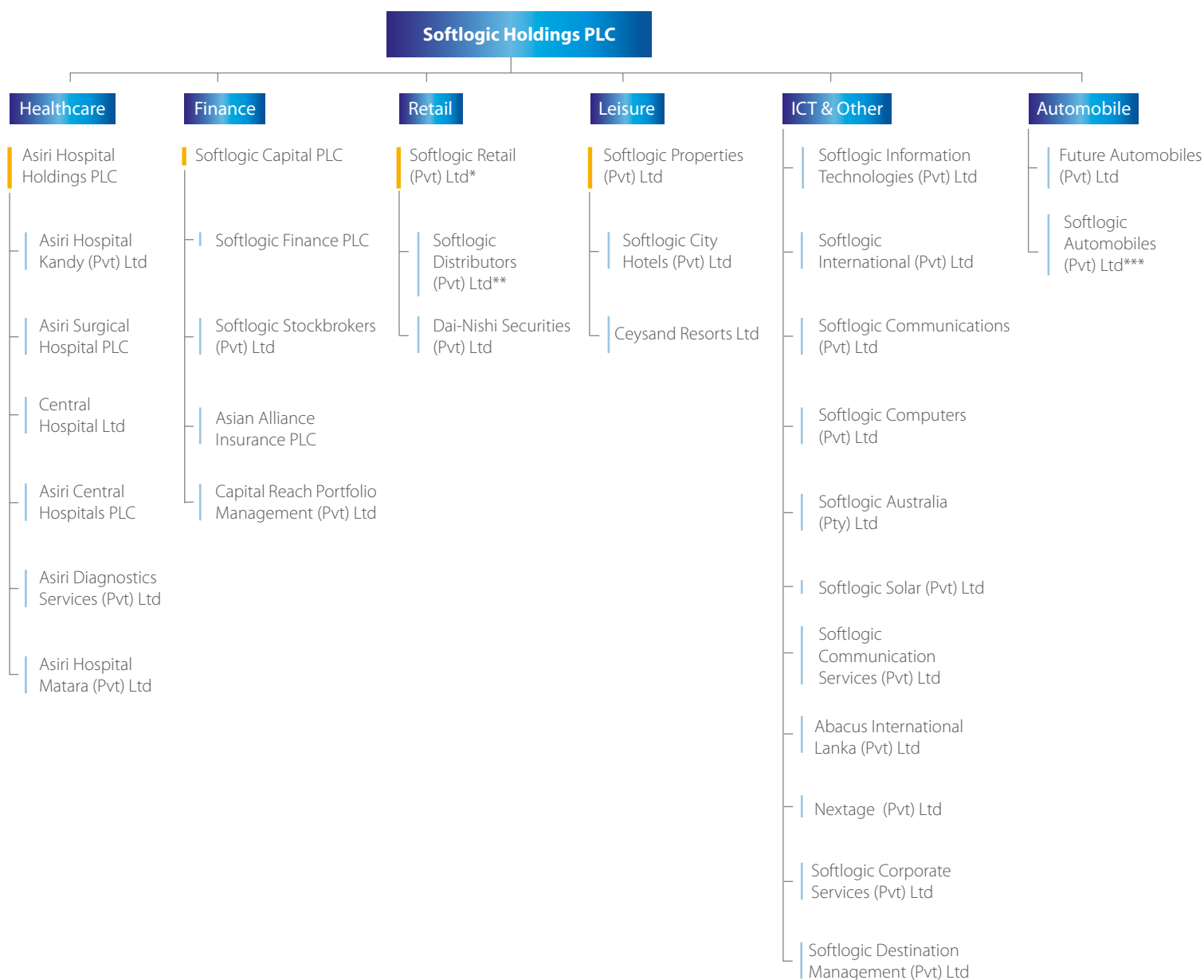
Asian Alliance Insurance PLC takes the promise of extending 'protection' and it takes this promise seriously. The Company has offered a helping hand to the vulnerable segments of society in the past and the differently-abled form one such segment that has received attention from the company. The company believes that the differently-abled too can be active participants in society once an opportunity is provided to prove themselves. We believe that given the right climate of

encouragement and support, the differently-abled too can showcase their talent and prove their usefulness to the community. In keeping with this supportive stance, AAI recently sponsored the Award for Excellence at the Dirijaya Awards 2012, which is organised by Enable the Disabled. Differently-abled juniors and seniors are rewarded for excellence in many categories such as performing arts and academic and professional fields. Gamini Karunaratne, a visually-challenged senior was the recipient of AAI's academic excellence award.

Our Social Thinking Forward Mind

Driven by our motto to be the best in business, we will achieve sustained commercial success. This will intensify our positive role as one of the leaders in the growth oriented sectors Softlogic serves. We bring efficiency and effectiveness to the world of employment, a foundation of successful societies. We will continue to reinforce the strong relationship between commercial success and optimising our positive social contribution. We will extend our involvement with the social responsibility. Increasingly, measuring client satisfaction through an active inquiry box in our web page along with a number of other ways to ensure customer satisfaction. Our goal is to achieve high retention rates of our own employees. This reflects our commitment to retain our status as an Employer of choice in the country and beyond. Our high standards for ethical and legal behaviour and safety at work will be rigorously reinforced by using established tools. Our commitment to meeting or exceeding stakeholder expectations, be they related to the economic, social or environmental dimension, dictates our approach to quality.

Group Structure



* Formerly know as Uni Walkers (Pvt) Ltd

** Formerly know as Uni Walker Distributors (Pvt) Ltd

*** Formerly know as Uni Walkers Automobiles (Pvt) Ltd

Investor Information

1 General

Stated Capital Rs. 5,089,000,000.00

2 Stock Exchange Listing

The ordinary shares of Softlogic Holdings PLC were listed in the Colombo Stock Exchange of Sri Lanka on 20 June 2011 and the trading commenced on 12 July 2011.

3 Shares held by the public was 30.84 % as at 31 March 2013

4 Distribution of Shareholding as at 31 March 2013

There were 17,233 Registered shareholders as at 31 March 2013.

No. of Shares held	No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
1 - 1,000	10,446	60.62	7,141,409	0.92
1,001 - 10,000	5,707	33.12	20,121,334	2.58
10,001 - 100,000	894	5.19	26,935,575	3.46
100,001 - 1,000,000	149	0.86	45,609,420	5.85
Over 1,000,000	37	0.21	679,192,262	87.19
Total	17,233	100.00	779,000,000	100.00

5 Analysis of Shareholders as at 31 March 2013

Category	No. of Shareholders	% of Shareholders	Total Holding	% of Total Holding
Individual	16,760	97.26	607,394,726	77.97
Institutional	473	2.74	171,605,274	22.03
Total	17,233	100.00	779,000,000	100.00
Resident	17,171	99.64	739,552,686	94.94
Non-resident	62	0.36	39,447,314	5.06
Total	17,233	100.00	779,000,000	100.00

Investor Information

6 Twenty Major Shareholders as at 31 March 2013

Shareholder	No. of Shares as at 31-03-2013	%
1 Mr. A K Pathirage	305,344,097	39.20
2 Mr. H K Kaimal	64,870,800	8.33
3 Mr. R J Perera	60,836,700	7.81
4 Mr. G W D H U Gunawardena	57,527,300	7.38
5 Commercial Bank of Ceylon PLC/A K Pathirage	38,950,000	5.00
6 Pemberton Asian Opportunities Fund	25,053,942	3.22
7 Sri Lanka Insurance Corporation Ltd-General Fund	15,812,400	2.03
8 Bank of Ceylon A/C Ceybank Unit Trust	11,343,727	1.46
9 HSBC INTL NOM LTD-SNFE-NTASIAN Discovery Master Fund	9,900,400	1.27
10 Dr. K M P Karunaratne	9,707,561	1.25
11 Employees Provident Fund	7,230,500	0.93
12 Mr. K P R B Silva	4,690,000	0.60
13 Asian Alliance Insurance PLC - A/C 02 (Life Fund)	4,591,702	0.59
14 Mrs. A Selliah	4,236,000	0.54
15 Arunodhaya Investments (Private) Limited	3,950,000	0.51
16 Arunodhaya Industries (Private) Limited	3,950,000	0.51
17 Arunodhaya (Private) Limited	3,950,000	0.51
18 Bartleet Finance PLC	3,886,000	0.50
19 Miss. S Subramaniam	3,800,000	0.49
20 Mr. V Kailasapillai	3,800,000	0.49
21 Mrs. A Kailasapillai	3,800,000	0.49

7 Share Trading Information

2012/2013

Highest (Rs.) 13.30

Lowest (Rs.) 9.00

Closing (Rs.) 10.40

Turnover (Rs.) 730,372,876.60

No. of shares Traded 64,494,564.00

No. of Trades 11,480.00

8 Equity Information

2012/2013

Earnings per share (Rs.) (0.44)

Dividend per share (Rs.) 0.30

Net Asset Value per share (Rs.) 9.51

Report of the Remuneration Committee

Remuneration Committee

The Remuneration Committee of Softlogic Holdings PLC consists solely of Independent Non-Executive Directors and the Chairman of the Group who is also the Managing Director attends the Meetings by invitation. No director of the Company is involved in determining his own remuneration including the Chairman/ Managing Director.

Name	Category
PrashanthaLal De Alwis, P.C.	Chairman
Deshamanya P D Rodrigo	Member

The Remuneration Committee held three meetings during the year for which full attendance was registered.

The Remuneration Committee policy during the period under review surrounded the following areas:

- Determined and recommended to the Board, compensation payable to Chairman/ Managing Director, Executive Directors and the corporate management team.
- While deciding on the remuneration of the Managing / Executive Directors, the Board and the Remuneration Committee considers the performance of the Company, the current trends in the industry, their experience, past performance and other relevant factors required to retain and motivate the Executive Directors. The Board / Committee regularly keep track of the market trends in terms of compensation levels and practices in relevant industries. This information is used to review remuneration policies.
- Persisting and improving the performance appraisal of the Group.

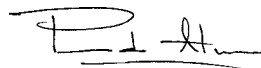
The Remuneration Committee had sought and will seek relevant professional advice when necessary.

Committee's Mission statement for the upcoming year reads as follows:

- Develop an appropriate Succession and talent management plan.
- Continuous monitoring of equality, diversity and health & safety issues across the Group.
- Enhance the training and development culture across the Group.

The Remuneration Committee also conducted a self-appraisal of the Committee itself in assessing its effective contribution to the organisation whilst also conforming to its terms of reference.

In conclusion, I wish to thank my colleague in the Committee, Deshamanya P D Rodrigo, and the Head of Group Human Capital, Natasha Fonseka, and her team for their valuable contribution.



PrashanthaLal De Alwis
Chairman
Remuneration Committee

29 July 2013

Audit Committee Report

The Audit Committee monitors the company's financial reporting processes and systems of internal control over financial reporting, the independence and the performance of the independent auditors and the performance of the internal auditors. It also reviews, as an oversight responsibility to assist the Board of Directors, the risk management procedures in place and reports to the Board the adequacy or otherwise of the risk management function.

Three independent non-executive directors comprise the Audit Committee. Its members have expertise in either finance or law and have considerable experience in corporate governance. The composition of the Committee is as follows:

Deshamanya P D Rodrigo – Chairman

Dr. S Selliah

Mr. W M P L De Alwis, P.C.

The responsibilities of the Committee are set forth in the written Terms of Reference adopted by the Board of Directors. Meetings are held once a quarter to review the quarterly and annual financial statements before their consideration and approval by the Board and release to the market and shareholders. In between these quarterly meetings it meets to consider reports on internal control, compliance with laws and regulations, the findings of the internal audit and its performance, the efficacy of the risk management function and the independence and performance of the external auditors and any other special issue. During the year the Audit Committee met eight (08) times. The Chief Financial Officer attends all meetings by invitation. The members of the Committee brief the Chairman/Managing Director of the discussions and findings whenever he is unable to be present at Audit Committee meetings.

The annual financial statements are examined with the management and the external auditors along with the management letter on the audit, the engagement terms and

the letter of representation requested by the auditors. At these meetings the auditors are given the opportunity to discuss in confidence with the members of the Audit Committee without the presence of any executive director, official or other person any contentious matter or audit finding which they have not included in any of their reports or other communications. Through this process the auditor's independence and audit effectiveness are strengthened.

From time to time a report on matters requiring the attention of the Board is issued through the Chairman/Managing Director of the Company.

The audit committee is responsible for monitoring and reviewing:

- the integrity of the financial statements, reasonableness of the assertions made by the management in preparing financial statements and the appropriateness of the accounting policies used;
- the effectiveness of the group's internal control and risk management and of control over financial reporting;
- the Group's policies and practices concerning business conduct and ethics, including whistle blowing;
- the Group's overall approach to securing compliance with laws, regulations and company policies in areas of risk;
- preparation, presentation and adequacy of disclosures in the financial statements, in accordance with Sri Lanka Accounting Standards;
- the Company's relationship with the external auditors, including their independence and management's response to external audit observations and recommendations; and
- for assessing the effectiveness of the procedures in place to examine on a regular basis the Company's ability to

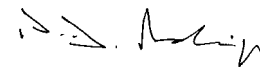
continue as a going concern in the foreseeable future;

The Audit Committee monitors the Company's financial reporting process and discusses and examines the annual financial statements of the company and consolidated financial statements for the Group and the interim financial reports. It makes recommendations with respect to the approval of the annual financial statements and consolidated financial statements by the Board of Directors.

The Risk Management Committee which has been established as an internal executive function is required to discuss with the Audit Committee the risks faced by the Company, the impact and likelihood of each risk and the risk management procedures in place. The adequacy or otherwise of this function is reported to the Board through the Chairman/Managing Director. The risks over financial reporting are reviewed by the Audit Committee.

The review of Internal Audit reports and the effectiveness of the Internal Audit function are the responsibility of the Audit Committee.

The Audit Committee has proposed to the Board of Directors that Ernst & Young, Chartered Accountants be recommended for re-appointment as auditors for the year ending 31st March 2014 at the upcoming Annual General Meeting.



Deshamanya P D Rodrigo
Chairman
Audit Committee

29 July 2013

Annual Report of the Board of Directors on the affairs of the Company

The Directors of Softlogic Holdings 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 2013.

General

Softlogic Holdings PLC is a public limited company which was incorporated under the Companies Act No. 17 of 1982 as a private limited company on 25 February 1998, re-registered under the Companies Act No. 7 of 2007 on 17 December 2007, converted to a public limited liability company on 10 December 2008, and listed on the Colombo Stock Exchange on 20 June 2011. The name of the Company was changed to Softlogic Holdings PLC on 25 August 2011.

Principal Activities

The principal activities of the Company are holding investments, providing management services and financial assistance to its subsidiaries. The principal activities of the subsidiary companies are Information and Communication technology, Automobiles, Retailing, Hoteliering and Leisure, providing Financial and Insurance services and Healthcare services. The Group operates through branches, offices and subsidiaries in Sri Lanka and overseas.

Future Developments

An indication of likely future developments is set out in the Chairman's Review on pages 08 to 11. In the ordinary course of business the Group develops new products and services in each of its business segments.

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 to 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 78 to 174 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. 7 of 2007 and the Sri Lanka Financial Reporting Standards. A statement in this regard is given on page 76.

Auditor's Report

The Auditor's Report on the financial statements is given on page 77 of the Annual Report.

Significant Accounting Policies

The significant accounting policies adopted in the preparation of the financial statements are given on pages 87 to 105 of the Annual Report. There have been changes in the accounting policies adopted from the previous year due to adoption of new volume of Sri Lanka

Accounting Standards (SLFRS/LKAS) issued by the Institute of Chartered Accountants of Sri Lanka with effect from 01 January 2012.

Property, Plant & Equipment

The details and movement of property, plant and equipment during the year under review is set out in Note 14 to the Financial Statements on page 132 and 133.

Capital Expenditure

The total capital expenditure incurred on the acquisition of property, plant and equipment for the Company and the Group amounted to Rs. 229 Mn (2012 – Rs. 64 Mn) and Rs. 2,270 Mn (2012 – Rs. 1,337 Mn) respectively. Details of capital expenditure and their movements are given in Note 14 and 16 to the Financial Statements on page 132 to 136 of the Annual Report.

Reserves

The reserves for the Company and Group amounted to Rs. 368 Mn (2012 – Rs. 699 Mn) and Rs. 2,277 Mn (2012 – Rs. 2,113 Mn) respectively.

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

Donations

During the year, donations made by the Company and Group amounted to Rs. 0.23 Mn (2012 Rs. 0.30 Mn) and Rs. 14.17 Mn (2012 – Rs. 9.03 Mn) respectively.

Stated capital

The stated capital of the Company as at 31 March 2013 was Rs. 5,089,000,000. There was no change in the stated capital of the Company during the year under review.

Annual Report of the Board of Directors on the Affairs of the Company

Taxation

The information relating to Income Tax and Deferred taxation is given in Note 09 to the Financial Statements.

Dividends

The directors declared an interim dividend of Rs. 0.30 (cents 30) per share for the year under review which was paid on 11 October 2012.

Statutory Payments

The Directors, to the best of their knowledge and belief are satisfied that all statutory payments in relation to the government and the employees have been either duly paid or appropriately provided for in the Financial Statements.

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 45 to the Financial Statements.

Directorate

The following Directors held Office during the year under review. The biographical details of the Board members are set out on pages 14 and 15.

Mr A K Pathirage (Chairman / Managing Director)

Mr G W D H U Gunawardena

Mr R J Perera

Mr H K Kaimal

Mr S A B Rajapaksa (resigned w.e.f. 15th April 2012)

Mr M P R Rasool

Dr S Selliah

Deshamanya P D Rodrigo

Mr W M P L De Alwis, PC

Retirement and Re-election of Directors

In terms of Article 87 of the Articles of Association of the Company, Messrs R J Perera, H K Kaimal and Deshamanya P D Rodrigo retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-election with the unanimous support of the Board.

Directors' Shareholding

Directors' interest in the shares of the Company as at 31 March 2013 were as follows.

Name of Director	No. of Shares
Mr. A K Pathirage	344,294,097
Mr. G W D H U Gunawardena	57,527,300
Mr. R J Perera	60,836,700
Mr. H K Kaimal	64,870,800
Mr. M P R Rasool	361,600
Dr. S Selliah	2,000,000
Deshamanya P D Rodrigo	-
Mr. W M P L De Alwis, PC	-

Directors' Remuneration

Directors' remuneration in respect of the Company for the financial year ended 31 March 2013 was Rs. 30 Mn (2012 - Rs. 15 Mn). 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 42 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. 7 of 2007. All Directors have disclosed their interests pursuant to Section 192(2) of the said Act.

Shareholders' Information

The distribution of shareholders is indicated on page 67 of the Annual Report. There were 17,233 registered shareholders as at 31 March 2013 (31 March 2012 - 19,130).

Share Information

Information on share trading is given on page 68 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 organisation 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 with 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 pages 50 to 54 of the Annual Report.

Corporate Governance

The report on Corporate Governance is given on pages 44 to 49 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. 1.9 Mn as audit fees for the financial year ended 31st March 2013 (2012 – Rs. 1.6 Mn) by the Company. Details of which are given in Note 08 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 authorising 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 accounts.

Annual General Meeting

The Annual General Meeting of the Company will be held at the "Committee Room C" of Bandaranaike Memorial International Conference Hall (BMICH), Buddhaloka Mawatha, Colombo 7 on Friday the 27th day of September 2013 at 3.00 p.m. The Notice of the Annual General Meeting is on page 178 of the Annual Report.

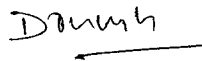
For and on behalf of the Board



A K Pathirage
Chairman /
Managing Director



H K Kaimal
Director



Softlogic Corporate Services (Pvt) Ltd
Secretaries

29 July 2013
Colombo

Financial Calendar

Financial Year End - 31 March 2013

Announcement of Quarterly Financial Performance

1st Quarter	-	15 August 2012
2nd Quarter	-	14 November 2012
3rd Quarter	-	15 February 2013
4th Quarter	-	31 May 2013
Notice of Annual General Meeting	-	29 July 2013
Annual General Meeting - Financial year 2013	-	27 September 2013

Financial Information

**Building blocks
for the medium term**

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 77.

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 78 to 174 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. 7 of 2007.

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.

For and on behalf of the Board of
SOFTLOGIC HOLDINGS PLC



**SOFTLOGIC CORPORATE SERVICES
(PVT) LTD**
SECRETARIES

29 July 2013
Colombo

Independent Auditors' Report



Ernst & Young
Chartered Accountants
201 De Saram Place
P.O. Box 101
Colombo 10
Sri Lanka

Tel : +94 11 2463500
Fax Gen : +94 11 2697369
Tax : +94 11 5578180
eysl@lk.ey.com
ey.com

TO THE SHAREHOLDERS OF SOFTLOGIC HOLDINGS PLC

Report on the financial statements

We have audited the accompanying financial statements of Softlogic Holdings PLC ("Company"), the consolidated financial statements of the Company and its subsidiaries which comprise the statements of financial position as at 31 March 2013, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Sri Lanka Accounting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Scope of audit and basis of opinion

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Sri Lanka Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. We therefore believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, so far as appears from our examination, the Company maintained proper accounting records for the year ended 31 March 2013 and the financial statements give

a true and fair view of the Company's financial position as at 31 March 2013 and its financial performance and cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

In our opinion, the consolidated financial statements give a true and fair view of the financial position as at 31 March 2013 and its financial performance and cash flows for the year then ended, in accordance with Sri Lanka Accounting Standards, of the Company and its subsidiaries dealt with thereby, so far as concerns the shareholders of the Company.

Report on other legal and regulatory requirements

These financial statements also comply with the requirements of Sections 151(2) and 153(2) to 153(7) of the Companies Act No. 07 of 2007.

29 July 2013
Colombo.

Partners: A D B Talwatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva ACA Ms. Y A De Silva FCA W R H Fernando FCA FCMA
W K B S P Fernando FCA FCMA A P A Gunasekera FCA FCMA A Herath FCA D K Hulangamuwa FCA FCMA LLB (Lond) H M A Jayasinghe FCA FCMA
Ms. A A Ludowyke FCA FCMA Ms. G G S Manatunga ACA N M Sulaiman ACA ACMA B E Wijesuriya ACA ACMA

A member firm of Ernst & Young Global Limited

Income Statement

In Rs. For the Year ended 31 March	Note	GROUP		COMPANY	
		2013	2012	2013	2012
Revenue	3	25,360,636,147	21,818,833,878	280,764,425	214,267,150
Cost of sales		(17,143,556,549)	(14,651,428,114)	(75,078,810)	(94,661,022)
Gross profit		8,217,079,598	7,167,405,764	205,685,615	119,606,128
Dividend income	4	-	-	358,107,954	609,973,081
Other operating income	5	470,329,044	453,352,029	403,611,206	153,390,248
Distribution expenses		(1,323,911,846)	(793,839,455)	-	-
Administrative expenses		(5,032,208,723)	(3,971,423,391)	(168,333,332)	(136,799,762)
Results from operating activities		2,331,288,073	2,855,494,947	799,071,443	746,169,695
Finance income	6	825,455,974	396,440,677	258,592,980	66,493,769
Finance cost	7	(2,754,633,185)	(2,007,420,699)	(709,435,645)	(373,449,832)
Net finance cost		(1,929,177,211)	(1,610,980,022)	(450,842,665)	(306,956,063)
Change in fair value of investment property		61,309,000	340,402,278	-	-
Share of profit of equity accounted investees		20,823,707	15,626,290	-	-
Profit before tax	8	484,243,569	1,600,543,493	348,228,778	439,213,632
Tax expense	9	(293,633,128)	(584,596,983)	(438,875)	(283,266)
Profit for the year		190,610,441	1,015,946,510	347,789,903	438,930,366
Attributable to:					
Equity holders of the parent		(338,365,963)	448,266,836		
Non-controlling interest		528,976,404	567,679,674		
Profit for the year		190,610,441	1,015,946,510		

Earnings / (loss) per share

Basic	10	(0.44)	0.60
Dividend per share	11	0.30	0.14

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 87 to 174 form an integral part of these financial statements.

Statement of Comprehensive Income

In Rs. For the Year ended 31 March	GROUP		COMPANY	
	2013	2012	2013	2012
Profit for the year	190,610,441	1,015,946,510	347,789,903	438,930,366
Other comprehensive income				
Currency translation of foreign operations	2,448,866	(39,974,821)	-	-
Revaluation of land and buildings	1,678,021,953	-	-	-
Net (loss) / gain on available-for-sale financial assets	391,267,941	(87,453,947)	(445,568,213)	216,241,528
Tax on other comprehensive income	(156,081,827)	(32,709,135)	-	-
Other comprehensive income for the year, net of tax	1,915,656,933	(160,137,903)	(445,568,213)	216,241,528
Total comprehensive income for the year, net of tax	2,106,267,374	855,808,607	(97,778,310)	655,171,894
Attributable to:				
Equity holders of the parent	575,241,096	339,980,301		
Non-controlling interest	1,531,026,278	515,828,306		
Profit for the year	2,106,267,374	855,808,607		

Figures in brackets indicate deductions.

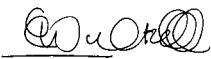
The accounting policies and notes as set out in pages 87 to 174 form an integral part of these financial statements.

Statement of Financial Position

In Rs.	Note	GROUP			COMPANY		
		As at 31 March	2013	2012	As at 1 April 2011	2013	2012
ASSETS							
Non-current assets							
Property, plant and equipment	14	14,608,652,573	11,523,290,511	10,446,467,952	138,556,963	151,101,016	135,294,939
Lease rentals paid in advance	15	154,349,111	155,386,044	91,422,977	-	-	-
Investment property	16	2,175,045,500	2,113,736,500	2,420,284,222	333,699,500	125,700,000	125,700,000
Intangible assets	17	7,630,830,620	7,722,865,351	4,713,882,955	-	-	-
Investments in subsidiaries	18	-	-	-	8,269,143,001	5,150,489,020	4,786,629,327
Investments in associates	18.1	58,680,898	61,148,738	61,113,267	861,989,404	845,951,400	12,449,800
Other non current financial assets	19	5,163,842,563	3,297,702,829	295,648,351	226,330,873	1,020,419,437	700,947,909
Rental receivable on							
lease assets and hire purchase	20.1	4,278,441,219	3,847,171,008	2,095,891,165	-	-	-
Other non current assets	21	79,828,109	10,180,780	10,333,332	-	-	-
Deferred tax assets	22	230,672,828	308,909,689	375,195,481	-	-	-
		34,380,343,421	29,040,391,450	20,510,239,702	9,829,719,741	7,293,660,873	5,761,021,975
Current assets							
Inventories	23	3,705,323,096	3,480,157,673	2,551,363,909	-	-	-
Trade and other receivables	24	4,277,651,687	3,351,059,939	2,145,894,291	103,346,900	65,758,165	68,363,473
Loans and advances	25	1,912,559,755	1,238,745,833	1,091,178,899	-	-	-
Rental receivable on							
lease assets and hire purchase	20.2	2,986,756,466	2,203,841,473	1,324,519,881	-	-	-
Amounts due from related parties	42.1	94,382,414	12,090,059	261,598	901,045,992	1,232,761,425	278,145,010
Other current assets	26	1,668,241,448	1,077,168,339	659,382,610	14,800,718	8,871,994	4,737,299
Short term investments	27	3,544,438,862	3,370,166,940	641,168,482	512,099,400	326,735,943	271,725,153
Cash in hand and at bank		1,323,124,987	914,190,659	279,647,867	104,332,677	7,118,668	5,743,212
		19,512,478,715	15,647,420,915	8,693,417,537	1,635,625,687	1,641,246,195	628,714,147
Total assets		53,892,822,136	44,687,812,365	29,203,657,239	11,465,345,428	8,934,907,068	6,389,736,122
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the parent							
Stated capital	28	5,089,000,000	5,089,000,000	1,058,000,000	5,089,000,000	5,089,000,000	1,058,000,000
Revenue reserve		753,383,812	1,287,030,750	1,262,966,082	370,810,021	256,720,118	50,969,394
Other components of equity	29	1,523,939,034	826,145,633	681,996,113	(2,749,371)	442,818,842	226,577,314
		7,366,322,846	7,202,176,383	3,002,962,195	5,457,060,650	5,788,538,960	1,335,546,708
Non-controlling interest		6,298,335,034	4,110,003,320	4,061,213,549	-	-	-
Total equity		13,664,657,880	11,312,179,703	7,064,175,744	5,457,060,650	5,788,538,960	1,335,546,708

In Rs.	Note	GROUP			COMPANY		
		As at 31 March	2013	2012	As at 1 April 2011	2013	2012
Non-current liabilities							
Insurance contract liabilities	30	3,218,377,437	2,425,624,160	-	-	-	-
Interest bearing borrowings	31	9,555,794,761	8,504,187,538	3,474,841,657	1,747,689,927	1,799,233,795	400,723,284
Public deposits	32	1,217,018,340	460,334,147	205,057,922	-	-	-
Deferred tax liabilities	33	366,359,147	247,057,034	177,378,255	-	-	-
Employee benefit liabilities	34	378,902,998	325,659,737	252,462,657	21,435,500	13,688,274	11,599,896
Other deferred liabilities	35	116,841,514	79,362,739	65,740,766	-	-	-
Other non current financial liabilities	36	1,812,828,000	-	-	906,414,000	-	-
		16,666,122,197	12,042,225,355	4,175,481,257	2,675,539,427	1,812,922,069	412,323,180
Current liabilities							
Trade and other payables	37	3,894,506,258	2,592,691,003	1,728,200,429	15,072,075	10,026,896	56,480,030
Amounts due to related parties	42.2	22,020,839	33,591,371	4,049,610	1,295,466,270	333,618,405	704,590,689
Income tax liabilities	38	191,813,896	235,413,778	193,320,525	-	-	-
Short term borrowings	39	7,710,575,994	7,043,140,484	10,201,423,727	947,436,147	275,353,488	3,695,737,447
Current portion of interest bearing borrowings	31	2,846,653,852	5,379,714,177	2,895,289,660	613,856,649	510,975,442	142,721,412
Other current liabilities	40	232,460,475	192,569,748	167,335,828	24,340,842	8,797,920	6,151,401
Public deposits	32	5,739,932,707	4,001,515,979	1,379,779,977	-	-	-
Bank overdrafts		2,924,078,038	1,854,770,767	1,394,600,482	436,573,368	194,673,888	36,185,255
		23,562,042,059	21,333,407,307	17,964,000,238	3,332,745,351	1,333,446,039	4,641,866,234
Total equity and liabilities		53,892,822,136	44,687,812,365	29,203,657,239	11,465,345,428	8,934,907,068	6,389,736,122

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



Chief Financial Officer

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



Director



Director

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 87 to 174 form an integral part of these financial statements.

29 July 2013
Colombo

Statement of Changes in Equity

GROUP

In Rs	Attributable to equity holders of parent			
	Stated capital	Treasury shares	Revaluation reserve	Foreign currency translation reserves
As at 1 April 2011	1,058,000,000	-	737,845,882	(56,359,655)
Profit for the year	-	-	-	-
Other comprehensive income	-	-	(32,709,135)	(39,974,821)
Total comprehensive income	-	-	(32,709,135)	(39,974,821)
Issue of shares	4,031,000,000	-	-	-
Direct cost on issue of shares	-	-	-	-
Transfer to reserve fund	-	-	-	-
Allocation for life solvency	-	-	-	-
Additions, disposals and changes in holding	-	-	-	-
Dividend paid	-	-	-	-
Subsidiary dividend to non-controlling interest	-	-	-	-
As at 31 March 2012	5,089,000,000	-	705,136,747	(96,334,476)
Profit for the year	-	-	-	-
Other comprehensive income	-	-	632,187,145	2,448,866
Total comprehensive income	-	-	632,187,145	2,448,866
Direct cost on issue of shares	-	-	-	-
Transfer to reserve fund	-	-	-	-
Allocation for life solvency	-	-	-	-
Treasury shares purchased during the year	-	(47,753,697)	-	-
Acquisitions, disposals and changes in holding	-	-	-	-
Dividend paid	-	-	-	-
Subsidiary dividend to non-controlling interest	-	-	-	-
As at 31 March 2013	5,089,000,000	(47,753,697)	1,337,323,892	(93,885,610)

COMPANY

In Rs.	Stated capital	Available for sale reserve	Revenue reserve	Total
As at 1 April 2011	1,058,000,000	226,577,314	50,969,394	1,335,546,708
Profit for the year	-	-	438,930,366	438,930,366
Other comprehensive income	-	216,241,528	-	216,241,528
Total comprehensive income	-	216,241,528	438,930,366	655,171,894
Issue of shares	4,031,000,000	-	-	4,031,000,000
Direct cost on share issue	-	-	(131,909,642)	(131,909,642)
Dividend paid	-	-	(101,270,000)	(101,270,000)
As at 31 March 2012	5,089,000,000	442,818,842	256,720,118	5,788,538,960
Profit for the year	-	-	347,789,903	347,789,903
Other comprehensive income	-	(445,568,213)	-	(445,568,213)
Total comprehensive income	-	(445,568,213)	347,789,904	(97,778,310)
Dividend paid	-	-	(233,700,000)	(233,700,000)
As at 31 March 2013	5,089,000,000	(2,749,371)	370,810,021	5,457,060,650

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 87 to 174 form an integral part of these financial statements.

Attributable to equity holders of parent

Available for sale reserve	Statutory reserve fund	Revenue reserve	Total	Non-controlling interest	Total equity
(2,904,611)	3,414,497	1,262,966,082	3,002,962,195	4,061,213,549	7,064,175,744
-	-	448,266,836	448,266,836	567,679,674	1,015,946,510
(35,602,579)	-	-	(108,286,535)	(51,851,368)	(160,137,903)
(35,602,579)	-	448,266,836	339,980,301	515,828,306	855,808,607
-	-	-	4,031,000,000	-	4,031,000,000
-	-	(132,154,642)	(132,154,642)	-	(132,154,642)
-	27,436,055	(27,436,055)	-	-	-
-	225,000,000	(74,669,193)	(150,330,807)	(50,330,807)	100,000,000
-	-	(200,366,210)	(200,366,210)	(85,758,068)	(286,124,278)
-	-	(101,270,000)	(101,270,000)	-	(101,270,000)
-	-	111,693,932	111,693,932	(330,949,660)	(219,255,728)
(38,507,190)	255,850,552	1,287,030,750	7,202,176,383	4,110,003,320	11,312,179,703
-	-	(338,365,963)	(338,365,963)	528,976,404	190,610,441
278,971,048	-	-	913,607,059	1,002,049,874	1,915,656,933
278,971,048	-	(338,365,963)	575,241,096	1,531,026,278	2,106,267,374
-	-	(53,054,220)	(53,054,220)	(30,926,896)	(83,981,116)
-	56,940,038	(56,940,038)	-	-	-
-	(225,000,000)	225,000,000	-	-	-
-	-	-	(47,753,697)	-	(47,753,697)
-	-	(76,586,718)	(76,586,718)	1,125,345,430	1,048,758,712
-	-	(233,700,000)	(233,700,000)	-	(233,700,000)
-	-	-	-	(437,113,098)	(437,113,098)
240,463,858	87,790,590	753,383,812	7,366,322,846	6,298,335,034	13,664,657,880

Cash Flow Statement

In Rs. For the year ended 31 March	Group		Company	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	484,243,569	1,600,543,493	348,228,778	439,213,632
Adjustments for:				
Finance income	(580,502,165)	(261,595,756)	(255,175,695)	(63,490,068)
Dividend income	(145,007,524)	(91,670,406)	(360,652,382)	(612,976,781)
Finance costs	2,754,633,185	2,007,420,699	709,435,645	312,477,602
Change in fair value of investment property	(61,309,000)	(340,402,278)	-	-
(Appreciation)/ depreciation in market value of quoted shares	(99,946,285)	(134,844,921)	(872,857)	60,972,230
Share of results of associates	(20,823,707)	(15,626,290)	-	-
Gratuity provision and related costs	81,842,123	53,504,202	8,508,006	2,204,128
Provision for impairment of receivables	(1,037,876)	46,570,190	11,601,478	9,496,081
Depreciation of property, plant and equipment	824,136,261	740,711,737	25,785,838	48,671,236
Profit on sale of property, plant and equipment	(85,286,164)	(36,260,101)	(60,320,550)	(8,227,231)
Profit on sale of investments	(86,159,406)	(32,001,066)	(337,263,068)	(125,139,450)
Profit on disposal of subsidiary	(16,476,268)	-	-	-
Unrealised (gain)/loss on foreign exchange	(21,520,441)	372,661,068	-	-
Amortisation / impairment of intangible assets	194,546,170	136,477,797	-	-
Amortisation of prepaid lease rentals	1,036,933	1,036,933	-	-
Impairment & derecognition of property, plant & equipment	487,826	17,069,614	-	-
Gain on bargain purchases	-	(34,063,213)	-	-
Profit before working capital changes	3,222,857,232	4,029,531,701	89,275,193	63,201,379
(Increase) / decrease in inventories	(225,165,421)	(924,834,361)	-	-
(Increase) / decrease in trade and other receivable	(829,605,355)	(809,839,865)	(37,588,735)	2,605,308
(Increase) / decrease in loans and advances	(598,297,098)	(204,541,934)	-	-
(Increase) / decrease in investments in lease and hire purchase	(1,204,089,991)	(2,630,601,435)	-	-
(Increase) / decrease in other current assets	(660,411,236)	(360,810,728)	10,033	(919,775)
(Increase) / decrease in amount due from related parties	(82,292,355)	(11,828,461)	266,505,459	(1,064,302,698)
Increase / (decrease) in trade and other payables	1,269,419,053	133,484,419	5,045,179	(46,453,133)
Increase / (decrease) in amount due to related parties	(11,570,532)	29,541,761	1,009,314,590	(370,972,284)
Increase / (decrease) in other current liabilities	39,890,727	25,233,920	11,393,738	2,065,309
Increase / (decrease) in public deposits	2,495,100,921	2,877,012,227	-	-
Increase / (decrease) in deferred income	37,478,774	13,621,973	-	-
Increase / (decrease) in insurance provision	792,753,277	140,494,533	-	-
Cash generated from / (used in) operations	4,246,067,996	2,306,463,750	1,343,955,457	(1,414,775,894)
Finance income received	580,502,165	261,595,756	255,175,695	63,490,068
Finance cost paid	(2,733,010,156)	(1,999,104,688)	(709,435,645)	(312,477,602)
Dividend received	19,800,000	12,000,000	360,652,382	612,976,781
Tax paid	(290,725,490)	(409,341,296)	(2,228,444)	(1,956,604)
Gratuity paid/ transfers	(29,462,851)	(14,551,039)	(760,780)	(115,750)
Net cash flow from / (used in) operating activities	1,793,171,665	157,062,483	1,247,358,665	(1,052,859,001)

In Rs. For the year ended 31 March	Group		Company	
	2013	2012	2013	2012
CASH FLOWS FROM /(USED IN) INVESTING ACTIVITIES				
Purchase and construction of property, plant and equipment	(2,258,470,611)	(1,064,258,707)	(17,003,802)	(3,973,404)
Addition to investment property	-	-	(207,999,500)	-
Advance paid to obtain lease right	-	(65,000,000)	-	-
Addition to intangible assets	(8,381,405)	(155,025,275)	-	-
Increase in other non current assets	(69,647,329)	152,552	-	-
(Purchase) / disposal of short term investments (net)	246,632,160	524,276,615	(184,490,600)	9,156,431
Dividends Received	145,007,524	90,470,406	-	-
(Purchase) / disposal of other non current financial assets	(1,603,699,653)	(1,144,538,540)	448,739,245	(340,000)
Increase in interest in associate	-	-	(14,788,004)	(836,201,400)
Increase in interest in subsidiaries	-	-	(2,873,468,038)	(363,859,693)
Acquisition of associate	(1,250,000)	-	(1,250,000)	-
Acquisition of business, net of cash acquired	A (183,980,447)	(4,240,015,780)	-	-
Disposal of subsidiary	B 28,899,922	-	-	-
Proceeds from sale of property, plant and equipment and intangible assets	129,297,796	58,685,955	68,332,566	8,242,964
Net cash flow used in investing activities	(3,575,592,043)	(5,995,252,774)	(2,781,928,133)	(1,186,975,102)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Dividend paid to non controlling interest	(437,113,099)	(219,255,728)	-	-
Proceeds from shareholders with non-controlling interest on issue of rights in subsidiaries	495,836,726	120,403,650	-	-
Proceeds from long term borrowings	6,615,163,253	9,321,599,121	1,980,633,593	1,895,267,900
(Increase) / decrease of controlling interest	650,407,082	(476,969,572)	-	-
Repayment of long term borrowings	(7,527,608,082)	(3,063,649,815)	(1,933,546,255)	(189,983,373)
Proceeds from / (repayment of) short term borrowings (net)	86,371,302	(2,434,963,763)	672,082,659	(3,420,383,959)
Proceeds from share issue	-	4,031,000,000	-	4,031,000,000
Proceeds from other borrowings	1,812,828,000	-	904,414,000	-
Direct cost on issue of shares	(83,981,116)	(132,154,642)	-	(131,909,642)
Dividend paid to equity holders of parent	(233,700,000)	(101,270,000)	(233,700,000)	(101,270,000)
Net cash flow from financing activities	1,378,204,067	7,044,739,250	1,389,883,997	2,082,720,926
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(404,216,311)	1,206,548,960	(144,685,471)	(157,113,177)
CASH AND CASH EQUIVALENTS AT THE BEGINNING	91,876,892	(1,114,952,615)	(187,555,220)	(30,442,043)
Effect of exchange rate changes	(53,617)	280,547	-	-
CASH AND CASH EQUIVALENTS AT THE END	(312,393,037)	91,876,892	(332,240,691)	(187,555,220)
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Favourable balances				
Cash in hand and at bank	1,323,124,987	914,190,659	104,332,677	7,118,668
Short term investments	1,288,560,014	1,032,457,000	-	-
Unfavourable balances				
Bank overdrafts	(2,924,078,038)	(1,854,770,767)	(436,573,368)	(194,673,888)
Cash and cash equivalents	(312,393,037)	91,876,892	(332,240,691)	(187,555,220)

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 87 to 174 form an integral part of these financial statements.

Notes to the Financial Statements

A ACQUISITION OF SUBSIDIARIES

Softlogic Capital PLC, which is a 54.15% owned subsidiary of Softlogic Holding PLC acquired 100% stake in Softlogic Stockbrokers (Pvt) Ltd [Previously known as Arrenga Capital (Pvt) Ltd] on 01 April 2012.

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

	2012/13
Acquisition of Softlogic Stockbrokers (Pvt) Ltd [Previously Known as Arrenga Capital (Pvt) Ltd]	
Property, Plant and Equipment	12,912,457
Intangible Assets	27,775,137
Deposits with Colombo Stock Exchange	3,500,000
Trade and Other Receivables	55,663,157
Prepayments	183,940
Cash and Bank Balance	18,619,495
Deferred Tax Liability	(785,210)
Retirement Benefit Obligation	(876,799)
Trade and Other Payables	(34,919,284)
Income Tax Payable	(908,860)
Bank Overdraft	(2,899,942)
Net identifiable assets and liabilities	78,264,091
Non Controlling Interest holding	(35,884,653)
Goodwill on acquisition	65,756,665
	108,136,103
Investment by Non Controlling Interest	91,563,897
	199,700,000
Total purchase price paid	
Cash Consideration	199,700,000
Cash at Bank and in hand acquired	(15,719,553)
	183,980,447

B DISPOSAL OF SUBSIDIARIES

Softlogic Credit Ltd, which is a 48.37% owned subsidiary of Softlogic Holding PLC via investment under Softlogic Capital PLC, was disposed on 31 December 2012.

	2012/13
Disposal of Softlogic Credit Ltd	
Trade and Other Receivables	28,198,830
Short term investments	21,304,624
Cash and Bank Balance	74,738,117
Trade and Other Payables	(19,400)
Income Tax Payable	(2,002,897)
Net identifiable assets and liabilities	122,219,274
Share of net assets disposed	59,113,792
Non Controlling Interest investment reversal	21,299,629
Goodwill disposed	6,748,350
Gain on disposal	16,476,268
Cash consideration received on disposal of non current investments	103,638,039
Cash at Bank and in hand disposed	(74,738,117)
Net cash inflow on disposal of non current investments	28,899,922

1.1 CORPORATE INFORMATION

Reporting entity

Softlogic Holdings PLC is a public limited liability company incorporated and domiciled in Sri Lanka and listed on the Colombo Stock Exchange. The registered office and principal place of business of the company is located at No. 14, De Fonseka Place, Colombo 5.

Softlogic Holdings PLC became the holding company of the group during the financial year ended 31 March 2003.

Consolidated financial statements

The financial statements for the year ended 31 March 2013, comprise “the Company” referring to Softlogic Holdings PLC as the holding Company and “the Group” refers to the companies whose accounts have been consolidated therein.

Approval of financial statements

The Financial statements for the year ended 31 March 2013 were authorised for issue by the directors on 29 July 2013.

Principal activities and nature of operations

Holding Company

Softlogic Holdings PLC, the Group’s holding company, manages a portfolio of holdings consisting of a range of diverse business operations, which together constitute the Softlogic Group, and provides function based services to its subsidiaries and associates.

Subsidiaries and associates

The business activities of the companies within the Group are information and communication technology, automobiles, retailing, hoteliering, providing financial services, providing healthcare services, providing insurance services, stock brokering and providing management consultancy and financial advisory services.

There were no significant changes in the nature of the principal activities of the Company and the Group during the financial year under review.

Responsibility for financial statements

The responsibility of the Directors in relation to the financial statements is set out in the “Statement of Directors’ Responsibilities” report in the Annual Report.

1.2 GENERAL POLICIES

Statement of compliance

The Statement of Income, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Cash Flow Statement, together with the accounting policies and notes (the “financial statements”) have been prepared in accordance with Sri Lanka Accounting Standards (herein referred to as SLFRSs/LKASs) effective from 1 January 2012 laid down by the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act No. 7 of 2007.

For all periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards (SLAS) which were effective up to 1 January 2012.

These financial statements for the year ended 31 March 2013 are the first financial statements the Group has prepared in accordance with Sri Lanka Accounting Standards (SLFRS/LKAS) immediately effective from 1 April 2012.

These SLFRSs/LKASs have been materially converged with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The effect of the transition to SLFRSs/LKASs on previously reported financial performances, financial positions and cash flows of the Group and the Company is given in note 2 to the financial statements.

1.3 BASIS OF PREPARATION

Basis of measurement

The financial statements have been prepared on an accrual basis and under the historical cost convention except for investment properties, land and buildings, fair value through profit or loss financial assets and available-for-sale financial assets that have been measured at fair value.

Presentation and functional currency

The consolidated financial statements are presented in Sri Lanka Rupees (Rs.) the Group’s functional and presentation currency, which is the primary economic environment in which the Holding Company operates. Each entity in the Group uses the currency of the primary economic environment in which they operate as their functional currency except the entities incorporated outside Sri Lanka.

Notes to the Financial Statements

Each material class of similar items is presented cumulatively in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial as permitted by the LKAS 1 on 'Presentation of Financial Statements'.

Going concern

The Directors have assessed and are confident that the company will be able to continue in operation for the foreseeable future. In addition, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis.

Summary of significant accounting policies

The accounting policies set out below have been applied consistently for all periods presented in the financial statements of the Group and the Company and in preparing the opening Statement of Financial Position as at 1 April 2011 for the purposes of the transition to SLFRSs/LKASs.

The accounting policies have been applied consistently by Group entities.

Use of judgments, estimates and assumptions

The preparation of Group's consolidated and company financial statements in conformity with SLFRSs/LKASs, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amounts of the asset or liability affected in future periods.

The judgments, estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments, estimates and assumptions about the carrying amount of assets, liabilities and contingent liabilities that are not readily apparent from other sources.

The judgments, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or the future periods if the revision affects both current and future periods.

Judgments, estimates and assumptions made by management in the application of SLFRSs/LKASs which could have a significant effect on the financial statements are mentioned below.

	Policy	Note
Valuation of property, plant & equipment	1.7.1	14
Valuation of investment property	1.7.3	16
Valuation of intangible assets	1.7.4	17
Deferred tax	1.5	22, 33
Impairment of assets	1.7.1, 1.7.4, 1.7.5	14,17,18,19,20
Insurance provision	1.7.12 & 1.7.13	30
Valuation of retirement benefit obligation	1.7.10	34
Provisions, contingent assets & contingent liabilities	1.7.14	43

Changes in accounting policies

The changes to accounting policies have been applied consistently to all financial periods presented in these financial statements and in preparing the opening SLFRSs/LKASs Statement of Financial Position as at 1 April 2011 for the purpose of the transition to SLFRSs/LKASs, unless otherwise indicated.

Comparative information

The presentation and classification of the financial statements of the previous years have been amended, as appropriate for better presentation and to be compared with those of the current year.

Events after the date of Statement of Financial Position

All material events after the date of Statement of Financial Position have been considered and appropriate adjustments or disclosures have been made in the respective notes to the financial statements.

1.4 CONSOLIDATION POLICY

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 March 2013. The financial statements of the subsidiaries are prepared in compliance with the Group's accounting policies unless otherwise stated.

All intra-Group balances, income and expenses, unrealised gains and losses resulting from intra-Group transactions and dividends are eliminated in full.

Subsidiaries

Subsidiaries are those enterprises controlled by the Group. Control exists when the parent holds more than 50% of the voting rights or otherwise has a controlling interest.

Subsidiaries are fully consolidated from the date of acquisition or incorporation, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent Company, which is twelve months ending 31 March, using consistent accounting policies.

With effect from 1 April 2012 the basis of consolidation will include the following changes:

- (i) Losses within a subsidiary are attributed to the non-controlling interest even if those results are in a deficit balance.
- (ii) Change in the ownership interest of a subsidiary and without a loss of control, is accounted as an equity transaction.
- (iii) The Group loses control over a subsidiary, if:
 - Derecognises the assets (including goodwill) and liabilities of the subsidiary;
 - Derecognises the carrying amount of any non-controlling interest;
 - Derecognises the cumulative translation differences recorded in equity;
 - Recognises the fair value of the consideration received;
 - Recognises the fair value of any investment retained;
 - Recognises any surplus or deficit in the Income Statement; and
 - Reclassified the parent's share of components which was previously recognised in other comprehensive income to the Income Statement or retained earnings, as appropriate.

Subsidiaries consolidated have been listed in note 18.

The following subsidiary has been incorporated outside Sri Lanka:

Name of the Company	Country of Incorporation
Softlogic Australia (Pty) Ltd	Australia

The total profits and losses for the year of the Company and of its subsidiaries included in the consolidation are shown in the consolidated Income Statement and Statement of Comprehensive Income and all assets and liabilities of the Company and of its subsidiaries included in consolidation are shown in the Statement of Financial Position.

Non-controlling interest which represents the portion of profit or loss and net assets not held by the Group, are shown as a component of profit for the year in the consolidated Income Statement and Statement of Comprehensive Income and as a component of equity in the consolidated Statement of Financial Position, separately from parent's shareholders' equity.

The consolidated Statement of Cash Flow includes the cash flows of the Company and its subsidiaries.

Associates

Associates are those investments over which the Group has significant influence and holds 20% to 50% of the equity and which are neither subsidiaries nor joint ventures of the Group. The Group's investments in its associates are accounted for using the equity method and use of the equity method of accounting is discontinued on the date from which, it no longer has significant influence on the associate.

Associate companies of the Group which have been accounted for under the equity method of accounting are:

Name of the Company	Country of Incorporation
Abacus International Lanka (Pvt) Ltd	Sri Lanka
Nextage (Pvt) Ltd	Sri Lanka
Gerry's Softlogic (Pvt) Ltd	Pakistan

The investments in associates are carried in the Statement of Financial Position at cost plus post acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment

Notes to the Financial Statements

loss with respect to the Group's net investment in the associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the 'share of results of equity accounted investees' in the Income Statement and Statement of Other Comprehensive Income.

The Income Statement reflects the share of the results of operations of the associates. If any changes, it is recognised directly in the equity of the associate and the Group recognises its share and discloses this, when applicable in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The Group's share of profit of an associate is shown on the face of the Income Statement and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The Group ceases to recognise further losses when the Group's share of losses of an associate equals or exceeds the interest of the undertaking, unless it has incurred obligations or made payments on behalf of the entity.

The accounting policies of associate companies conform to those used for similar transactions of the Group.

Equity method of accounting has been applied for associate financial statements using their corresponding/matching twelve month financial period. In the case of associates, where the reporting dates are different to the Group reporting dates, adjustments are made for any significant transactions or events up to 31 March.

Upon loss of significant influence over the associate, the Group measures and recognises any remaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the remaining investment and proceeds from disposal is recognised in the Income Statement.

Business combinations & goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting.

The Group measures goodwill at the acquisition date as the fair value of the consideration transferred including the recognised amount of any

non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

When the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree is lower than the fair value of net assets acquired, a gain is recognised immediately in the Income Statement.

The Group elects on a transaction by transaction basis whether to measure non-controlling interests at fair value, or at their proportionate share of the recognised amount of the identifiable net assets, at the acquisition date. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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.

If the business combination is achieved in stages, the fair value of the acquirer's previously held equity interest in the acquiree is remeasured to the fair value at the acquisition date through the Income Statement.

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, which is a financial instrument and within the scope of LKAS 39, is measured at fair value with changes in fair value either in the Income Statement or as a change to the Statement of Other Comprehensive Income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of LKAS 39, it is measured in accordance with the appropriate SLFRS/LKAS.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if the events or changes in the circumstances indicate that the carrying value may be impaired.

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.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than the carrying amount, an impairment loss is recognised. The impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets pro-rata to the carrying amount of each asset in the unit.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Where goodwill forms part of 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.

Foreign currency translation

Foreign currency transactions and balances

The consolidated financial statements are presented in Sri Lanka Rupees (Rs.), which is the holding company's functional and presentation currency.

The functional currency is the currency of the primary economic environment in which the entities of the Group operate.

All foreign exchange transactions are converted to functional currency, at the rates of exchange prevailing at the time the transactions are effected.

Monetary assets and liabilities denominated in foreign currency are retranslated to functional currency equivalents at the spot exchange rate prevailing at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. The gain or loss arising on translation of non-monetary items is recognised

in line with the gain or loss of the item that gave rise to the translation difference.

Foreign exchange forward contracts are fair valued at each reporting date. Gains and losses arising from changes in fair value are included in the Income Statement in the period in which they arise.

Foreign operations

The Statement of Financial Position and Income Statement of overseas subsidiaries are associates which are deemed to be foreign operations are translated to Sri Lanka Rupees (Rs.) at the rate of exchange prevailing as at the reporting date and at the average annual rate of exchange for the period respectively.

The exchange differences arising on the translation are taken directly to the Statement of Other Comprehensive Income. On disposal of a foreign entity, the deferred cumulative amount recognised in the Statement of Other Comprehensive Income relating to that particular foreign operation is recognised in the Income Statement.

The Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition as assets and liabilities of the parent. Therefore, those assets and liabilities are non-monetary items already expressed in the functional currency of the parent and no further translation differences occur.

The exchange rates applicable during the period were as follows:

	Statement of Financial Position		Income Statement (Avg. Rate)	
	31-03-2013	31-03-2012	31-03-2013	31-03-2012
	Rs.	Rs.	Rs.	Rs.
US Dollar	126.74	128.10	127.37	119.15
Australian Dollar	132.01	132.57	132.69	123.60
Pakistani Rupee	1.28	1.41	1.35	1.35

1.5 TAXATION

Current Tax

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

Notes to the Financial Statements

the country where the Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Income Statement.

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provisions of the Inland Revenue Act No. 10 of 2006 and the amendments thereto.

Deferred Tax

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

Deferred income tax liabilities are recognised for all taxable temporary differences except;

- Where the deferred income tax liability 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, except 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 income 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:
 - where the deferred income 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; and
 - in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised 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 income 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 income 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 assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to 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 as at the reporting date.

Deferred tax relating to items recognised outside the Income Statement is recognised outside the Income Statement. Deferred tax relating to items 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 tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

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; and
- receivable and payables that 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.

Tax on dividend income

Tax on dividend income from subsidiaries is recognised as an expense in the Consolidated Income Statement.

1.6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These accounting policies have been applied consistently by Group entities.

1.6.1 INCOME STATEMENT

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group, and the revenue and associated costs incurred or to be incurred can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and value added taxes, after eliminating sales within the Group.

The following specific criterias are used for the revenue recognition:

Sale of goods

Revenue from the sale of goods is recognised when the significant risk and rewards of ownership of the goods are passed to the buyer retaining neither a continuing managerial involvement to the degree usually associated with ownership, nor an effective control over the goods sold.

Rendering of services

Revenue from rendering of services is recognised by reference to the stage of completion. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Income from leases, hire purchases, loans and advances

The accounting for lease income is on the basis of the financing method. The excess of aggregated contract receivable over the cost of the assets constitutes the total unearned income at the commencement of a contract.

The unearned income is recognised over the facility commencing on the month on which the facility is executed in proportion to the declining receivable balance.

However, accrual of income from lease ceases when the account is overdue for more than six months.

Income from hire purchase rental income and operating leases

Income from hire purchase rental and operating leases is recognised on a straight line basis over the term of hire purchase rental and operating lease agreements.

Overdue charges

Overdue charges of leasing and hire purchase have been accounted for on cash received basis.

Gross premiums

Gross recurring premiums on life insurance are recognised as revenue when receivable from the policyholder.

Gross general insurance written premiums comprise the total premiums receivable for the whole period of cover provided by contracts entered into during the accounting period and are recognised on the date on which the policy commences.

Reinsurance premiums

Gross reinsurance premiums on life insurance and investment contracts are recognised as an expense when the date on which the policy is effective.

Gross general reinsurance premiums written comprise the total premiums payable for the whole cover provided by contracts entered into the period and are recognised on the date on which the policy incepts. Premiums include any adjustments arising in the accounting period in respect of reinsurance contracts incepting in prior accounting periods.

Unearned reinsurance premiums are those proportions of premiums written in a year that relate to periods of risk after the Statement of Financial Position date. Unearned reinsurance premiums are deferred over the term of the underlying direct insurance policies for risks-attaching contracts and over the term of the reinsurance contract for losses occurring contracts.

Unearned premium reserve

Unearned premium reserve represents the portion of the premium written in the year but relating to the unexpired term of coverage. Unearned premiums are calculated on the 365 basis except for marine policies which is computed on a 60-40 basis.

Notes to the Financial Statements

Investment income

Interest income is recognised in the Statement of Comprehensive Income as it accrues and is calculated by using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial asset or liability are recognised as an adjustment to the effective interest rate of the instrument.

Investment income also includes dividends when the right to receive payment is established. For listed securities, this is the date the security is listed as ex-dividend.

Dividend

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

Consultancy and professional service income

Recognise as income in the period in which entitlement to the consideration arises.

Finance income

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre-existing interest in an acquiree that are recognised in Income Statement.

Interest income or expense is recorded as it accrues 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 of the Income Statement.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Gains and losses

Net gains and losses of a revenue nature arising from the disposal of property, plant and equipment and other non current assets, including investments, are accounted for in the Income Statement, after deducting

from the proceeds on disposal, the carrying amount of such assets and the related selling expenses.

Gains and losses arising from activities incidental to the main revenue generating activities and those arising from a group of similar transactions, which are not material are aggregated, reported and presented on a net basis.

Any losses arising from guaranteed rentals are accounted for in the year of incurring the same. A provision is recognised if the projection indicates a loss.

Other income

Other income is recognised on an accrual basis.

Turnover based taxes

Turnover based taxes include Value Added Tax, Economic Service Charge, Nation Building Tax, Turnover Tax and Tourism Development Levy.

Companies in the Group pay such taxes in accordance with the respective statutes.

1.6.2. Expenditure recognition

Expenses are recognised 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 and equipment in a state of efficiency has been charged to the Income Statement.

For the purpose of presentation of the Income Statement, the "function of expenses" method has been adopted, on the basis that it presents fairly the elements of the Company and Group's performance.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables) that are recognised in the Income Statement.

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 the Group incurs in connection with the borrowing of funds.

1.7 VALUATION OF ASSETS AND THEIR BASES OF MEASUREMENT

1.7.1. Property, plant and equipment

Basis of recognition

Property, plant and equipment are recognised if it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be reliably measured.

Basis of measurement

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment loss. Such cost includes the cost of replacing component parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of 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.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment charged subsequent to the date of the revaluation. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation. The Group has adopted a policy of revaluing land and buildings by professional valuers at least every 3 years.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where land and buildings are subsequently revalued, the entire class of such assets is revalued at fair value on the date of revaluation.

Any revaluation surplus is recognised in the Statement of 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.

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.

Derecognition

An item of property, plant and equipment are derecognised upon replacement, disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the Income Statement in the year the asset is derecognised.

Depreciation

Provision for depreciation is calculated by using a straight-line method on the cost or valuation of all property, plant and equipment, other than freehold land, in order to write off such amounts over the estimated useful economic life of such assets.

The estimated useful lives of assets are as follows:

Assets	Years
Buildings	40-50
Plant & machinery	4-10
Furniture & fittings	5-10
Laboratory equipment	10
Equipment	2-10
Motor vehicles	4-8

The useful life and residual value of assets are reviewed, and adjusted if required, at the end of each financial year.

Capital work in progress

Capital work in progress consists of cost of assets, labour and other direct costs associated with property, plant and equipment being constructed by the group. Once the assets become operational, the related costs are transferred from construction in progress to the appropriate asset category and are depreciated together with the related asset.

Notes to the Financial Statements

1.7.2. 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 fulfillment 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.

For arrangements entered into prior to 1 April 2011, the date of inception is deemed to be 1 April 2011 in accordance with the SLFRS 1.

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

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 basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The cost of improvements to buildings on leasehold land is capitalised, disclosed as leasehold improvements, and depreciated over the unexpired period of the lease or the estimated useful life of the improvements, whichever is shorter.

Lease rentals paid in advance

Prepaid lease rentals paid to acquire land use rights are amortised over the lease term in accordance with the pattern of benefits provided.

Details of the pre-paid lease rentals are given in note 15 to the financial statements.

1.7.3. Investment properties

Properties held to earn rental income and properties held for capital appreciation has been classified as investment property.

Investment properties are measured initially at cost, including transaction costs. The carrying value of an investment property includes the cost of replacing part of an existing investment property, at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of the investment property. Subsequent to initial recognition, the investment properties are stated at fair values, which reflect market conditions at the reporting date.

Gains or losses arising from changes in fair value are included in the Income Statement in the year in which they arise. Fair values are evaluated at frequent intervals by an accredited external, independent valuer.

Investment properties are derecognised when disposed, or permanently withdrawn from use because no future economic benefits are expected. Any gains or losses on de-recognition or disposal are recognised in the Income Statement in the year of de-recognition or disposal.

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 or inventory (WIP), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property or inventory (WIP), the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Where Group companies occupy a significant portion of the investment property of a subsidiary, such investment properties are treated as property, plant and equipment in the consolidated financial statements, and accounted using Group accounting policy for property, plant and equipment.

1.7.4. Intangible assets

Basis of recognition

An intangible asset is recognised if it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be reliably measured.

Basis of measurement

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised, and expenditure is charged against Income Statement in the year in which the expenditure is incurred.

Useful economic lives, amortisation and impairment

The useful lives of intangible assets are assessed as either finite or indefinite lives. Intangible assets with finite lives are amortised over the useful economic life 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 each financial year end and such changes are treated as accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Income Statement.

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

Lease rights

Lease rights acquired as part of a business combination, are capitalised and if it meets the definition of an intangible asset and the recognition criteria

are satisfied. Lease rights are amortised on a straight-line basis over their estimated useful life.

Present value of acquired in-force business (PVIB)

The present value of future profits on a portfolio of long term life insurance contracts as at the acquisition date is recognised as an intangible asset based on a valuation carried out by an independent actuary. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses.

The PVIB is amortised over the average useful life of the related contracts in the portfolio. The amortisation charge and any impairment losses would be recognised in the consolidated Income Statement as an expense.

Software

Purchased software

Purchased software is recognised as an intangible asset and is amortised on a straight line basis over its useful life.

Software license

Software license costs are recognised as an intangible asset and amortised over the period of the related license.

Brand Name

Brands acquired as part of a business combination, are capitalised as part of the Brand names, if the Brand meets the definition of an intangible assets are tested for impairment, annually or more frequently if the events or changes in the circumstances indicate that the carrying value may be impaired.

Customer list

The present value of the interest income anticipated deriving from repeat customer list of the leasing and hire purchase portfolios as at the acquisition date is recognised as an intangible asset based on a valuation carried out by an independent valuer. Subsequent to initial recognition, the intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses.

Customer list recognised at the acquisition date will be amortised over the period interest income anticipated to derive from repeat customers and reviewed annually for any impairment in value.

Notes to the Financial Statements

A summary of the policies applied to the group's intangible assets is as follows;

Intangible	Useful life	Acquired/ internally generated	Impairment testing
Goodwill	Infinite	Acquired	Annually or when an indication of impairment exists
Lease rights	25-88 years	Acquired	When an indication of impairment exists
Purchased software	3-5 years	Acquired	When an indication of impairment arise
Present value of acquired in-force business (PVIb)	16 years	Acquired	When an indication of impairment exists
Brand name	Infinite	Acquired	Annually or when an indication of impairment exists
Customer list	5 years	Acquired	When an indication of impairment exists

Gains or losses arising from derecognition of an intangible 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.

1.7.5. Financial instruments — initial recognition and subsequent measurement

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, in the case of assets not 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 market place (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, trade and other receivables, loans and other receivables, quoted and unquoted financial instruments and derivative financial instruments.

Subsequent measurement

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with changes in fair value recognised in finance income or finance costs in the Income Statement.

The Group evaluates its financial assets held for trading, other than derivatives, to determine whether the intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification to loans and receivables, available-for-sale or held to maturity depends on the nature of the asset.

This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

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 EIR. 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.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, 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 EIR. 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.

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the Income Statement in finance costs and removed from the available-for-sale reserve. Interest income on available-for-sale debt securities is calculated using the effective interest method and is recognised in the Income Statement.

The Group evaluates its available-for-sale financial assets to determine whether the ability and intention to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or until maturity. Reclassification to the held-to-maturity category is permitted only when the entity has the ability and intention to hold the financial asset accordingly.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to the Income Statement over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the Income Statement.

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 right to receive cash flows from the asset have expired
- the group has transferred its right 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 the 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.

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

Notes to the Financial Statements

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 the 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.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement is removed from the Statement of Other Comprehensive Income and recognised in the Income Statement. Impairment losses on equity investments are not reversed through the Income Statement; increases in their fair value after impairments are recognised directly in the Statement of Other Comprehensive Income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the Income Statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, 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.

If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the

impairment loss was recognised in the Income Statement, the impairment loss is reversed through the Income Statement.

1.7.6. 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, financial guarantee contracts, and derivative financial instruments.

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 of the Income Statement.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best

estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

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.

Investment sold together with a deep in the money put option are not derecognised from the Statement of Financial Position as the Group retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the consolidated Statement of Financial Position as an asset with a corresponding obligation to return it, including accrued interest as a financial liability, reflecting the transaction's economic substance as a loan to the Group. The difference between the sale and put option exercise price is treated as interest expense and is accrued over the life of agreement using the EIR.

Offsetting of financial instruments

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.

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, 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.

Notes to the Financial Statements

An analysis of fair values of financial instruments and further details as to how they are measured are provided in note 13.

1.7.7. Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts, interest rate swaps and forward commodity contracts to hedge its foreign currency risks, interest rate risks and commodity price risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The fair value of commodity contracts that meet the definition of a derivative as defined by LKAS 39 are recognised in the Income Statement in cost of sales.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the Income Statement.

1.7.8. Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price less estimated costs of completion and the estimated costs necessary to make the sale.

The costs incurred in bringing inventories to its present location and condition, are accounted for as follows:

- Finished goods - Direct materials, direct labour and an appropriate proportion of fixed overheads based on normal operating capacity
- Other inventories - At actual cost

1.7.9. Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at banks and in hand and short-term deposits with a maturity of three months or less.

For the purpose of the Cash Flow Statement, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

1.7.10. Defined benefit plan - Gratuity

The liability recognised in the Statement of Financial Position is the present value of the defined benefit obligation at the reporting date using the projected unit credit method. Any actuarial gains or losses arising are recognised immediately in the Income Statement.

However, as per the payment of Gratuity Act No. 12 of 1983 this liability only arises upon completion of 5 years of continued service.

The gratuity liability is not externally funded.

1.7.11. Defined contribution plan - Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' provident Fund contributions and Employees' Trust Fund contributions in line with respective statutes and regulations. The companies contribute the defined percentages of gross emoluments of employees to an approved Employees' Provident Fund and to the Employees' Trust Fund respectively, which are externally funded.

1.7.12. Insurance contract liabilities - Life

Life insurance liabilities are recognised when contracts are entered into and premiums are received. The liability is determined as the sum of the discounted value of the expected future benefits, claims handling and policy administration expenses, policyholder options and guarantees and investment income from assets backing such liabilities, which are directly related to the contract, less the discounted value of the expected gross premiums that would be required to meet the future cash outflows based on the valuation assumptions used. The liability is either based on current assumptions or calculated using the assumptions established at the time the contract was issued, in which case a margin for risk and adverse deviation is generally included. Furthermore, the liability for life insurance contracts comprises the provision for unearned premiums and unexpired risks, as well as for claims outstanding, which includes an estimate of the incurred claims that have not yet been reported to the Company. Adjustments to the liabilities at each reporting date are recorded in the Statement of Other Comprehensive Income. Profits originated from margins of adverse deviations on run-off contracts are recognised in the Statement of Other Comprehensive Income over the life of the contract, whereas losses are fully recognised in the Statement of Other Comprehensive Income during the first year of run-off. The liability is derecognised when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognised life insurance liabilities are adequate, net of related PVIF (Present Value Interest Factor) and DAC (Deferred Acquisition Costs), by using an existing liability adequacy test. The liability value is adjusted to the extent that it is insufficient to meet future benefits and expenses. Any inadequacy is recorded in the Statement of Other Comprehensive Income, initially by impairing PVIF and DAC and subsequently, by establishing a technical reserve for the remaining loss. In subsequent periods, the liability for a block of business that has failed the adequacy test is based on the assumptions that are established at the time of the loss recognition. The assumptions do not include a margin for adverse deviation.

1.7.13. Insurance contract liabilities – Non life

Non-life insurance contract liabilities are recognised when contracts are entered into and premiums are charged. These liabilities, known as the policy liability provisions include the premium and claim liabilities. The premium liabilities relate to policies for which the premium has been received but the exposure has not fully expired, while the claim liabilities relate to claims that have been incurred but not yet settled.

The provision for unearned premiums represents premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognised as premium income.

The claim liabilities are based on the estimated ultimate cost of all claims incurred but not settled at the Statement of Financial Position date, whether reported or not, with a reduction for the expected value of salvage and other recoveries.

Delays can be experienced in the notification and settlement of claims, therefore, the ultimate cost of these cannot be known with certainty at the Statement of Financial Position date. The liability is calculated at the reporting date using a range of standard actuarial claim projection techniques, based on empirical data and current assumptions that may include a margin for adverse deviation. No provision for equalisation or catastrophe reserve is recognised. The liabilities are derecognised when the contract expires, is discharged or is cancelled.

The calculation may use current estimates of future contractual cash flows to determine the investment return expected to arise on assets relating to the relevant non-life insurance technical provisions.

1.7.14. Provisions, contingent assets and contingent liabilities

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, for example under an insurance contract, 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.

All contingent liabilities are disclosed as a note to the financial statements unless the outflow of resources is remote. A contingent liability recognised in a business combination is initially measured at its fair value.

Subsequently, it is measured at the higher of:

- the amount that would be recognised in accordance with the general guidance for provisions above (LKAS 37) or
- the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition (LKAS 18).

Contingent assets are disclosed, where inflow of economic benefit is probable.

1.8 SEGMENT INFORMATION

Operating segments

The Group's internal organisation and management is structured based on individual products and services which are similar in nature and process and where the risk and return are similar. The operating segments represent this business structure.

Segment information

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group.

Notes to the Financial Statements

1.9 SRI LANKA ACCOUNTING STANDARDS (SLFRS/LKAS) ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

a) SLFRS 9 - Financial Instruments: Classification and Measurement

SLFRS 9 as issued reflects the replacement of LKAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in LKAS 39. The standard is effective for annual periods beginning on or after 1 January 2015. The adoption of SLFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on classification and measurements of financial liabilities.

b) SLFRS 13 - Fair Value Measurement

SLFRS 13 establishes a single source of guidance under SLFRS for all fair value measurements. SLFRS 13 does not state when an entity is required to use fair value, but rather provides guidance on how to measure fair value under SLFRS when fair value is required or permitted. The Group is currently assessing the impact that this standard will have on the financial position and performance. This standard becomes effective for annual periods beginning on or after 1 January 2014.

c) SLFRS 10 - Consolidated Financial Statements

SLFRS 10 replaces the portion of LKAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in Standing Interpretations Committee - SIC-12 Consolidation - Special Purpose Entities.

SLFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by SLFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in LKAS 27. This standard becomes effective for annual periods beginning on or after 1 January 2014.

d) SLFRS 12 - Disclosure of Interests in other entities

SLFRS 12 includes all of the disclosures that were previously in LKAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in LKAS 31 and LKAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. This standard becomes effective for annual periods beginning on or after 1 January 2014.

2 FIRST-TIME ADOPTION OF SLFRS/LKAS

These financial statements, for the year ended 31 March 2013, are the first financial statements that the Group has prepared in accordance with SLFRS/LKAS. For periods up to and including the year ended 31 March 2012, the Group prepared its financial statements in accordance with Sri Lanka Accounting Standards which were effective up to 31 March 2012.

Accordingly, the Group has prepared financial statements which comply with SLFRS/LKAS applicable for periods ending on or after 31 March 2013, together with the comparative period data as at and for the year ended 31 March 2012, as described in the accounting policies. In preparing these financial statements, the Group's opening Statement of Financial Position was prepared as at 1 April 2011, the Group's date of transition to SLFRS/LKAS. This note explains the principal adjustments made by the Group in restating its SLAS Statement of Financial Position as at 1 April 2011, and its previously published SLAS financial statements as at and for the year ended 31 March 2012.

Exemptions applied

SLFRS 1 First-Time Adoption of Sri Lanka Financial Reporting Standards allows first-time adopters certain exemptions from the retrospective application of certain SLFRS/LKAS.

The Group has applied the following optional exemptions:

a) Fair value of revaluation as deemed cost

Freehold land and buildings, other than investment property, were carried in the Statement of Financial Position prepared in accordance with SLAS on the basis of valuations performed prior to 31 March 2012. The Group has elected to regard those values as deemed cost at the date of the revaluation since they were broadly comparable to fair value.

b) Unquoted equity instruments

The Group has designated unquoted equity instruments held at 1 April 2011 as available-for-sale investments.

c) SLFRS 3 - Business Combinations

This has not been applied to acquisitions of subsidiaries, which are considered businesses for SLFRS/LKAS, or of interests in associates that occurred before 1 April 2011. The Group has not applied LKAS 21 retrospectively to fair value adjustments and goodwill from business combinations that occurred before the date of transition to SLFRS/LKAS. Such fair value adjustments and goodwill are treated as assets and liabilities of the parent rather than as assets and liabilities of the acquiree. Therefore, those assets and liabilities are already expressed in the functional currency of the parent or are non-monetary foreign currency items and no further translation differences occur.

Use of this exemption means that the SLAS carrying amounts of assets and liabilities, which are required to be recognised under SLFRS/LKAS, are stated at their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with SLFRS/LKAS. Assets and liabilities that do not qualify for recognition under SLFRS/LKAS are excluded from the opening SLFRS/LKAS Statement of Financial Position. SLFRS 1 also requires that the SLAS carrying amount of goodwill must be

used in the opening SLFRS/LKAS Statement of Financial Position (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with SLFRS 1, the Group has tested goodwill for impairment at the date of transition to SLFRS/LKAS.

The Group has applied the following mandatory exemptions:

a) Significant accounting judgments, estimates and assumptions

Significant accounting judgments, estimates and assumptions at 1 April 2011 and at 31 March 2012 are consistent with those made for the same dates in accordance with SLAS effective up to 31 March 2013 (after adjustments to reflect any differences in accounting policies).

The estimates used by the Group to present these amounts in accordance with SLFRS/LKAS effective from 1 April 2012 reflect conditions at 1 April 2011, the date of transition to SLFRS/LKAS and as of 31 March 2012.

b) Non-controlling interest

The requirement of SLFRS 3 is that total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The Group applies above requirement prospectively from the date of transition to SLFRS/LKAS.

Notes to the Financial Statements

02. FIRST TIME ADOPTION OF SLFRS/LKAS

2.1. Reconciliation of comprehensive income- Income Statement

For the Year ended 31 March 2012 In Rs.	Note	GROUP				COMPANY	
		As per SLAS	Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS	As per SLAS	Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS
Revenue	2.5.1	21,908,307,225	(89,473,347)	21,818,833,878	262,507,906	(48,240,756)	214,267,150
Cost of sales	2.5.1	(14,639,407,351)	(12,020,763)	(14,651,428,114)	(81,941,866)	(12,719,156)	(94,661,022)
Gross profit		7,268,899,874	(101,494,111)	7,167,405,764	180,566,040	(60,959,912)	119,606,128
Dividend income	2.5.2	91,670,406	(91,670,406)	-	612,976,781	(3,003,700)	609,973,081
Other operating income	2.5.2	519,681,202	(66,329,173)	453,352,029	94,220,580	59,169,668	153,390,248
Distribution expenses		(811,849,356)	18,009,901	(793,839,455)	-	-	-
Administrative expenses		(3,934,939,537)	(36,483,854)	(3,971,423,391)	(123,195,886)	(13,603,876)	(136,799,762)
Results from Operating Activities		3,133,462,589	(277,967,642)	2,855,494,947	764,567,515	(18,397,820)	746,169,695
Finance income	2.5.2	-	396,440,677	396,440,677	-	66,493,769	66,493,769
Finance cost		(1,876,982,292)	(130,438,407)	(2,007,420,699)	(312,477,602)	(60,972,230)	(373,449,832)
Net Finance Cost		(1,876,982,292)	266,002,270	(1,610,980,022)	(312,477,602)	(5,521,539)	(306,956,063)
Change in fair value of investment property		340,402,278	-	340,402,278	-	-	-
Share of profit of equity accounted investees		15,626,290	-	15,626,290	-	-	-
Profit before tax		1,612,508,865	(11,965,372)	1,600,543,493	452,089,913	(12,876,281)	439,213,632
Tax expense		(590,713,430)	6,116,447	(584,596,983)	(283,266)	-	(283,266)
Profit for the year		1,021,795,435	(5,848,925)	1,015,946,510	451,806,647	(12,876,281)	438,930,366

2.2. Reconciliation of comprehensive income - Statement of Comprehensive Income

For the Year ended 31 March In Rs.	GROUP				COMPANY	
	As per SLAS	Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS	As per SLAS	Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS
Profit for the year	1,021,795,435	(5,848,925)	1,015,946,510	451,806,647	(12,876,281)	438,930,366
Other comprehensive income						
Currency translation of foreign operations	-	(39,974,821)	(39,974,821)	-	-	-
Net (loss) / gain on available-for-sale financial assets 2.5.3	-	(87,453,947)	(87,453,947)	-	216,241,528	216,241,528
Tax on other comprehensive income	-	(32,709,135)	(32,709,135)	-	-	-
Other comprehensive income for the year, net of tax	-	(160,137,903)	(160,137,903)	-	216,241,528	216,241,528
Total comprehensive income for the year, net of tax	1,021,795,435	(165,986,828)	855,808,607	451,806,647	203,365,247	655,171,894

Figures in brackets indicate deductions.

2.3 Reconciliation of equity -Consolidated Statement of Financial Position

In Rs.	Equity as at 31 March 2012				Equity as at 1 April 2011 (date of transition to SLFRS/LKAS)		
	Note	As per SLAS	Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS	As per SLAS	Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS
ASSETS							
Non-current assets							
Property, plant and equipment		11,334,063,101	189,227,410	11,523,290,511	10,274,534,256	171,933,696	10,446,467,952
Lease rentals paid in advance		155,386,044	-	155,386,044	91,422,977	-	91,422,977
Investment property		2,113,736,500	-	2,113,736,500	2,420,284,222	-	2,420,284,222
Intangible assets		7,886,270,218	(163,404,867)	7,722,865,351	4,710,820,895	3,062,060	4,713,882,955
Investments in subsidiaries		-	-	-	-	-	-
Investments in associates		61,148,738	-	61,148,738	61,113,267	-	61,113,267
Other non current financial assets	2.5.4	-	3,297,702,829	3,297,702,829	-	295,648,351	295,648,351
Rental receivable on lease assets and hire purchase		3,847,171,008	-	3,847,171,008	2,095,891,164	-	2,095,891,165
Deferred tax assets		344,508,458	(35,598,769)	308,909,689	369,183,391	6,012,090	375,195,481
Other non current assets	2.5.4	3,241,768,765	(3,231,587,985)	10,180,780	242,000,013	(231,666,681)	10,333,332
		28,984,052,832	56,338,619	29,040,391,450	20,265,250,186	244,989,516	20,510,239,702
Current assets							
Inventories		3,480,157,673	-	3,480,157,673	2,551,363,907	-	2,551,363,908
Trade and other receivables	2.5.5	5,074,533,621	(1,723,473,683)	3,351,059,939	2,982,381,521	(836,487,230)	2,145,894,291
Loans and advances		1,126,080,672	112,665,161	1,238,745,833	984,533,733	106,645,165	1,091,178,899
Rental receivable on lease assets and hire purchase		2,205,972,314	(2,130,841)	2,203,841,473	1,336,610,451	(12,090,570)	1,324,519,881
Amounts due from related parties		12,090,059	-	12,090,059	261,598	-	261,598
Other current assets		-	1,077,168,339	1,077,168,339	-	659,382,610	659,382,610
Short term investments		3,061,939,002	308,227,938	3,370,166,940	734,303,708	(93,135,226)	641,168,482
Cash in hand and at bank		914,190,659	-	914,190,659	279,647,867	-	279,647,867
		15,874,964,000	(227,543,086)	15,647,420,915	8,869,102,786	(175,685,251)	8,693,417,537
Total Assets		44,859,016,832	(171,204,467)	44,687,812,365	29,134,352,972	69,304,265	29,203,657,239
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the parent							
Stated capital		5,089,000,000	-	5,089,000,000	1,058,000,000	-	1,058,000,000
Capital reserves	2.5.6	682,231,922	(682,231,922)	-	684,900,724	(684,900,724)	-
Revenue reserves		1,512,149,060	(225,118,310)	1,287,030,750	1,298,686,340	(35,720,259)	1,262,966,082
Other components of equity		-	826,145,633	826,145,633	-	681,996,113	681,996,113
		7,283,380,982	(81,204,599)	7,202,176,383	3,041,587,064	(38,624,870)	3,002,962,195
Non-controlling interests		4,074,905,058	35,098,263	4,110,003,320	4,003,432,768	57,780,781	4,061,213,549
Total equity		11,358,286,039	(46,106,336)	11,312,179,703	7,045,019,832	19,155,911	7,064,175,744

Notes to the Financial Statements

2.3 Reconciliation of equity -Consolidated Statement of Financial Position (Contd.)

In Rs.	Equity as at 31 March 2012				Equity as at 1 April 2011 (date of transition to SLFRS/LKAS)		
	Note	As per SLAS	Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS	As per SLAS	Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS
Non-current liabilities							
Insurance contract liabilities		2,650,624,160	(225,000,000)	2,425,624,160	-	-	-
Interest bearing borrowings		8,504,602,684	(415,146)	8,504,187,538	3,488,911,802	(14,070,145)	3,474,841,657
Public deposits		460,334,147	-	460,334,147	205,057,922	-	205,057,922
Deferred tax liabilities		241,482,433	5,574,601	247,057,034	173,758,039	3,620,216	177,378,255
Employee benefit liabilities		321,801,650	3,858,087	325,659,737	252,462,657	-	252,462,657
Other deferred liabilities		1,574,607	77,788,132	79,362,739	2,242,068	63,498,698	65,740,766
		12,180,419,680	(138,194,325)	12,042,225,355	4,122,432,488	53,048,769	4,175,481,257
Current liabilities							
Trade and other payables	2.5.7	2,824,784,516	(232,093,513)	2,592,691,003	1,938,594,985	(210,394,557)	1,728,200,429
Amounts due to related parties		33,591,788	(417)	33,591,371	4,049,610	-	4,049,610
Income tax liabilities		240,365,009	(4,951,231)	235,413,778	195,792,771	(2,472,246)	193,320,525
Short term borrowings		6,979,894,025	63,246,459	7,043,140,484	10,158,365,017	43,058,710	10,201,423,727
Current portion of interest bearing borrowings		5,394,593,642	(14,879,465)	5,379,714,177	2,895,717,810	(428,150)	2,895,289,660
Other current liabilities		-	192,569,748	192,569,748	-	167,335,828	167,335,828
Public deposits		3,992,311,366	9,204,613	4,001,515,979	1,379,779,977	-	1,379,779,977
Bank overdrafts		1,854,770,767	-	1,854,770,767	1,394,600,482	-	1,394,600,482
		21,320,311,112	13,096,195	21,333,407,307	17,966,900,652	(2,900,415)	17,964,000,238
Total equity and liabilities		44,859,016,832	(171,204,467)	44,687,812,365	29,134,352,972	69,304,265	29,203,657,239

Figures in brackets indicate deductions.

2.4. Reconciliation of equity - Company Statement of Financial Position

In Rs.	Equity as at 31 March 2012				Equity as at 1 April 2011 (date of transition to SLFRS/LKAS)		
	Note	As per SLAS	Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS	As per SLAS	Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS
Non-current assets							
Property, plant and equipment		102,080,900	49,020,116	151,101,016	73,555,666	61,739,273	135,294,939
Investment property		125,700,000	-	125,700,000	125,700,000	-	125,700,000
Investments in subsidiaries & joint ventures		6,219,213,964	(1,068,724,944)	5,150,489,020	5,018,655,747	(232,026,420)	4,786,629,327
Investments in associates		9,750,000	836,201,400	845,951,400	12,449,800	-	12,449,800
Other non current financial assets	2.5.4	-	1,020,419,437	1,020,419,437	-	700,947,909	700,947,909
Amounts due from related parties		339,934,175	(339,934,175)	-	237,044,175	(237,044,175)	-
Other non current assets	2.5.4	5,000,000	(5,000,000)	-	5,000,000	(5,000,000)	-
		6,801,679,039	491,981,835	7,293,660,873	5,472,405,389	288,616,586	5,761,021,975
Current assets							
Trade and other receivables	2.5.5	71,029,825	(5,271,660)	65,758,165	70,715,722	(2,352,249)	68,363,473
Amounts due from related parties		1,232,761,426	-	1,232,761,425	278,145,009	-	278,145,010
Other current assets		5,088,625	3,783,369	8,871,994	2,685,050	2,052,249	4,737,299
Short term investments		325,547,652	1,188,290	326,735,942	271,725,154	-	271,725,153
Cash in hand and at bank		7,118,668	-	7,118,668	5,743,212	-	5,743,212
		1,641,546,196	(300,001)	1,641,246,195	629,014,147	(300,000)	628,714,147
Total Assets		8,443,225,235	491,681,833	8,934,907,068	6,101,419,536	288,316,586	6,389,736,122
EQUITY AND LIABILITIES							
Equity attributable to equity holders of the parent							
Stated capital		5,089,000,000	-	5,089,000,000	1,058,000,000	-	1,058,000,000
Revenue reserves		207,857,126	48,862,992	256,720,118	(10,769,879)	61,739,273	50,969,394
Other components of equity	2.5.3	-	442,818,842	442,818,842	-	226,577,314	226,577,314
Total equity		5,296,857,126	491,681,834	5,788,538,960	1,047,230,121	288,316,586	1,335,546,708
Non-current liabilities							
Interest bearing borrowings		1,799,233,795	-	1,799,233,795	400,723,284	-	400,723,284
Employee benefit liabilities		13,688,274	-	13,688,274	11,599,896	-	11,599,896
		1,812,922,069	-	1,812,922,069	412,323,180	-	412,323,180
Current liabilities							
Trade and other payables	2.5.7	33,926,400	(23,899,504)	10,026,896	67,623,997	(11,143,967)	56,480,030
Amounts due to related parties		333,618,406	-	333,618,405	704,590,689	-	704,590,689
Short term borrowings		260,251,904	15,101,585	275,353,488	3,690,744,882	4,992,565	3,695,737,447
Current portion of interest bearing borrowings		510,975,442	-	510,975,442	142,721,412	-	142,721,412
Other current liabilities		-	8,797,920	8,797,920	-	6,151,401	6,151,401
Bank overdrafts		194,673,888	-	194,673,888	36,185,255	-	36,185,255
		1,333,446,040	-	1,333,446,039	4,641,866,235	-	4,641,866,234
Total equity and liabilities		8,443,225,235	491,681,833	8,934,907,068	6,101,419,536	288,316,586	6,389,736,122

Figures in brackets indicate deductions.

Notes to the Financial Statements

02 FIRST TIME ADOPTION OF SLFRS/LKAS

Given below are the key reconciling items reflected under the effect of transition to SLFRS/LKAS.

2.5 NOTES TO THE RECONCILIATIONS

2.5.1 Revenue

The Group's retail, communication and information technology segments provide with warranty and after sales services. As per SLFRS/LKAS the revenue generated from warranty and after sales services are deferred and recognised as revenue when the services are provided or at the time of expiry of warranty period.

Finance income of the Company which was recognised as revenue as per SLAS has been reclassified as finance income under SLFRA/LKAS

The changes relating to these are as follows

In Rs.	As per previous SLAS	GROUP Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS	As per previous SLAS	COMPANY Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS
Revenue	21,908,307,225	(89,473,347)	21,818,833,878	262,507,906	(48,240,756)	214,267,150
Cost of sales	(14,639,407,351)	(12,020,763)	(14,651,428,114)	(81,941,866)	(12,719,156)	(94,661,022)
Net impact	7,268,899,874	(101,494,110)	7,167,405,764	180,566,040	(60,959,912)	119,606,128

2.5.2 Dividend income / Other operating income

As per previous SLAS income generated or gain / (loss) arising from financial instruments has been classified under other operating income. Under SLFRS/LKAS income generated or gain / (loss) from financial instruments has been classified under finance income / finance expenses except Interest income earned by Finance Companies of the Group.

In Rs.	GROUP	COMPANY
Dividend income		
For the year ended 31 March 2012	(91,670,406)	(3,003,700)
Other operating income		
For the year ended 31 March 2012	(66,329,173)	59,169,668

2.5.3 Available-for-sale financial assets

Under previous SLAS, the Group and Company measured for long term investments at cost. Under SLFRS/LKAS, the Group and Company have designated such investments as available-for-sale investments. SLFRS/LKAS requires available-for-sale investments to be measured at fair value. Difference between the fair value under SLFRS/LKAS and carrying value under previous SLAS has been recognised as a separate component of equity in the available for sale reserve.

In Rs.	Equity as at 31 March 2012	Equity as at 01 April 2011 (date of transition to SLFRS/LKAS)
Fair value of these assets as per SLFRS/LKAS	1,347,459,350	1,275,856,601
Carrying amount of these assets as per SLAS	1,509,984,416	1,073,147,102

	GROUP	COMPANY
Net (loss)/gain on available for sale financial assets		
For the year ended 31 March 2012	(87,453,947)	216,241,528

2.5.4 Other non current asset

Due to the application of LKAS 32 and 39, financial assets in other non current assets have been reclassified to other non current financial assets.

Reclassification from - Other non current assets / Investment in subsidiaries

Reclassification to - Other non current financial assets

In Rs.	GROUP	COMPANY
As at 31 March 2012	3,297,702,829	1,020,419,437
As at 1 April 2011	295,648,351	700,947,909

2.5.5 Trade and other receivables

Due to the application of LKAS 32 and 39, non financial assets (Prepayments and Tax refunds) in trade & other receivables have been reclassified to other current assets.

Reclassification from - Trade and other receivables

Reclassification to - Other current assets

In Rs.	GROUP	COMPANY
As at 31 March 2012	1,077,168,339	3,783,369
As at 1 April 2011	659,382,610	2,052,249

2.5.6 Capital reserves

Due to the application of SLFRS/LKAS, presentation of financial statements has changed. Some capital reserves have been reclassified to other components of equity.

Reclassification from - Capital reserves

Reclassification to - Other components of equity

In Rs.	GROUP	COMPANY
As at 31 March 2012	826,145,633	442,818,842
As at 1 April 2011	681,996,113	226,577,314

Notes to the Financial Statements

02 FIRST TIME ADOPTION OF SLFRS/LKAS (Contd.)

2.5.7 Trade and other payables

Due to the application of LKAS 32 and 39, non financial liabilities (Tax payables and Advance received) in trade & other payables have been reclassified to other current liabilities.

Reclassification from - Trade and other payables

Reclassification to - Other current liabilities

In Rs.	GROUP	COMPANY
As at 31 March 2012	192,569,748	8,797,920
As at 1 April 2011	167,335,828	6,151,401

2.5.8 Others

The effect of transition, other than those mentioned above, relate to reclassification of balances to be in compliance with SLFRS/LKAS.

2.5.9 Reconciliation Income Statement for the year ended 31 March 2013

As per exemptions granted for "First time adaption" SLFRS/LKAS by the Institute of Chartered Accountants of Sri Lanka, the interim financial reports were prepared based on SLAS applicable up to 1 January 2012. The year end financial statements have been prepared based on SLFRS/LKAS effective from 1 April 2012. The reconciliation is presented for better understanding of result of reclassification and re-measurements.

In Rs.	GROUP	COMPANY
Profit as per published Interim Financial Statements as per SLAS	878,708,892	401,211,934
Net gain recognised on sale of shares of subsidiary company to non -controlling interest (transferred to from Income Statement to Statement of Changes in Equity)	(349,040,427)	-
De-recognition of profit on disposal of AAIC 19% - SLFRS adjustment	-	(52,309,751)
Transfer of fair value adjustment on financial instruments classifies as available for sale (from Income statement to Other Comprehensive Income)	(263,397,766)	-
Other adjustments of SLFRS	(75,660,258)	(1,148,119)
Profit as per Audited Accounts	190,610,441	347,754,064

In Rs. For the Year ended 31 March	GROUP		COMPANY	
	2013	2012	2013	2012
3 REVENUE				
Net revenue	25,360,636,147	21,818,833,878	280,764,425	214,267,150
	25,360,636,147	21,818,833,878	280,764,425	214,267,150

3.1 Business segment analysis

In Rs. For the Year ended 31 March	GROUP	
	2013	2012
Information Technology	6,283,801,851	6,946,807,132
Leisure	54,859,311	30,612,614
Retail	5,647,127,727	4,660,472,521
Automobile	704,659,865	989,588,126
Financial Services	5,681,242,856	3,170,452,561
Healthcare Services	6,927,408,454	6,005,121,567
Other	61,536,083	15,779,357
	25,360,636,147	21,818,833,878

In Rs. For the Year ended 31 March	GROUP		COMPANY	
	2013	2012	2013	2012
4 DIVIDEND INCOME				
Income from investment in related parties	-	-	358,107,954	609,973,081
	-	-	358,107,954	609,973,081

In Rs. For the Year ended 31 March	GROUP		COMPANY	
	2013	2012	2013	2012
5 OTHER OPERATING INCOME				
Profit on sale of property, plant & equipment	85,286,164	36,260,101	60,320,550	8,227,231
Profit on disposal of investments	102,635,673	32,001,066	337,263,069	125,139,450
Exchange gain / (loss)	79,812,851	(36,247,511)	-	-
Fees received	56,390,639	279,289,884	-	-
Commission income	4,849,374	15,334,175	-	10,526,474
Gain on bargain purchases	-	34,063,213	-	-
Sundry income	141,354,342	92,651,101	6,027,587	9,497,093
	470,329,044	453,352,029	403,611,206	153,390,248

Notes to the Financial Statements

In Rs. For the Year ended 31 March	GROUP		COMPANY	
	2013	2012	2013	2012

6 FINANCE INCOME

Interest income	566,353,601	304,118,284	249,150,879	51,244,456
Finance income on other financial instruments	259,102,373	92,322,393	9,442,101	15,249,313
	825,455,974	396,440,677	258,592,980	66,493,769

In Rs. For the Year ended 31 March	GROUP		COMPANY	
	2013	2012	2013	2012

7 FINANCE COST

Interest expense on borrowings	2,485,635,614	1,817,272,866	709,435,645	312,477,602
Finance cost on other financial instruments	116,451,135	134,844,921	-	60,972,230
Other finance expenses	152,546,436	55,302,912	-	-
	2,754,633,185	2,007,420,699	709,435,645	373,449,832

In Rs. For the Year ended 31 March	GROUP		COMPANY	
	2013	2012	2013	2012

8 PROFIT/(LOSS) BEFORE TAX

Profit before tax is stated after charging all expenses including the following;

Directors' emoluments	180,104,942	109,228,772	30,291,384	15,115,800
Auditors fees & other expenses	15,313,488	9,429,229	1,972,000	1,672,600
Non audit fees and expenses	4,596,929	514,235	1,144,319	-
Cost of defined employee benefit				
- Defined benefit plan cost	81,842,123	57,362,289	8,508,006	2,204,128
- Defined contribution plan cost - EPF/ETF	272,544,160	236,334,855	10,058,911	9,321,790
- Staff expenses	2,626,308,959	1,655,969,007	82,127,466	63,694,162
Depreciation of property, plant and equipment	824,136,261	740,711,737	25,785,838	48,671,236
Amortisation/impairment of intangible assets	194,546,170	136,477,797	-	-
Exchange (gain) / loss	(79,812,851)	36,247,511	-	-
Impairment of Investment in associates	-	-	-	2,699,800
Donations	14,168,909	9,030,364	237,400	307,360

In Rs. For the Year ended 31 March	GROUP		COMPANY		
	2013	2012	2013	2012	
9 TAX EXPENSE					
Current income tax					
Current tax charge	9.1	207,371,325	405,531,249	438,875	283,266
Under provision of current tax of previous years		9,328,787	27,473,791	-	-
10% withholding tax on inter company dividends		24,696,270	65,309,064	-	-
ESC written-off		1,408,826	-	-	-
Deferred income tax					
Relating to origination and reversal of temporary differences	9.2	50,827,920	86,282,879	-	-
		293,633,128	584,596,983	438,875	283,266

In Rs. For the Year ended 31 March	GROUP		COMPANY	
	2013	2012	2013	2012

9.1 Reconciliation between tax expense and the product of accounting profit

Profit before tax		484,243,569	1,600,543,493	348,228,778	439,213,632
Non deductible expenses		73,117,783	888,101,982	142,032,512	147,276,743
Deductible expenses		(2,553,582,764)	(1,742,355,414)	(489,522,899)	(699,414,949)
Tax exempt Income		(1,654,830,653)	(157,825,622)	(337,538,069)	(135,665,924)
Dividend income from group companies		817,369,292	903,516,109	-	-
Other consolidation adjustments		2,901,588,318	(248,993,991)	-	-
		725,905,545	1,242,986,557	(336,799,678)	(248,590,498)
Other source of income		464,062,331	160,946,340	2,608,326	1,802,562
Total Statutory Income		1,189,967,876	1,403,932,897	2,608,326	1,802,562
Set off against tax losses		(111,752,510)	(228,850,941)	(912,914)	(630,897)
Other deductions		(11,512,786)	(160,000)	(128,000)	(160,000)
Taxable Income		1,078,215,367	1,174,921,956	1,567,412	1,011,666
Income tax at standard rate of 28%		164,337,549	388,143,441	438,875	283,266
Income tax at concessionary rate of 12%		38,292,229	13,796,989	-	-
Associate share of tax		4,741,547	3,590,819	-	-
		207,371,325	405,531,249	438,875	283,266

Notes to the Financial Statements

In Rs. For the Year ended 31 March	GROUP		COMPANY	
	2013	2012	2013	2012

9.2 Deferred tax charge / (release)

Income statement

Deferred tax expense arising from;				
Accelerated depreciation for tax purposes	98,406,659	77,481,746	-	-
Revaluation of investment property to fair value	10,552,832	38,550,372	-	-
Employee benefit liabilities	(5,240,023)	(14,681,931)	-	-
Benefit arising from tax losses	(37,035,045)	(4,592,715)	-	-
Others	(15,856,503)	(10,474,593)	-	-
	50,827,920	86,282,879	-	-

Other comprehensive income

Deferred tax expense arising from revaluation of land and building to fair value	156,081,827	32,709,135	-	-
	156,081,827	32,709,135	-	-

Deferred tax has been computed at 28% for all standard rate companies (including listed companies), and at 12% for leisure sector companies & healthcare sector companies and at rates as disclosed in notes 9.4.

In Rs. For the Year ended 31 March	GROUP		COMPANY	
	2013	2012	2013	2012

9.3 Tax losses carried forward

Tax losses brought forward	5,653,489,961	4,490,732,635	613,287,631	365,328,030
Adjustments on finalisation of liability	(26,503,736)	-	(9,711,524)	-
Tax losses arising during the year	1,353,618,010	1,391,608,267	327,088,154	248,590,498
Utilisation of tax losses	(111,752,510)	(228,850,941)	(912,914)	(630,897)
	6,921,859,196	5,653,489,961	929,751,347	613,287,631

9.4 Applicable rates of income tax

The tax liability of resident companies are computed at the standard rate of 28% except for the following companies which enjoy full or partial exemptions and concessions.

Company	Basis	Exemption or concessions	Period
Healthcare sector (except companies enjoy full exemptions)	Providing healthcare services	12%	Open ended
Exemptions /concessions granted under the Board of Investment Law			
Asiri Surgical Hospital PLC	Providing healthcare services	Exempt	10 years from 2004
Central Hospital Ltd	-do-	-do-	8 years from 1st year of Profit or 2 years from commencement of operation which ever is earlier
Asiri Hospital Matara (Pvt) Ltd	-do-	-do-	8 years from March 2008
Softlogic City Hotels (Pvt) Ltd	Construction of a tourist hotel	-do-	7 Years from 1st year of profit or 2 years from commencement of operation which ever is earlier

9.5 Income tax rates of off-shore subsidiaries

Company	Country of incorporation	Rate
Softlogic Australia (Pty) Ltd	Australia	33.3%

Notes to the Financial Statements

10 EARNINGS / (LOSS) PER SHARE

10.1 Basic earnings per share

In Rs. For the Year ended 31 March	GROUP	
	2013	2012
Profit / (loss) attributable to equity holders of the parent	(338,365,963)	448,266,836
Weighted average number of ordinary shares	774,718,059	748,534,247
Basic earnings / (loss) per share	(0.44)	0.60

10.2 Amount used as denominator

Ordinary shares at the beginning of the year	779,000,000	640,000,000
Effect of purchase of treasury shares	(4,281,941)	-
Effect of issue of shares for cash consideration	-	108,534,247
Ordinary shares at the end of the year	774,718,059	748,534,247

In Rs. For the Year ended 31 March	GROUP			
	2013		2012	
	Per share	Total	Per share	Total

11 DIVIDEND PER SHARE

Equity dividend on ordinary shares declared and paid during the year

Interim dividend paid	0.30	233,700,000	0.14	101,270,000
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12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group has loans, rental receivable on lease assets and hire purchase, trade & other receivables, and cash and short-term deposits that arrive directly from its operations. The Group also holds available-for-sale investments and enters into derivative transactions.

The Group is exposed to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Risk management is carried out under 3 lines of defence in the order of senior management officials under policies approved by the Group's operating segments and units. The Group's overall risk management program seeks to minimise potential adverse effect on the Group's financial performance.

The Board of Directors of the Company and Boards of Directors of individual components manage each of these risks, which are summarised below.

12.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will adversely deviate due to the changes in the market movements .

Market prices comprises three types of risk: interest rate risk, currency risk, and other price risk, such as equity price risk and commodity risk. Financial instruments are affected by market risk which includes: loans and borrowings, deposits and available-for-sale investments .

12.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Most lenders grant loans under floating interest rates. To manage this, based on the market condition and outlook of the interest rate, the Group takes mitigating action such as interest rate caps where applicable.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. Provided 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	
	Rupee borrowings	Other currencies	Group	Company
2013	+25 b.p	+15 b.p	(52,691,014)	(9,336,555)
	-25 b.p	- 15 b.p	52,691,014	9,336,555
2012	+25 b.p	+15 b.p	(56,808,283)	(6,627,750)
	-25 b.p	- 15 b.p	56,808,283	6,627,750

The assumed spread of basis points for the interest rate sensitivity analysis is based on the currently observable market environment changes to base floating interest rates.

Notes to the Financial Statements

12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

12.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to adverse fluctuations in foreign exchange rates. The Group's exposure to the risk of fluctuations in foreign exchange rates relates primarily to the Group's operating activities and foreign currency borrowings.

Management has set up a policy that requires company and subsidiaries to manage their foreign exchange rate risk and strict-limits on maximum exposure that can be entered into.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the USD/LKR exchange rate, provided all other variables held constant of the Group's profit before tax due to changes in the fair value of the Group's forward exchange contracts on borrowings.

The Group's exposure to foreign currencies other than USD is not material.

	Increase in exchange rate	Effect on profit before tax	
	USD	Group	Company
2013	+3%	(52,564,112)	N/A
	-3%	52,564,112	N/A
2012	+3%	(12,000,000)	N/A
	-3%	12,000,000	N/A

The Group manages its foreign currency risk using a balanced approach by forward contracts that are expected to occur within a maximum 24-month period. Transactions that are certain are hedged without any limitation in time.

Where the nature of the hedge relationship is not an economic hedge, it is the Group's policy to negotiate.

As at 31 March 2013 the Group use forward contracts for 53% (2012 - 50%, 2011 - 50%) of its foreign currency borrowings for which firm commitments existed at the reporting date, respectively.

Foreign exchange risk in operating activities

The exposure is mainly from foreign exchange creditors arising out of operating activities where fluctuation of foreign exchange rate on whose credit period is 3-6 months.

Management of the group continuously monitoring and take necessary actions where ever it applicable.

12.1.3 Price risk

The Group's finance sector holds listed and unlisted equity securities that are susceptible to market-price risk arising from uncertainties about future values of these securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments.

The Group is exposed to equity securities price risk because of marketable investments held by the Group. To manage its price risk arising from investments in equity securities, the group diversifies its equity investment portfolio.

Periodic reports on equity investment portfolio are submitted to the senior management of individual business segment based on the relevance. The respective Board of Directors reviews and approves all equity investment decisions.

The following table demonstrates the sensitivity of cumulative change in fair value to reasonably possible changes in equity prices provided all other variables are held constant. The effect of a decrease in equity prices is expected to be equal and opposite to the effect of the increase shown.

This table considers only equity shares classified under short term and long term financial assets.

	price	Effect on profit before tax Group	Effect on other comprehensive Income Group	Effect on Equity Group
2013				
Quoted equity investments listed on Colombo Stock Exchange	10%	51,450,981	132,302,039	183,753,020
2012				
Quoted equity investments listed on Colombo Stock Exchange	10%	20,741,215	105,881,151	126,622,366

Investments in unquoted investments are made after obtaining the board approval.

12.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables and customer lending) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all clients who wish to trade on credit terms are subject to credit evaluation procedures. In addition, receivable balances are monitored on an ongoing basis with that the Group's exposure to bad debt is not significant.

Hire purchase portfolio is broad based accounting for over 65,000 customers and risk of non payment is mitigated by stringent standard of credit approval process. There is no concentration risk on any single region, customer or sector in particular collection of dues from customers is robust with the delinquency rate being better than the financial industry average.

With respect to the credit risk arising from other financial assets of the Group, such as cash and cash equivalents, available for sale financial investments, short term investments, the Group's exposure to credit risk arise from default of the counterparty. The Group manages its operations to avoid any excessive concentration of counterparty risk.

Notes to the Financial Statements

12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

12.2.1 Credit Risk - Default risk

Default risk is the risk that one party to financial instruments will fail to discharge an obligation and cause the other party to incur financial losses. It arises from lending, trade finance, treasury and other activities undertaken by the Group. The Group has in place standards, policies and procedures for the control and monitoring of all such risks.

Credit Risk - Concentration risk

The Group seeks to manage its credit concentration risk exposure through diversification of its lending, investing and financing activities to avoid undue concentrations of risks with individuals or group of customers in specific businesses. It also obtains security when appropriate. The types of collateral obtained include cash margins, mortgages over properties and pledge over equity instruments.

The Group seeks to limit its credit risk with respect of Cash at Bank balances by only dealing with reputed banks.

12.2.2 Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any consignments to major customers are generally covered by bank guarantees or other forms of credit insurance.

The requirement for an impairment is analysed at each reporting date on an individual basis for major clients. Additionally, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12.5.1 and 12.5.2.

The tables below show the maximum exposure to credit risk for the components of financial position. The maximum exposure is shown gross before the effect of mitigation through the use of collateral agreements.

(Please refer sheet "Credit Risk exposure")

12.2.2.1 Loans to Executives

Loans to executives portfolio is largely made with loans obtained from Finance Company for Softlogic IPO and short term distress loans granted to executive staff. The respective business units have taken necessary power of attorney/promissory notes as collateral for the loans granted.

12.2.2.2 Reinsurance Receivable

As a part of overall risk management strategy, the main objective of reinsurance is to protect the customer in adverse circumstances through provision of adequate capacity whilst optimising the capital efficiency. The risk associates with reinsurance default of reinsurance claims by reinsurer.

The Group follows a separate reinsurance arrangement for Life and Non-life insurance businesses. The Non-life reinsurance diversified among well established and well - rated reinsurers to mitigate risk.

12.2.2.3 Insurance Premium Receivable

Asian Alliance Insurance PLC has a credit risk exposure to receivables where the policyholder or the intermediary is unable to settle dues. In life insurance, a credit risk is minimal, since premium is collected before the policy is validated and effected. In non-life insurance, the premium warranty clause which states that claims are not payable if the premium is not settled within 60 days minimise credit risk to a greater extent.

12.2.2.4 Risk Exposure

The Maximum risk amounts of financial assets which are generally subject to credit risk are equal to their carrying amounts (without consideration of collateral if available) .

(Please refer sheet "Credit Risk exposure" note 12.5.1 and 12.5.2)

12.2.2.5 Financial instruments and cash deposits

Deposits with banks mainly consist of fixed and call deposits. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed in an annual basis, and may be updated throughout the year subject to appropriate approval. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The Group's maximum exposure to credit risk for the components of the statement of financial position is the carrying amounts as illustrated .

12.3 Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning process. The liquidity risk is the risk that the Group will not be able to meet financial obligations as they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, finance leases and hire purchase contracts that will always have sufficient liquidity to meet its liabilities when it is due under normal and stressed conditions. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders. The approach is carefully managed without incurring unacceptable losses or risking damage to the Group's reputation.

The table below summarised the maturity profile of the Company and Group's financial liabilities based on contractual undiscounted payments.

In Rs. As at 31 March	Group 2013				
	On demand	1-12 Months	1 to 5 years	> 5 years	Total
Interest-bearing loans and borrowings	-	2,846,653,852	7,483,215,706	2,072,579,055	12,402,448,613
Other liabilities	-	-	-	1,812,828,000	1,812,828,000
Trade and other payables	3,894,506,258	-	-	-	3,894,506,258
Amounts due to related parties	22,020,839	-	-	-	22,020,839
Short term borrowings	7,710,575,994	-	-	-	7,710,575,994
Public deposits	-	5,739,932,707	1,217,018,340	-	6,956,951,047
Bank overdrafts	2,924,078,038	-	-	-	2,924,078,038
	14,551,181,129	8,586,586,559	8,700,234,046	3,885,407,055	35,723,408,789

Notes to the Financial Statements

12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

In Rs. As at 31 March	Group 2012				Total
	On demand	1-12 Months	1 to 5 years	> 5 years	
Interest-bearing loans and borrowings	-	5,379,714,177	7,591,863,802	912,323,736	13,883,901,715
Trade and other payables	2,592,691,003	-	-	-	2,592,691,003
Amounts due to related parties	33,591,371	-	-	-	33,591,371
Short term borrowings	7,043,140,484	-	-	-	7,043,140,484
Public deposits	-	4,001,515,979	460,334,147	-	4,461,850,126
Bank overdrafts	1,854,770,767	-	-	-	1,854,770,767
	11,524,193,625	9,381,230,156	8,052,197,949	912,323,736	29,869,945,466

In Rs. As at 31 March	Company 2013				Total
	On demand	1-12 Months	1 to 5 years	> 5 years	
Interest-bearing loans and borrowings	-	613,856,649	1,747,689,927	-	2,361,546,576
Trade and other payables	15,072,075	-	-	-	15,072,076
Amounts due to related parties	1,295,466,270	-	906,414,000	-	2,201,880,270
Short term borrowings	947,436,147	-	-	-	947,436,147
Bank overdrafts	436,573,368	-	-	-	436,573,368
	2,694,547,860	613,856,649	2,654,103,927	-	5,962,508,437

In Rs. As at 31 March	Company 2012				Total
	On demand	1-12 Months	1 to 5 years	> 5 years	
Interest-bearing loans and borrowings	-	510,975,442	1,799,233,795	-	2,310,209,237
Trade and other payables	10,026,896	-	-	-	10,026,896
Amounts due to related parties	333,618,405	-	-	-	333,618,405
Short term borrowings	275,353,488	-	-	-	275,353,488
Bank overdrafts	194,673,888	-	-	-	194,673,888
	813,672,677	510,975,442	1,799,233,795	-	3,123,881,914

12.4 Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return on capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2013.

The Group monitors capital using a gearing ratio for company and subsidiary level, which is net debt divided by total capital plus net debt which is monitored very closely by the senior management officials. Net debt of the Group includes, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, (excluding discontinued operations).

In Rs. As at 31 March	GROUP		COMPANY	
	2013	2012	2013	2012
Interest-bearing loans and borrowings (including bank overdrafts)	24,849,930,645	22,781,812,966	3,745,556,091	2,780,236,613
Trade and other payables	3,894,506,258	2,592,691,003	15,072,075	10,026,896
Less: cash and short-term deposits	(2,611,685,001)	(1,946,647,659)	(104,332,677)	(7,118,668)
Net debt	26,132,751,902	23,427,856,310	3,656,295,490	2,783,144,841
Equity	13,664,657,880	11,312,179,703	5,457,060,650	5,788,538,960
Total capital	13,664,657,880	11,312,179,703	5,457,060,650	5,788,538,960
Capital and net debt	39,797,409,782	34,740,036,013	9,113,356,140	8,571,683,801
Gearing ratio	0.66	0.67	0.40	0.32

Notes to the Financial Statements

12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Contd.)

As at 31 March		2013				
In Rs		Other non current investments	Cash in hand and at banks	Trade and other receivable	Short term investments	Amounts due from related parties
12.5.1	Risk Exposure - Group					
	Government securities	1,691,475,639	-	-	1,468,781,599	-
	Corporate debt securities	501,765,957	-	-	968,226,002	-
	Deposits with banks	112,846,649	-	-	682,350,496	-
	Loans to executives	-	-	20,520,035	-	-
	Loans and advances	895,613,146	-	1,912,559,755	-	-
	Trade and other receivables	-	-	4,170,173,261	-	-
	Reinsurance receivables	-	-	86,958,392	-	-
	Rental receivable on leased assets & hire purchase	4,278,441,219	-	2,986,756,466	-	-
	Amounts due from related parties	-	-	-	-	94,382,414
	Cash in hand and at bank	-	1,323,124,987	-	-	-
	Total credit risk exposure	7,480,142,610	1,323,124,987	9,176,967,908	3,119,358,097	94,382,414
	Financial assets at fair value through profit or loss	-	-	-	425,080,765	-
	Available-for-sale investments	1,962,141,172	-	-	-	-
	Total equity risk exposure	1,962,141,172	-	-	425,080,765	-
	Total	9,442,283,782	1,323,124,987	9,176,967,908	3,544,438,862	94,382,414
12.5.2	Risk Exposure - Company					
	Government securities	-	-	-	-	-
	Corporate debt securities	2,528,664	-	-	5,300,000	-
	Deposits with banks	-	-	-	501,924,210	-
	Loans to executives	-	-	6,364,797	-	-
	Trade and other receivables	-	-	96,982,103	-	-
	Amounts due from related parties	91,592,900	-	-	-	901,045,992
	Cash in hand and at bank	-	104,332,677	-	-	-
	Total credit risk exposure	94,121,564	104,332,677	103,346,900	507,224,210	901,045,992
	Financial assets at fair value through profit or loss	-	-	-	4,875,190	-
	Available-for-sale investments	132,209,309	-	-	-	-
	Total equity risk exposure	132,209,309	-	-	4,875,190	-
	Total	226,330,873	104,332,677	103,346,900	512,099,400	901,045,992

Total	% of allocation	Other non current investments	Cash in hand and at banks	Trade and other receivable	2012		Amounts due from related parties	Total	% of allocation
					Short term investments				
3,160,257,238	14.9%	590,038,252	-	-	989,416,380	-	1,579,454,632	9.5%	
1,469,991,959	6.9%	359,579,504	-	-	88,035,133	-	447,614,637	2.7%	
795,197,145	3.8%	23,896,982	-	-	1,965,508,576	-	1,989,405,558	12.0%	
20,520,035	0.1%	-	-	5,110,778	-	-	5,110,778	0.0%	
2,808,172,901	13.2%	980,187,307	-	1,238,745,833	-	-	2,218,933,140	13.4%	
4,170,173,261	19.7%	-	-	3,249,143,832	-	-	3,249,143,832	19.6%	
86,958,392	0.4%	-	-	96,805,329	-	-	96,805,329	0.6%	
7,265,197,685	34.3%	3,847,171,008	-	2,203,841,473	-	-	6,051,012,481	36.5%	
94,382,414	0.4%	-	-	-	-	12,090,059	12,090,059	0.1%	
1,323,124,987	6.2%	-	914,190,659	-	-	-	914,190,659	5.5%	
21,193,976,015	100.0%	5,800,873,052	914,190,659	6,793,647,245	3,042,960,089	12,090,059	16,563,761,104	100.0%	
425,080,765	17.8%	-	-	-	327,206,851	-	327,206,851	19.6%	
1,962,141,172	82.2%	1,344,000,784	-	-	-	-	1,344,000,784	80.4%	
2,387,221,937	100.0%	1,344,000,784	-	-	327,206,851	-	1,671,207,635	100.0%	
23,581,197,952	100.0%	7,144,873,836	914,190,659	6,793,647,245	3,370,166,940	12,090,059	18,234,968,739	100.0%	
-	-	-	-	-	-	-	-	-	
7,828,664	0.5%	5,300,000	-	-	-	-	5,300,000	0.3%	
501,924,210	29.4%	-	-	-	229,469,904	-	229,469,904	12.2%	
6,364,797	0.4%	-	-	2,690,363	-	-	2,690,363	0.1%	
96,982,103	5.7%	-	-	63,067,802	-	-	63,067,802	3.4%	
992,638,892	58.0%	339,934,175	-	-	-	1,232,761,425	1,572,695,600	83.6%	
104,332,677	6.1%	-	7,118,668	-	-	-	7,118,668	0.4%	
1,710,071,342	100.0%	345,234,175	7,118,668	65,758,165	229,469,904	1,232,761,425	1,880,342,337	100.0%	
4,875,190	3.6%	-	-	-	97,266,039	-	97,266,039	12.6%	
132,209,309	96.4%	675,185,262	-	-	-	-	675,185,262	87.4%	
137,084,499	100.0%	675,185,262	-	-	97,266,039	-	772,451,301	100.0%	
1,847,155,841	100.0%	1,020,419,437	7,118,668	65,758,165	326,735,942	1,232,761,425	2,652,793,638	100.0%	

Notes to the Financial Statements

13 FINANCIAL INSTRUMENTS

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39.

Financial liabilities by categories - Group

In Rs.	Loans and Receivables		Financial assets fair value through profit or loss			
	As at 31 March	As at 1 April	As at 1 April	2013	2012	As at 1 April
	2013	2012	2011			2011
Financial instruments in non current assets						
Other non current financial assets	958,429,195	1,004,134,289	137,863,372	2,031,708,791	740,615,195	-
Rental receivable on lease assets and hire purchase	4,278,441,219	3,847,171,008	2,095,891,165	-	-	-
Financial instruments in current assets						
Trade and other receivables	4,277,651,687	3,351,059,939	2,145,894,291	-	-	-
Loans and advances	1,912,559,755	1,238,745,833	1,091,178,899	-	-	-
Rental receivable on lease assets and hire purchase	2,986,756,466	2,203,841,473	1,324,519,881	-	-	-
Amounts due from related parties	94,382,414	12,090,059	261,598	-	-	-
Short term investments	-	-	-	3,544,438,862	3,370,166,940	641,168,482
Cash in hand and at bank	1,323,124,987	914,190,659	279,647,867	-	-	-
Total	15,831,345,723	12,571,233,259	7,075,257,073	5,576,147,653	4,110,782,135	641,168,482

Financial liabilities by categories - Group

In Rs	
As at 31 March	
Financial instruments in non current liabilities	
Other non current financial liabilities	
Interest bearing borrowings	
Public deposits	
Financial instruments in current liabilities	
Trade and other payables	
Amounts due to related parties	
Short term borrowings	
Current portion of interest bearing borrowings	
Public deposits	
Bank overdrafts	
Total	

Available-for-sale financial assets			Held-to-maturity investments			Total		
		As at 1 April			As at 1 April			As at 1 April
2013	2012	2011	2013	2012	2011	2013	2012	2011
1,962,141,172	1,343,950,784	157,784,979	211,563,405	209,002,561	-	5,163,842,563	3,297,702,829	295,648,351
-	-	-	-	-	-	4,278,441,219	3,847,171,008	2,095,891,165
-	-	-	-	-	-	4,277,651,687	3,351,059,939	2,145,894,291
-	-	-	-	-	-	1,912,559,755	1,238,745,833	1,091,178,899
-	-	-	-	-	-	2,986,756,466	2,203,841,473	1,324,519,881
-	-	-	-	-	-	94,382,414	12,090,059	261,598
-	-	-	-	-	-	3,544,438,862	3,370,166,940	641,168,482
-	-	-	-	-	-	1,323,124,987	914,190,659	279,647,867
1,962,141,172	1,343,950,784	157,784,979	211,563,405	209,002,561	-	23,581,197,952	18,234,968,740	7,874,210,534

Financial liabilities at fair value through profit or loss (FVPTPL)			Financial liabilities measured at amortised cost			Total		
		As at 1 April			As at 1 April			As at April
2013	2012	2011	2013	2012	2011	2013	2012	2011
-	-	-	1,812,828,000	-	-	1,812,828,000	-	-
-	-	-	9,555,794,761	8,504,187,538	3,474,841,657	9,555,794,761	8,504,187,538	3,474,841,657
-	-	-	1,217,018,340	460,334,147	205,057,922	1,217,018,340	460,334,147	205,057,922
-	-	-	3,894,506,258	2,592,691,003	1,728,200,429	3,894,506,258	2,592,691,003	1,728,200,429
-	-	-	22,020,839	33,591,371	4,049,610	22,020,839	33,591,371	4,049,610
-	-	-	7,710,575,994	7,043,140,484	10,201,423,727	7,710,575,994	7,043,140,484	10,201,423,727
-	-	-	2,846,653,852	5,379,714,177	2,895,289,660	2,846,653,852	5,379,714,177	2,895,289,660
-	-	-	5,739,932,707	4,001,515,979	1,379,779,977	5,739,932,707	4,001,515,979	1,379,779,977
-	-	-	2,924,078,038	1,854,770,767	1,394,600,482	2,924,078,038	1,854,770,767	1,394,600,482
-	-	-	35,723,408,789	29,869,945,466	21,283,243,464	35,723,408,789	29,869,945,466	21,283,243,464

Notes to the Financial Statements

13 FINANCIAL INSTRUMENTS

Financial assets and liabilities in the tables below are split into categories in accordance with LKAS 39.

Financial Assets by Categories - Company

In Rs. As at 31 March	Loans and receivables		As at 1 April 2011	Financial assets fair value through profit or loss		
	2013	2012		2013	2012	As at 1 April 2011
Financial instruments in non current assets						
Other non current financial assets	91,592,900	339,934,175	237,044,175	-	-	-
Financial instruments in current assets						
Trade and other receivables	103,346,900	65,758,165	68,363,473	-	-	-
Amounts due from related parties	901,045,992	1,232,761,425	278,145,010	-	-	-
Short term investments	501,924,210	229,469,904	-	4,875,190	97,266,039	271,725,153
Cash in hand and at bank	104,332,677	7,118,668	5,743,212	-	-	-
Total	1,702,242,679	1,875,042,337	589,295,870	4,875,190	97,266,039	271,725,153

Financial liabilities by categories - Company

In Rs. As at 31 March
Financial instruments in non current liabilities
Interest bearing borrowings
Amounts due to related parties
Financial instruments in current liabilities
Trade and other payables
Amounts due to related parties
Short term borrowings
Borrowings
Bank overdrafts
Total

Available-for-sale financial assets			Held-to-maturity investments			Total		
		As at 1 April			As at 1 April			As at 1 April
2013	2012	2011	2013	2012	2011	2013	2012	2011
132,209,309	675,185,262	458,603,734	2,528,664	5,300,000	5,300,000	226,330,873	1,020,419,437	700,947,909
-	-	-	-	-	-	103,346,900	65,758,165	68,363,473
-	-	-	-	-	-	901,045,992	1,232,761,425	278,145,010
-	-	-	5,300,000	-	-	512,099,400	326,735,943	271,725,153
-	-	-	-	-	-	104,332,677	7,118,668	5,743,212
132,209,309	675,185,262	458,603,734	7,828,664	5,300,000	5,300,000	1,847,155,842	2,652,793,638	1,324,924,757

Financial liabilities at fair value through profit or loss (FVPTPL)			Financial liabilities measured at amortised cost			Total		
		As at 1 April			As at 1 April			As at April
2013	2012	2011	2013	2012	2011	2013	2012	2011
-	-	-	1,747,689,927	1,799,233,795	400,723,284	1,747,689,927	1,799,233,795	400,723,284
-	-	-	906,414,000	-	-	906,414,000	-	-
-	-	-	15,072,075	10,026,896	56,480,030	15,072,076	10,026,896	56,480,030
-	-	-	1,295,466,270	333,618,405	704,590,689	1,295,466,270	333,618,405	704,590,689
-	-	-	947,436,147	275,353,488	3,695,737,447	947,436,147	275,353,488	3,695,737,447
-	-	-	613,856,649	510,975,442	142,721,412	613,856,649	510,975,442	142,721,412
-	-	-	436,573,368	194,673,888	36,185,255	436,573,368	194,673,888	36,185,255
-	-	-	5,962,508,436	3,123,881,914	4,635,714,833	5,962,508,436	3,123,881,914	5,036,438,117

Notes to the Financial Statements

14 PROPERTY, PLANT AND EQUIPMENT

14.1 Group

In Rs. As at 31 March	Land and buildings	Buildings on leasehold land	Plant and machinery	Computer, equipment, furniture and fittings	Motor vehicles	Capital work in progress	Total 2013	Total 2012
Freehold assets								
Cost or valuation								
At the beginning of the year	6,820,782,570	1,037,329,924	2,733,718,690	2,940,660,583	302,039,136	314,298,491	14,148,829,395	12,336,360,395
Additions	216,993,382	61,950,409	192,524,995	513,854,268	39,471,835	1,233,675,722	2,258,470,611	1,064,258,707
Acquisition of subsidiaries	-	-	-	15,038,550	117,500	-	15,156,050	178,501,846
Disposals	-	-	(25,376,828)	(11,193,484)	(93,676,725)	-	(130,247,037)	(113,918,520)
Transfers *	(180,750,133)	(109,792,862)	7,528,958	(19,196,090)	5,590,121	-	(296,620,006)	699,232,839
Impairment/ derecognition	-	-	(313,434)	(3,737,540)	(132,935)	(145,656)	(4,329,565)	(17,116,775)
Revaluations	425,908,352	1,252,113,601	-	-	-	-	1,678,021,953	-
Exchange translation difference	-	-	-	-	-	-	-	1,510,903
At the end of the year	7,282,934,171	2,241,601,072	2,908,082,381	3,435,426,287	253,408,932	1,547,828,557	17,669,281,400	14,148,829,395
Leasehold assets								
Cost								
At the beginning of the year	-	-	7,852,585	13,600,862	271,386,637	-	292,840,084	278,314,171
Additions	-	-	-	-	12,006,964	-	12,006,964	73,798,752
Disposals	-	-	(7,852,585)	-	(38,924,124)	-	(46,776,709)	(6,990,000)
Transfers	-	-	-	-	(5,643,240)	-	(5,643,240)	(52,282,839)
At the end of the year	-	-	-	13,600,862	238,826,237	-	252,427,099	292,840,084
Total value of assets	7,282,934,171	2,241,601,072	2,908,082,381	3,449,027,149	492,235,169	1,547,828,557	17,921,708,499	14,441,669,479
Freehold assets								
Accumulated depreciation								
At the beginning of the year	186,634,839	136,023,057	1,188,691,663	1,095,703,828	209,493,178	-	2,816,546,564	2,073,737,052
Charge for the year	96,720,422	51,149,288	277,300,967	340,951,746	24,698,500	-	790,820,923	678,009,044
Acquisition of subsidiaries	-	-	-	2,216,666	26,927	-	2,243,593	106,802,839
Disposals	-	-	(1,961,168)	(10,025,041)	(87,199,004)	-	(99,185,213)	(92,965,955)
Transfers *	(180,750,133)	(109,452,021)	606,824	(5,253,715)	(1,294,176)	-	(296,143,221)	49,823,140
Impairment/ derecognition	-	-	-	(3,708,804)	(132,935)	-	(3,841,739)	(47,161)
Exchange translation difference	-	-	-	-	-	-	-	1,187,605
At the end of the year	102,605,128	77,720,324	1,464,638,286	1,419,884,680	145,592,490	-	3,210,440,908	2,816,546,564
Leasehold assets								
Accumulated depreciation								
At the beginning of the year	-	-	2,814,188	5,239,676	93,778,540	-	101,832,404	94,469,563
Charge for the year	-	-	-	1,383,654	31,931,684	-	33,315,338	62,702,693
Disposals	-	-	(2,814,188)	-	(31,012,712)	-	(33,826,900)	(5,516,712)
Transfers	-	-	-	-	1,294,176	-	1,294,176	(49,823,140)
At the end of the year	-	-	-	6,623,330	95,991,688	-	102,615,018	101,832,404
Total accumulated depreciation	102,605,128	77,720,324	1,464,638,286	1,426,508,010	241,584,178	-	3,313,055,926	2,918,378,968
Carrying value								
As at 31 March 2013	7,180,329,043	2,163,880,748	1,443,444,095	2,022,519,139	250,650,991	1,547,828,557	14,608,652,573	
As at 31 March 2012	6,634,147,731	901,306,868	1,550,065,424	1,853,317,942	270,154,055	314,298,491		11,523,290,511
As at 1 April 2011	6,031,071,148	900,039,962	1,880,913,596	1,361,802,656	259,079,391	13,561,199		10,446,467,952

* Transfers include the accumulated depreciation as at revaluation date that was eliminated against the gross carrying amount of the revalued assets.

14.2 Company

In Rs. As at 31 March	Furniture and fittings	Computer and office equipment	Motor vehicles	Total 2013	Total 2012
Freehold assets					
Cost					
At the beginning of the year	9,856,325	17,209,249	131,438,178	158,503,752	93,124,423
Additions	5,825,885	11,177,917	-	17,003,802	3,973,404
Disposals	-	-	(72,233,663)	(72,233,663)	(7,663,950)
Transfers	-	-	-	-	69,069,875
At the end of the year	15,682,210	28,387,166	59,204,515	103,273,891	158,503,752
Leasehold assets					
Cost					
At the beginning of the year	-	-	164,493,897	164,493,897	177,034,129
Additions	-	-	4,250,000	4,250,000	60,519,643
Disposals	-	-	(35,469,820)	(35,469,820)	(3,990,000)
Transfers	-	-	-	-	(69,069,875)
At the end of the year	-	-	133,274,077	133,274,077	164,493,897
Total value of assets	15,682,210	28,387,166	192,478,592	236,547,968	322,997,649
Freehold assets					
Accumulated depreciation					
At the beginning of the year	5,135,348	7,752,778	107,738,179	120,626,305	75,436,155
Charge for the year	1,091,706	1,906,063	5,421,790	8,419,559	9,288,427
Disposals	-	-	(70,811,590)	(70,811,590)	(7,648,217)
Transfers	-	-	-	-	43,549,940
At the end of the year	6,227,054	9,658,841	42,348,379	58,234,273	120,626,305
Leasehold assets					
Accumulated depreciation					
At the beginning of the year	-	-	51,270,328	51,270,328	59,427,459
Charge for the year	-	-	17,366,279	17,366,279	39,382,809
Disposal	-	-	(28,879,876)	(28,879,876)	(3,990,000)
Transfers	-	-	-	-	(43,549,940)
At the end of the year	-	-	39,756,731	39,756,731	51,270,328
Total accumulated depreciation	6,227,054	9,658,841	82,105,110	97,991,005	171,896,633
Carrying Value					
As at 31 March 2013	9,455,156	18,728,325	110,373,482	138,556,963	
As at 31 March 2012	4,720,977	9,456,471	136,923,568		151,101,016
As at 1 April 2011	5,003,693	7,372,530	122,918,716		135,294,939

Notes to the Financial Statements

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
14.3 Land and buildings						
At cost	278,943,791	6,151,878,557	6,183,352,568	-	-	-
At valuation	9,065,266,000	1,383,576,042	747,758,542	-	-	-
	9,344,209,791	7,535,454,599	6,931,111,110	-	-	-
14.4 Carrying value						
At cost	5,393,574,492	9,984,280,737	9,550,438,750	45,039,617	37,877,447	17,688,269
At valuation	9,065,266,000	1,383,576,042	747,758,542	-	-	-
On finance lease	149,812,081	155,433,732	148,270,660	93,517,346	113,223,569	117,606,670
	14,608,652,573	11,523,290,511	10,446,467,952	138,556,963	151,101,016	135,294,939

14.5 Details of group's land and buildings stated at valuations are indicated below;

Revaluation of land and buildings

The Group uses the revaluation model of measurement of land and buildings. The Group engaged independent expert valuers, to determine the fair value of its land and buildings. Fair value is determined by reference to market-based evidence. Valuations are based on active market prices, adjusted for any difference in the nature, location or condition of the specific property. The date of the most recent revaluation was 31 May 2012.

Property	Method of valuation	Effective date of valuation	Property valuer
Softlogic Holdings PLC			
Land	Market value	30.11.2010	R.S. Wijesuriya (Incorporated Valuer)
Softlogic Information Technologies (Pvt) Ltd			
Building	Market value	30.11.2010	R.S. Wijesuriya (Incorporated Valuer)
Uni Walkers (Pvt) Ltd			
Land and building	Market value	30.11.2010	R.S. Wijesuriya (Incorporated Valuer)
Softlogic Properties (Pvt) Ltd			
Land	Market Value	30.11.2010	R.S. Wijesuriya (Incorporated Valuer)
Asiri Hospital Holdings PLC			
Land and building	Market Value	31.05.2012	P.B. Kalugalgedara (Chartered Valuer)
Asiri Surgical Hospital PLC			
Land and building	Market value	31.05.2012	P.B. Kalugalgedara (Chartered Valuer)
Central Hospital Ltd			
Land and building	Market Value	31.05.2012	P.B. Kalugalgedara (Chartered Valuer)
Asiri Hospital Matara (Pvt) Ltd			
Land and building	Market Value	31.05.2012	P.B. Kalugalgedara (Chartered Valuer)

As a result of the valuations of the land and buildings the surplus arising from the change in fair value was Rs 1,678,021,953/- (2012 - Nil) has been credited to the revaluation reserve.

14.6 The carrying amount of revalued land and buildings if they were carried at cost less depreciation, would be as follows;

In Rs. As at 31 March	GROUP		As at 1 April 2011
	2013	2012	
Cost	6,855,336,605	486,198,818	162,917,188
Accumulated depreciation	(418,464,239)	(24,757,717)	(21,899,693)
Carrying value	6,436,872,366	461,441,101	141,017,495

In Rs. As at 31 March	GROUP		As at 1 April 2011
	2013	2012	

15 LEASE RENTALS PAID IN ADVANCE

At the beginning of the year	155,386,044	91,422,977	-
Advance paid	-	65,000,000	-
Acquisition of subsidiary	-	-	91,682,210
Amortisation for the year	(1,036,933)	(1,036,933)	(259,233)
At the end of the year	154,349,111	155,386,044	91,422,977

15.1 Prepaid lease rentals paid to acquire land use rights have been classified as lease rental paid in advance and are amortised over the lease term in accordance with the pattern of benefits provided.

In Rs. As at 31 March	Extent	Lease period	Group		As at 1 April 2011
			2013	2012	
15.2 Details of prepaid lease rentals					
Asiri Surgical Hospital PLC Colombo 05	2A 1R 11.6P	50 years from 29 March 2000	89,349,111	90,386,044	91,422,977
Asiri Hospital Kandy (Pvt) Ltd Mulgampala.	Advance paid to obtain lease hold right of the land		65,000,000	65,000,000	-
			154,349,111	155,386,044	91,422,977

Notes to the Financial Statements

16 INVESTMENT PROPERTY

In Rs.	Group			Company		
	As at 31 March	As at 31 March	As at 1 April 2011	As at 31 March	As at 31 March	As at 1 April 2011
At the beginning of the year	2,113,736,500	2,420,284,222	555,275,000	125,700,000	125,700,000	125,700,000
Additions during the year	-	-	-	207,999,500	-	-
Acquisition of subsidiaries	-	-	1,699,234,222	-	-	-
Transfer to property, plant & equipment	-	(646,950,000)	-	-	-	-
Change in fair value during the year	61,309,000	340,402,278	165,775,000	-	-	-
At the end of the year	2,175,045,500	2,113,736,500	2,420,284,222	333,699,500	125,700,000	125,700,000

16.1 Fair value of investment property

Investment property was appraised in accordance with LKAS 40 and 8th edition of International Valuation Standards published by the International Valuation Standards Committee (IVSC), by the independent valuer. The Market value has been used as the fair value. In determining the fair value, the current condition of the properties, future usability and associated redevelopment requirements have been considered. Also valuer has made reference to market evidence of transaction prices for similar properties, with appropriate adjustments for size and location. The appraised fair values are approximated within appropriate range of values.

16.2 Valuation details of investment property

Group						
Location	Extent	Method	Valuation	Valuer	Effective date of valuation	
Uni Walkers (Pvt) Ltd						
Land - Biyagama	18A 2R 4P	Market Value	74,100,000	R.S. Wijesuriya (Incorporated Valuer)	30.11.2010	
Asiri Central Hospitals PLC						
Land and building - Colombo 07	1A 3R 10P	Market Value	2,100,945,500	P.B. Kalugalagedara and Associates (Chartered Valuation Surveyors)	31.03.2013	
Company						
Location	Extent	Method	Valuation	Valuer	Effective date of valuation	
Land - Colombo 05	22.45 P	Market Value	125,700,000	R.S. Wijesuriya (Incorporated Valuer)	30.11.2010	
Land and Buildings - Piliyandala	270.00 P	Purchased on 09 July 2012				

16.3 Rental income earned from investment property by the group and company amounting to Rs 62,770,540/- (2012 - Rs.71,280,540/-) and Rs 21,382,000/- (2012 - Rs. 600,000/-) respectively.

GROUP

As at 31 March						As at 1 April		
In Rs.	Goodwill	Lease right	PVIB	Brand name	Others	2013	2012	2011
17. INTANGIBLE ASSETS								
Cost / carrying value								
At the beginning of the year	4,056,815,210	874,405,830	1,980,619,826	735,402,648	264,543,466	7,911,786,980	4,729,885,965	774,189,566
Additions	-	-	-	-	8,381,405	8,381,405	155,025,275	224,929
Transfers	-	-	-	-	8,857,656	8,857,656	-	-
Acquisition of subsidiary	65,756,665	-	-	-	29,442,796	95,199,461	2,873,306,457	3,953,695,541
Impairment	-	-	-	-	-	-	-	(3,043,997)
Adjustment on fair value changes	-	-	-	-	-	-	150,780,293	3,062,060
Exchange translation difference	-	-	-	-	(169,457)	(169,457)	2,788,990	1,757,866
At the end of the year	4,122,571,875	874,405,830	1,980,619,826	735,402,648	311,055,866	8,024,056,046	7,911,786,980	4,729,885,965
Accumulated amortisation and impairment								
At the beginning of the year	-	24,051,592	72,210,098	-	92,659,939	188,921,629	16,003,010	2,888,602
Amortisation / impairment	-	21,921,133	123,788,739	-	48,836,298	194,546,170	136,477,797	6,605,713
Transfers	-	-	-	-	1,443,454	1,443,454	-	-
Derecognition	6,748,350	-	-	-	-	6,748,350	-	-
Acquisition of subsidiary	-	-	-	-	1,667,659	1,667,659	34,839,935	5,609,885
Exchange translation difference	-	-	-	-	(101,837)	(101,837)	1,600,887	898,810
At the end of the year	6,748,350	45,972,725	195,998,837	-	144,505,513	393,225,425	188,921,629	16,003,010
Carrying value								
As at 31 March 2013	4,115,823,525	828,433,105	1,784,620,989	735,402,648	166,550,353	7,630,830,620		
As at 31 March 2012	4,056,815,210	850,354,238	1,908,409,728	735,402,648	171,883,527		7,722,865,351	
As at 1 April 2011	3,595,991,196	415,221,053	-	510,904,648	191,766,058			4,713,882,955

Notes to the Financial Statements

In Rs. As at 31 March		2013	2012	As at 1 April 2011
17.1 Goodwill				
Goodwill acquired through business combinations have been allocated to five cash generating units (CGU's) for impairment testing as follows:				
Communication and Information technologies		14,086,631	14,086,631	14,086,631
Retail		742,615,817	742,615,817	742,615,817
Financial services		879,540,792	820,532,477	186,419,925
Travel and leisure		241,128,176	241,128,176	182,206,628
Healthcare		2,238,452,109	2,238,452,109	2,470,662,195
		4,115,823,525	4,056,815,210	3,595,991,196

The recoverable amount of all CGUs have been determined based on the higher of its fair value less costs to sell and its Value in Use (VIU) calculation. VIU was determined by discounting the future cash flows generated from the continuing use of the unit. The key assumptions used are given below:

Business growth	- Based on historical growth rate and business plans. Cash flows beyond the five year period are extrapolated using zero growth rate.
Inflation	- Based on prevailing inflation rate and projected economic conditions.
Discount rate	- Weighted Average Cost of Capital; 16%
Margin	- Based on current margin and business plans

17.2 Present Value of acquired-In -force Business (PVIb)

Upon acquiring controlling stake in Asian Alliance Insurance PLC (AAI), the Group has recognised in the consolidated financial statements an intangible assets representing the present value of future profits on AAI's portfolio of long term life insurance contracts , known as the present value of acquired in-force business (PVIb) at the acquisition date, PVIb recognised at the acquisition date will be amortised over life of the business acquired and reviewed annually for any impairment in value.

In Rs. As at 31 March	Note	GROUP			COMPANY		
		2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
18 INVESTMENTS IN SUBSIDIARIES							
Group quoted investments	18.2	-	-	-	5,360,840,840	3,235,473,788	2,908,796,074
Group unquoted investments	18.4	-	-	-	2,908,302,161	1,915,015,232	1,877,833,253
		-	-	-	8,269,143,001	5,150,489,020	4,786,629,327

18.1 INVESTMENT IN ASSOCIATE

Investment in associate	18.5	58,680,898	61,148,738	61,113,267	861,989,404	845,951,400	12,449,800
		58,680,898	61,148,738	61,113,267	861,989,404	845,951,400	12,449,800

In Rs.	Group				Company		As at 1 April 2011
	As at 31 March	2013	No of shares	Effective holding %	2013	2012	

18.2 Group quoted investments

Cost

Asian Alliance Insurance PLC	35,816,180	74.17%	-	-	-	-	-
Asiri Central Hospitals PLC	22,011,013	49.85%	-	-	-	-	-
Asiri Hospital Holdings PLC	558,932,118	50.59%	498,881,848	45%	3,653,820,972	2,936,617,194	2,908,796,074
Asiri Surgical Hospital PLC	389,313,154	37.27%	-	-	-	-	-
Softlogic Capital PLC	215,894,785	72.16%	215,894,785	72%	1,707,019,868	298,856,594	-
Softlogic Finance PLC	23,640,508	45.76%	-	-	-	-	-
					5,360,840,840	3,235,473,788	2,908,796,074

In Rs.	Group			Company		As at 1 April 2011
	As at 31 March	2013	2012	2013	2012	

18.3 Group quoted investments

Market Value

Asian Alliance Insurance PLC	2,865,294,400	3,059,370,403	-	-	-	-
Asiri Central Hospitals PLC	5,502,753,250	3,652,148,115	4,869,530,820	-	-	-
Asiri Hospital Holdings PLC	6,371,826,145	3,555,976,692	3,814,475,405	5,687,253,067	3,099,596,540	3,358,225,235
Asiri Surgical Hospital PLC	3,620,612,332	2,258,373,008	2,310,028,153	-	-	-
Softlogic Capital PLC	1,209,010,796	238,603,369	-	1,209,010,796	238,603,369	-
Softlogic Finance PLC	602,832,954	635,589,146	1,014,585,659	-	-	-
	20,172,329,877	13,400,060,733	12,008,620,037	6,896,263,863	3,338,199,909	3,358,225,235

Notes to the Financial Statements

In Rs. As at 31 March	Group		Company		As at 1 April		
	No of shares	Effective holding %	No of shares	Effective holding %	2013	2012	2011
18.4 Group unquoted investments							
Asiri Diagnostics Services (Pvt) Ltd	273,221	33.76	-	-	-	-	-
Asiri Hospital Kandy (Pvt) Ltd	4,000,000	50.73	-	-	-	-	-
Asiri Hospitals Matara (Pvt) Ltd	25,999,999	50.73	-	-	-	-	-
Central Hospital Ltd	113,785,551	26.50	-	-	-	-	-
Ceysand Resorts Ltd - Voting	1,087,669	99.57	-	-	-	817,698,920	553,802,902
- Non Voting	134,250	96.16	-	-	-	101,949,097	92,198,042
Dai-nishi Securities (Pvt) Ltd	49,999,998	99.99	-	-	-	-	-
Future Automobiles (Pvt) Ltd	5,000,000	100.00	5,000,000	100.00	52,675,000	52,675,000	1,000,000
Softlogic Australia (Pty) Ltd	400,002	100.00	400,002	100.00	4,604,600	4,604,600	4,604,600
Softlogic Capital Ltd	-	-	-	-	-	-	298,856,594
Softlogic City Hotels (Pvt) Ltd	60,000,100	99.83	100	-	-	276,000	-
Softlogic Communications (Pvt) Ltd	534,699	99.00	534,699	99.00	5,228,490	4,215,990	3,465,990
Softlogic Communication Services (Pvt) Ltd	99	99.00	99	99.00	990	990	990
Softlogic Computers (Pvt) Ltd	199,998	100.00	199,998	100.00	2,354,365	2,354,365	1,999,990
Softlogic Corporate Services (Pvt) Ltd	2,725,002	72.16	-	-	-	-	-
Softlogic Destination Management (Pvt) Ltd	100,000	99.83	-	-	-	-	-
Softlogic Information Technologies (Pvt) Ltd	1,464,997	99.99	1,464,997	99.99	16,465,336	16,412,470	14,899,970
Softlogic International (Pvt) Ltd	4,999,999	99.99	4,999,999	99.99	49,999,990	49,999,990	49,999,990
Softlogic Properties (Pvt) Ltd	230,748,208	99.83	230,748,208	99.83	1,911,484,070	990	990
Softlogic Solar (Pvt) Ltd	99	99.00	99	99.00	-	-	-
Softlogic Stockbrokers (Pvt) Ltd	8,000,000	72.16	-	-	-	-	-
Uni Walkers Automobiles (Pvt) Ltd	10,000	100.00	10,000	-	100,000	-	-
Uni Walkers (Pvt) Ltd	120,084,079	99.99	120,084,079	99.99	865,389,320	864,826,820	857,003,195
Uni Walker Distributors (Pvt) Ltd	249,996	99.99	-	-	-	-	-
					2,908,302,161	1,915,015,232	1,877,833,253

The Directors' valuation of Company unquoted investments in subsidiaries amounting to Rs. 2,908,302,161/- (2012 - 1,915,015,232/-).

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
18.5 Group investment in associate						
Quoted						
Asiri Hospital Holdings PLC	-	-	2,097,880,828	-	-	1,688,249,360
Asiri Surgical Hospital PLC	-	-	204,449,143	-	-	5,509,557
Asiri Central Hospitals PLC	-	-	233,773,679	-	-	225,832,502
Asian Alliance Insurance PLC	-	-	-	850,989,404	836,201,400	-
Unquoted						
Abacus International Lanka (Pvt) Ltd	61,148,738	61,113,267	30,533,452	9,750,000	9,750,000	9,750,000
Gerry's Softlogic (Pvt) Ltd	-	-	-	2,699,800	2,699,800	6,399,800
Nextage (Pvt) Ltd	1,250,000	-	-	1,250,000	-	-
Share of profit accruing to the group	20,823,707	15,626,290	25,399,350	-	-	-
Share of associate companies tax	(4,741,547)	(3,590,819)	(10,574,838)	-	-	-
Share of associate companies dividend	(19,800,000)	(12,000,000)	(27,717,205)	-	-	-
Adjustments on account of associate companies share of net assets	-	-	92,832,007	-	-	-
Share of associate company loss recognised against receivables	-	-	45,779,621	-	-	-
Share of net assets transferred from associates to subsidiaries	-	-	(2,631,242,770)	-	-	(1,919,591,419)
Less: Impairment of investment in Gerry's Softlogic (Pvt) Ltd	-	-	-	(2,699,800)	(2,699,800)	(3,700,000)
	58,680,898	61,148,738	61,113,267	861,989,404	845,951,400	12,449,800

The market value of the quoted investment in associate amounting to Rs. 571,412,400/- (2012 - Rs. 600,671,339/-). The Directors' valuation of unquoted investments in associates amounting to Rs. 58,680,898/- (2012 - Rs. 61,148,738/-) and Rs. 11,000,000/- (2012 - Rs.9,750,000/-) for the group and company respectively.

Notes to the Financial Statements

In Rs. As at 31 March	GROUP		
	2013	2012	As at 1 April 2011

18.6 Summarised financial information of associate companies

Group share of;			
Revenue	88,217,123	85,827,328	1,406,876,678
Operating expenses	(71,772,962)	(73,669,667)	(1,177,289,042)
Finance expenses	-	-	(198,644,307)
Finance income	4,733,731	-	-
Losses carried forward	-	-	(9,807,374)
Profit for the year	21,177,892	12,157,661	21,135,955

Group share of;			
Total assets	143,250,478	75,219,272	142,755,001
Total liability	(76,992,037)	(6,729,739)	(119,513,555)
Net assets	66,258,441	68,489,533	23,241,446
Unrealised profits	(1,660,071)	(1,091,844)	(1,689,730)
Consolidation adjustment	-	-	45,872,995
Deferred tax on undistributable profits	(5,917,472)	(6,248,951)	(6,311,444)
	58,680,898	61,148,738	61,113,267
Contingent liabilities	NIL	NIL	NIL
Capital commitments	NIL	NIL	NIL

In Rs. As at 31 March	Note	GROUP			COMPANY		
		2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011

19 OTHER NON CURRENT FINANCIAL ASSETS

Other quoted equity investments	19.1	1,736,924,172	1,343,950,784	152,484,979	7,209,309	675,185,262	458,603,734
Other unquoted equity investments	19.2	225,217,000	50,000	123,700	125,000,000	-	-
Other non equity investments	19.3	3,201,701,391	1,953,702,045	143,039,672	94,121,564	345,234,175	242,344,175
		5,163,842,563	3,297,702,829	295,648,351	226,330,873	1,020,419,437	700,947,909

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
19.1 Other quoted equity investments						
National Development Bank PLC	1,656,340,620	1,201,111,523	1,384,747	-	-	-
Ceylinco Insurance PLC	89,000	72,304	114,970	-	-	-
John Keells Holdings PLC	6,586,502	5,493,196	-	-	-	-
Hatton National Bank PLC	3,656,600	57,112,500	100,612,500	-	-	-
Expo Lanka PLC	17,280,840	15,756,060	-	-	-	-
Seylan Bank PLC	3,550,000	8,700,000	-	-	-	-
Seylan Bank PLC - Non voting	7,100,000	-	-	-	-	-
Free Lanka PLC	2,377,250	1,806,710	-	-	-	-
Dipped Product PLC	266,400	240,000	-	-	-	-
Commercial Bank PLC	166,674	147,200	-	-	-	-
CIC Holdings PLC	61,000	95,100	-	-	-	-
Sampath Bank PLC	20,466	16,191	-	-	-	-
Access Engineering PLC	39,400,000	53,400,000	-	-	-	-
Distilleries Company of Sri Lanka PLC	-	-	50,372,762	-	-	-
ACL Cables PLC - Bonus Shares	28,820	-	-	-	-	-
Asiri Surgical Hospital PLC	-	-	-	-	8,121,200	8,738,000
Asiri Central Hospitals PLC	-	-	-	-	666,404,802	448,803,234
Softlogic Finance PLC	-	-	-	7,209,309	659,260	1,062,500
	1,736,924,172	1,343,950,784	152,484,979	7,209,309	675,185,262	458,603,734

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
19.2 Other unquoted equity investments						
CRIB	-	-	123,700	-	-	-
Voyages Jean Mermoz Ltd	10,000	-	-	-	-	-
Ceylon Lexcon Services Ltd	207,000	50,000	-	-	-	-
Cargills Agriculture and Commercial Bank - Share Application Money	225,000,000	-	-	125,000,000	-	-
	225,217,000	50,000	123,700	125,000,000	-	-

Notes to the Financial Statements

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
19.3 Other non equity investments						
Placement with banks and financial institutions	50,030,600	-	-	-	-	-
Debentures	501,765,957	359,579,504	5,300,000	2,528,664	5,300,000	5,300,000
Government securities	1,691,475,639	590,038,252	-	-	-	-
Deposits	59,371,012	-	20,809,483	-	-	-
Other investments and receivables	3,445,037	23,896,982	103,885,152	-	-	-
Receivables from related parties	-	-	13,045,037	91,592,900	339,934,175	237,044,175
Loans and advances	895,613,146	980,187,307	-	-	-	-
	3,201,701,391	1,953,702,045	143,039,672	94,121,564	345,234,175	242,344,175

20 RENTAL RECEIVABLE ON LEASE ASSETS AND HIRE PURCHASE

Group As at 31 March In Rs.	2013			2012			As at 1 April 2011
	Rental receivable on lease assets	Rental receivable on hire purchase	Total	Rental receivable on lease assets	Rental receivable on hire purchase	Total	Total

20.1 Receivable from one to five years

Rental receivables	2,205,460,684	3,640,553,187	5,846,013,871	2,292,231,304	2,940,692,779	5,232,924,083	2,869,495,040
Rentals received in advance	(4,104,401)	-	(4,104,401)	(5,262,583)	-	(5,262,583)	(2,385,625)
Unearned income	(536,986,444)	(1,026,481,807)	(1,563,468,251)	(609,286,102)	(771,204,390)	(1,380,490,492)	(771,218,250)
	1,664,369,839	2,614,071,380	4,278,441,219	1,677,682,619	2,169,488,389	3,847,171,008	2,095,891,165

20.2 Receivable within one year

Rental receivables	1,324,720,918	3,129,680,724	4,454,401,642	1,071,257,443	1,974,770,497	3,046,027,940	1,980,912,333
Rentals received in advance	(413,902)	-	(413,902)	(349,522)	-	(349,522)	(95,681)
Unearned income	(485,157,772)	(947,471,286)	(1,432,629,058)	(355,661,883)	(462,547,596)	(811,743,619)	(644,914,687)
Interest in suspense	(2,319,330)	(18,896,648)	(21,215,978)	(1,286,254)	(5,325,621)	(6,611,875)	(3,244,606)
Impairment	(2,183,275)	(11,202,963)	(13,386,238)	(4,921,100)	(9,963,650)	(23,481,451)	(8,137,478)
	834,646,639	2,152,109,827	2,986,756,466	709,038,684	1,496,933,630	2,203,841,473	1,324,519,881
	2,499,016,478	4,766,181,207	7,265,197,685	2,386,721,303	3,666,422,019	6,051,012,481	3,420,411,046

In Rs. As at 31 March	GROUP		As at 1 April 2011
	2013	2012	
21 OTHER NON CURRENT ASSETS			
Rent advances	8,333,335	10,180,780	10,333,332
Deferred expenditure	71,494,774	-	-
	79,828,109	10,180,780	10,333,332

In Rs. As at 31 March	GROUP		As at 1 April 2011
	2013	2012	
22 DEFERRED TAX ASSETS			
At the beginning of the year	308,909,689	375,195,481	25,640,927
Charge and release	(78,236,861)	(66,285,792)	114,390,631
Acquisition of subsidiary	-	-	235,163,923
At the end of the year	230,672,828	308,909,689	375,195,481

In Rs. As at 31 March	GROUP		As at 1 April 2011
	2013	2012	
22.1 The closing deferred tax asset balance relates to the following:			
Accelerated depreciation for tax purposes	(74,510,061)	(57,098,062)	(63,347,802)
Employee benefit liabilities	11,004,716	17,878,884	24,099,334
Losses available for offset against future taxable income	294,439,328	340,024,634	430,664,434
Others	(261,155)	8,104,233	(16,220,485)
	230,672,828	308,909,689	375,195,481

22.2 The Group has tax losses amounting to Rs.6,921 mn (2012 - Rs.5,653 mn) that are available indefinitely to offset against future taxable profits of the companies in which the tax losses arose.

Notes to the Financial Statements

In Rs. As at 31 March	GROUP		As at 1 April 2011
	2013	2012	
23 INVENTORIES			
Finished goods	3,327,784,437	3,365,460,250	2,504,379,584
Other stocks	377,538,659	114,697,423	46,984,325
	3,705,323,096	3,480,157,673	2,551,363,909

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
24 TRADE AND OTHER RECEIVABLES						
Trade and other receivables	3,399,986,449	2,812,753,908	1,773,203,902	89,647,874	58,150,099	54,882,095
Reinsurance receivables	86,958,392	96,805,329	-	-	-	-
Loans to executives	20,520,035	5,110,778	2,935,945	6,364,797	2,690,363	2,053,528
Other receivables	770,186,811	436,389,924	369,754,444	7,334,229	4,917,703	11,427,850
	4,277,651,687	3,351,059,939	2,145,894,291	103,346,900	65,758,165	68,363,473

In Rs. As at 31 March	GROUP		As at 1 April 2011
	2013	2012	
25 LOANS AND ADVANCES			
Short term lending	456,029,637	435,378,010	577,078,445
Personal loans	1,611,496,331	1,281,852,109	245,641,328
Pawning debtors	436,511,829	255,139,268	164,337,665
Policy holders loans	83,644,821	59,876,694	-
Staff loans	-	1,757,627	-
Other loans	255,424,065	210,805,877	116,524,531
Allowance for impairment	(34,933,782)	(25,876,445)	(12,403,070)
	2,808,172,901	2,218,933,140	1,091,178,899
Loans and advances			
Receivable within one year	1,912,559,755	1,238,745,833	1,091,178,899
Receivable after one year - (Note 19.3)	895,613,146	980,187,307	-
	2,808,172,901	2,218,933,140	1,091,178,899

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
26 OTHER CURRENT ASSETS						
Prepayments, advances & non cash receivables	926,629,492	677,347,373	401,593,814	1,366,810	1,376,843	457,068
Tax refunds & receivables	288,983,433	267,873,960	152,343,315	13,433,908	7,495,151	4,280,231
Other receivables	452,628,523	131,947,006	105,445,481	-	-	-
	1,668,241,448	1,077,168,339	659,382,610	14,800,718	8,871,994	4,737,299

As at 31 March In Rs.	Note	GROUP			COMPANY		
		2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
27 SHORT TERM INVESTMENTS							
Quoted equities at market value	27.1	425,080,765	326,914,280	283,060,518	4,875,190	97,266,039	172,230,153
Unquoted equity investments	27.2	-	292,571	99,525,600	-	-	99,495,000
Other investments (more than 3 months and less than 1 year)	27.3	1,830,798,083	2,010,503,089	258,582,364	507,224,210	229,469,904	-
		2,255,878,848	2,337,709,940	641,168,482	512,099,400	326,735,943	271,725,153
Other investments (Less than 3 months)							
Government securities		888,560,014	252,350,000	-	-	-	-
Short term deposits		400,000,000	-	-	-	-	-
Fixed deposits		-	780,107,000	-	-	-	-
		1,288,560,014	1,032,457,000	-	-	-	-
		3,544,438,862	3,370,166,940	641,168,482	512,099,400	326,735,943	271,725,153

Notes to the Financial Statements

In Rs. As at 31 March	Group				Company			
	No of Shares	2013	2012	As at 1 April 2011	No of Shares	2013	2012	As at 1 April 2011
27.1 Quoted equities at market value								
ACL Cables PLC	-	-	8,263	40,910	-	-	-	-
Ahungalla Hotels PLC	-	-	13,195,000	-	-	-	-	-
Aitken Spence PLC	118,000	14,112,800	13,298,600	-	-	-	-	-
Asia Capital PLC	543,268	12,386,510	20,372,550	-	-	-	-	-
Browns & Company PLC	-	-	-	5,274,360	-	-	-	5,274,360
Cargills Ceylon PLC	71,100	10,792,980	12,371,400	-	-	-	-	-
Ceylon Theaters PLC	-	-	-	398,400	-	-	-	-
Chemical Industries (Colombo) PLC	-	-	-	155,000	-	-	-	-
Colombo Dockyard PLC	-	-	-	257,000	-	-	-	-
Colombo Fort Land & Building Co. PLC	-	-	-	9,649,640	-	-	-	-
Commercial Bank of Ceylon PLC	-	-	13,000,000	1,550,250	-	-	-	-
Commercial Bank of Ceylon PLC - Non voting	485,365	47,031,872	38,024,000	-	-	-	-	-
DFCC Bank	296	38,806	16,665	365,426	-	-	-	-
Dialog Axita PLC	868,600	7,817,400	6,167,060	-	-	-	-	-
Dipped Products PLC	-	-	-	278,400	-	-	-	-
Distilleries Company of Sri Lanka PLC	-	-	-	27,000,000	-	-	-	9,000,000
Dunamis Capital PLC	305	3,569	3,050	-	-	-	-	-
Hatton National Bank PLC	524,557	87,758,385	137,340,450	198,877,980	-	-	91,363,950	151,278,000
Hatton National Bank PLC - Non voting	475,471	62,667,077	43,682,000	844,000	-	-	-	-
John Keells Holdings PLC	334	82,498	68,804	5,783,686	-	-	-	-
John Keells Hotels PLC	-	-	16,795	22,928	-	-	16,796	22,928
Lanka IOC PLC	63,200	1,376,490	3,105,940	2,817,760	63,200	1,376,490	3,105,940	2,817,760
Lanka Floor Tiles PLC	997	69,292	64,905	130,607	-	-	-	-
Lanka Orix Leasing Company PLC	-	-	1,080,000	2,852,597	-	-	-	-
National Development Bank PLC	1,000,000	165,000,000	-	3,096,000	-	-	-	-
Pan Asia Bank Corporation PLC	-	-	3,102	3,386	-	-	3,101	3,385
Renuka City Hotels PLC	50	12,000	10,945	16,654	-	-	-	-
Richard Peiris & Co PLC	210	1,386	1,575	2,855	-	-	-	-
Richard Peiris Export PLC	200	6,000	4,400	5,600	-	-	-	-
Royal Ceramics Lanka PLC	-	-	-	1,560,000	-	-	-	-
Sampath Bank PLC	10,467	2,354,028	13,526,354	8,657,610	10,467	2,354,028	1,839,354	2,883,000
Seylan Bank PLC	133	8,672	8,898	3,907,520	133	8,672	8,898	7,520
Seylan Bank PLC - Non voting	382,000	13,561,000	11,047,400	8,803,200	32,000	1,136,000	928,000	943,200
Union Bank of Colombo PLC	-	-	496,124	708,749	-	-	-	-
		425,080,765	326,914,280	283,060,518		4,875,190	97,266,039	172,230,153

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
27.2 Unquoted equity investments						
Credit Investigation Bureau	-	154,300	30,600	-	-	-
Expo Lanka Ltd	-	-	99,495,000	-	-	99,495,000
Investment - Others	-	138,271	-	-	-	-
	-	292,571	99,525,600	-	-	99,495,000

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
27.3 Other investments						
More than 3 months and less than 1 year						
Government securities	580,221,585	737,066,380	123,499,634	-	-	-
Fixed deposits	32,336,245	499,924,096	85,082,730	-	-	-
Placement with banks and financial institution	-	204,500,000	50,000,000	-	-	-
Investment in commercial papers	962,926,002	88,035,133	-	501,924,210	229,469,904	-
Debentures maturing within a year	5,300,000	-	-	5,300,000	-	-
Others	250,014,251	480,977,480	-	-	-	-
	1,830,798,083	2,010,503,089	258,582,364	507,224,210	229,469,904	-

Notes to the Financial Statements

As at 31 March In Rs.	2013		2012		2011	
	Number of shares	Value of shares	Number of shares	Value of shares	Number of shares	Value of shares

28 STATED CAPITAL

Fully Paid Ordinary Shares

At the beginning of the year	779,000,000	5,089,000,000	640,000,000	1,058,000,000	62,973,000	984,056,000
Share sub-division	-	-	-	-	576,000,000	-
Issue of shares for cash consideration	-	-	139,000,000	4,031,000,000	1,027,000	73,944,000
	779,000,000	5,089,000,000	779,000,000	5,089,000,000	640,000,000	1,058,000,000

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	2011	2013	2012	2011

29 OTHER COMPONENTS OF EQUITY

Treasury shares	(47,753,697)	-	-	-	-	-
Revaluation reserve	1,337,323,892	705,136,747	737,845,882	-	-	-
Foreign currency translation reserve	(93,885,610)	(96,334,476)	(56,359,655)	-	-	-
Available for sale reserve	240,463,858	(38,507,190)	(2,904,611)	(2,749,371)	442,818,842	226,577,314
Statutory reserve fund	87,790,590	255,850,552	3,414,497	-	-	-
	1,523,939,034	826,145,633	681,996,113	(2,749,371)	442,818,842	226,577,314

29.1 Investment in Treasury Shares reserve reflects the fair value of investment made by Asian Alliance Insurance PLC in Softlogic Holdings PLC.

29.2 Revaluation reserve consists of the net surplus on the revaluation of property, plant and equipment .

29.3 Exchange translation reserve comprises the net exchange movement arising on the currency translation of foreign operations and net equity investments of other currency denominated associates into Sri Lankan rupees.

29.4 Available for sale reserve includes changes on fair value of financial instruments designated as available for sale financial assets.

As at 31 March In Rs.	GROUP		
	2013	2012	As at 1 April 2011

30 INSURANCE CONTRACT LIABILITIES

Provision - life	3,218,377,437	2,425,624,160	-
Provision for life solvency	-	-	-
	3,218,377,437	2,425,624,160	-

The valuation of the long term life insurance fund as at 31 December 2012 was conducted by Mr. M. Poopalanathan of Actuarial & Management Consultants (Pvt) Ltd, for an behalf of Asian Alliance Insurance Insurance PLC (AAI).

In Accordance with the Consultant's Actuary Report as at 31 December 2012, the sum of provision Rs 2,904 Mn includes the liability in respect of Policy Holders bonus as well. In the opinion of the Consultant Actuary , the provision is adequate to cover the liabilities pertaining to long term insurance.

The Actuary recommended to transfer a sum of Rs 155.8 Mn to the share holders of AAI as at 31 December 2012.

	2012	2011
Actuarial Assumptions as at 31 December		
Interest Rate	7.5%	7.5%
Mortality Table Used	A67/70	A67/70

In Rs. As at 31 March	GROUP		
	2013	2012	As at 1 April 2011

30.1 Movement in life insurance fund

At the beginning of the year	2,425,624,160	-	-
Acquisition of subsidiary	-	2,285,129,627	-
Increase in life fund	948,553,277	240,494,533	-
Transfer to shareholders	(155,800,000)	(100,000,000)	-
At the end of the year	3,218,377,437	2,425,624,160	-

GROUP As at 31 March In Rs.	2013			2012			As at 1 April 2011
	Finance lease	Loans	Total	Finance lease	Loans	Total	

31 INTEREST BEARING BORROWINGS

At the beginning of the year	249,068,400	13,680,736,135	13,929,804,535	205,495,056	6,199,761,949	6,405,257,005	1,407,767,187
Additions	16,217,076	6,615,163,253	6,631,380,329	133,866,018	9,321,599,121	9,455,465,139	2,327,432,348
Acquisition of subsidiaries	-	-	-	-	-	-	4,301,611,117
Loans rescheduled	-	-	-	-	731,635,491	731,635,491	(21,800,043)
Transfers	-	(581,064,208)	(581,064,208)	-	-	-	-
Repayments	(86,851,820)	(7,440,756,262)	(7,527,608,082)	(90,292,674)	(2,973,357,141)	(3,063,649,815)	(1,607,292,483)
Finance charges	(28,489,902)	-	(28,489,902)	(45,902,820)	-	(45,902,820)	(37,586,809)
Exchange translation difference	(176,906)	(21,397,153)	(21,574,059)	-	401,096,715	401,096,715	-
At the end of the year	149,766,848	12,252,681,765	12,402,448,613	203,165,580	13,680,736,135	13,883,901,715	6,370,131,317
Repayable within one year	51,731,416	2,794,922,436	2,846,653,852	59,819,486	5,319,894,691	5,379,714,177	2,895,289,660
Repayable after one year	98,035,432	9,457,759,329	9,555,794,761	143,346,094	8,360,841,444	8,504,187,538	3,474,841,657
	149,766,848	12,252,681,765	12,402,448,613	203,165,580	13,680,736,135	13,883,901,715	6,370,131,317

COMPANY As at 31 March In Rs.	2013			2012			As at 1 April 2011
	Finance lease	Loans	Total	Finance lease	Loans	Total	

31.1 INTEREST BEARING BORROWINGS

At the beginning of the year	128,752,360	2,206,503,331	2,335,255,691	91,702,756	466,554,844	558,257,600	489,911,849
Additions	6,780,000	1,980,633,593	1,987,413,593	82,562,772	1,895,267,900	1,977,830,672	370,999,203
Transfers/loans rescheduled	-	-	-	-	-	-	(4,840,627)
Repayments	(45,297,608)	(1,900,544,135)	(1,945,841,743)	(45,513,168)	(155,319,413)	(200,832,581)	(297,812,823)
Finance charges	(15,280,965)	-	(15,280,965)	(25,046,454)	-	(25,046,454)	(14,812,906)
At the end of the year	74,953,787	2,286,592,789	2,361,546,576	103,705,906	2,206,503,331	2,310,209,237	543,444,696
Repayable within one year	22,343,763	591,512,886	613,856,649	29,123,432	481,852,010	510,975,442	142,721,412
Repayable after one year	52,610,024	1,695,079,903	1,747,689,927	74,582,474	1,724,651,321	1,799,233,795	400,723,284
	74,953,787	2,286,592,789	2,361,546,576	103,705,906	2,206,503,331	2,310,209,237	543,444,696

Security pledged and interest rates pertaining to interest bearing borrowings are disclosed in note 46 to the financial statements.

Notes to the Financial Statements

In Rs. As at 31 March	GROUP		
	2013	2012	As at 1 April 2011
32 PUBLIC DEPOSITS			
Deposits maturing after one year	1,217,018,340	460,334,147	205,057,922
Deposits maturing within one year	5,739,932,707	4,001,515,979	1,379,779,977
	6,956,951,047	4,461,850,126	1,584,837,899

In Rs. As at 31 March	GROUP		
	2013	2012	As at 1 April 2011
33 DEFERRED TAX LIABILITIES			
At the beginning of the year	247,057,034	177,378,255	56,983,666
Acquisition / (disposal) of subsidiary	785,210	-	103,823,975
Provision/(reversal)	118,516,903	69,678,779	16,570,614
At the End of the year	366,359,147	247,057,034	177,378,255

The closing deferred tax liability balance relates to the following:

Revaluation of land and building to fair value	239,635,263	101,881,726	51,985,833
Accelerated depreciation for tax purposes	287,890,027	185,522,440	164,942,692
Employee benefit liabilities	(71,730,790)	(23,088,520)	(30,062,752)
Losses available for offset against future taxable income	(84,269,522)	(22,833,213)	(13,681,802)
Others	(5,165,831)	5,574,601	4,194,284
At the End of the year	366,359,147	247,057,034	177,378,255

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
34 EMPLOYEE BENEFIT LIABILITIES						
At the beginning of the year	325,659,737	252,462,657	52,625,758	13,688,274	11,599,896	6,999,028
Acquisition / (disposal) of subsidiaries	876,797	30,206,637	177,871,849	-	-	-
Current service cost	62,311,504	59,728,816	1,049,993	2,903,071	2,680,255	2,733,536
Interest cost on benefit obligation	30,607,643	22,794,259	12,114,747	1,505,710	1,275,989	1,383,890
Transfers from/ (to) related companies	-	-	-	(76,250)	-	687,250
(Gain)/loss arising from changes in assumptions or due to (over) /under provision in the previous year	(11,077,024)	(25,160,786)	13,309,770	4,099,225	(1,752,116)	470,317
Payments	(29,462,851)	(14,551,039)	(4,509,460)	(684,530)	(115,750)	(674,125)
Exchange translation difference	(12,808)	179,193	-	-	-	-
At the end of the year	378,902,998	325,659,737	252,462,657	21,435,500	13,688,274	11,599,896

The employee benefit liability of the Group is based on the actuarial valuations carried out by Messrs. Actuarial & Management Consultants (Pvt) Ltd., actuaries. The principal assumptions used in determining the cost of employee benefits were:

	2013	2012	2011
Discount rate	10%-12%	8%-12%	8%-12%
Future salary increases	10%-12%	8%-12%	8%-12%

34.1 Sensitivity of assumptions used

If one percentage point changes in the assumed discount rate would have the following effect:

In Rs.	GROUP		COMPANY	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
Effect on the defined benefit obligation liability	(26,760,348)	31,971,077	(970,045)	2,335,534

In Rs. As at 31 March	GROUP		As at 1 April 2011
	2013	2012	

35 OTHER DEFERRED LIABILITIES

Deferred revenue	46,175,109	13,092,515	14,066,687
Warranty provision	70,666,405	66,270,224	51,674,078
	116,841,514	79,362,739	65,740,766

Notes to the Financial Statements

As at 31 March In Rs.	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
36 OTHER NON CURRENT FINANCIAL LIABILITIES						
Other liabilities	1,812,828,000	-	-	-	-	-
Payable to related party	-	-	-	906,414,000	-	-
	1,812,828,000	-	-	906,414,000	-	-

36.1 Softlogic Holdings PLC (SH) and Softlogic Capital PLC (SC) entered into a "Shareholders Agreement" and "Share Purchase Agreement" dated 20 December 2012 as amended 13 February 2013 with Deutsche Investitions - Und Entwicklungsgesellschaft MBH ("DEG") and Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V. ("FMO") to sell 19% of the ordinary shares of Asian Alliance Insurance PLC ("AAI"), held by SH to FMO and 19% of the AAI ordinary shares held by SC to DEG. As per the above agreements, SC has granted a 'Put Option' to FMO and DEG which will be valid during the period 7 March 2017 to 7 March 2020 to purchase 38% of the shares held by for DEG and FMO based on a 'Put Option' price as specified in the agreements. This 'Put Option' has also been guaranteed by SH. As per the New Sri Lankan Accounting Standards framework (SLFRS/LKAS) adopted by the Group with effect from 1 April 2012, the said 'Put Option', is a 'Puttable instrument' which should be recognised as a financial liability. The Investment in AAI transferred to FMO and DEG by the group has not met the de-recognition rules in LKAS 39, and is continued to be recognised as an Investment and the proceeds received under the agreement with FMO and DEG have been recognised as a financial liability.

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
37 TRADE AND OTHER PAYABLES						
Trade and other payables	1,633,367,593	1,100,367,655	852,990,397	15,072,075	10,026,896	56,480,030
Reinsurance payables	745,925,020	201,171,387	-	-	-	-
Insurance provision - General	195,824,731	474,320,872	-	-	-	-
Sundry creditors including accrued expenses	1,319,388,914	816,831,089	875,210,032	-	-	-
	3,894,506,258	2,592,691,003	1,728,200,429	15,072,075	10,026,896	56,480,030

In Rs. As at 31 March	GROUP		
	2013	2012	As at 1 April 2011
38 INCOME TAX LIABILITIES			
At the beginning of the year	235,413,778	193,320,525	13,337,973
Charge for the year	190,036,993	425,196,283	282,507,805
Acquisitions / (disposal) of subsidiaries	(1,094,037)	-	56,736,837
Payments and set off against refunds	(232,542,838)	(383,103,030)	(159,262,090)
At the end of the year	191,813,896	235,413,778	193,320,525

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
39 SHORT TERM BORROWINGS						
Loans	6,466,730,701	5,449,526,576	9,311,518,062	410,418,102	125,932,885	3,695,737,447
Commercial papers	1,243,845,293	1,501,114,257	346,134,590	537,018,045	149,420,603	-
Promissory notes	-	92,499,651	543,771,075	-	-	-
	7,710,575,994	7,043,140,484	10,201,423,727	947,436,147	275,353,488	3,695,737,447

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
40 OTHER CURRENT LIABILITIES						
Advances received	56,257,119	27,124,267	28,907,179	8,808,460	-	-
Other taxes payables	167,384,764	158,872,188	130,842,110	6,571,863	2,422,679	1,841,469
Other payables	8,818,592	6,573,293	7,586,539	8,960,519	6,375,241	4,309,932
	232,460,475	192,569,748	167,335,828	24,340,842	8,797,920	6,151,401

Notes to the Financial Statements

41. OPERATING SEGMENT INFORMATION

For the year ended 31 March	Information Technology		Leisure		Retail		Auto Mobiles	
	2013	2012	2013	2012	2013	2012	2013	2012
REVENUE AND PROFIT								
Revenue	6,283,801,851	6,946,807,132	54,859,311	30,612,614	5,647,127,727	4,660,472,522	704,659,865	989,588,126
Operating profit	682,995,983	649,553,671	(89,979,999)	(36,763,775)	704,825,011	641,057,084	16,523,016	112,780,755
Profit before taxation	181,657,492	553,378,620	(94,712,726)	(37,502,320)	369,249,009	464,402,422	(48,469,587)	93,224,384
Taxation	(12,385,908)	(168,089,399)	17,496,535	(886,124)	(83,213,381)	(207,553,001)	4,568,798	(8,818,245)
Profit after taxation	169,271,583	385,289,222	(77,216,192)	(38,388,444)	286,035,628	256,849,421	(43,900,789)	84,406,139

For the year ended 31 March	Information Technology		Leisure		Retail		Auto Mobiles	
	2013	2012	2013	2012	2013	2012	2013	2012
OTHER INFORMATION								
Segment assets	5,809,519,977	5,723,873,026	6,267,170,291	1,235,488,859	6,064,664,380	4,871,079,171	519,839,919	461,365,229
Investment in equity method - associates								
Consolidate total assets								
Segment liabilities	4,957,178,300	4,945,527,820	2,427,062,647	700,710,629	5,415,872,642	4,328,443,410	306,492,545	358,763,959
Capital expenditure	17,225,326	27,896,628	1,208,721,887	303,988,977	179,253,162	136,883,489	6,534,740	13,741,099
Depreciation	27,020,585	48,026,022	497,477	3,800,472	47,402,965	32,968,746	7,589,957	3,668,088

Financial Services		Healthcare Services		Others		Total	
2013	2012	2013	2012	2013	2012	2013	2012
5,681,242,856	3,170,452,561	6,927,408,454	6,005,121,567	61,536,083	15,779,357	25,360,636,146	21,818,833,879
(361,574,269)	104,149,709	1,763,534,613	1,597,394,631	(385,036,281)	(212,677,127)	2,331,288,073	2,855,494,947
(199,419,437)	(62,537,169)	1,182,067,596	955,697,883	(906,128,778)	(366,120,328)	484,243,569	1,600,543,493
(33,549,053)	(66,611,851)	(163,074,565)	(118,458,174)	(23,475,552)	(14,180,188)	(293,633,127)	(584,596,983)
(232,968,490)	(129,149,020)	1,018,993,031	837,239,709	(929,604,330)	(380,300,516)	190,610,442	1,015,946,510

Financial Services		Healthcare Services		Others		Eliminations		Total	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
25,302,126,164	19,633,277,859	21,413,958,605	19,747,083,363	14,660,023,814	8,514,944,013	(26,203,161,911)	(15,560,447,891)	53,834,141,238	44,626,663,627
								58,680,898	61,188,738
								53,892,822,136	44,687,812,365
20,779,936,607	17,315,403,111	8,393,445,094	9,322,696,601	7,184,438,458	3,208,580,617	(9,236,262,037)	(6,804,493,483)	40,228,164,256	33,375,632,662
100,125,830	192,311,790	533,874,423	423,322,666	224,742,206	64,659,004	-	(24,746,194)	2,270,477,575	1,138,057,459
73,394,909	42,363,492	633,385,517	587,287,524	34,844,849	23,240,106	-	(642,712)	824,136,261	740,711,737

Notes to the Financial Statements

42 RELATED PARTY TRANSACTIONS

The Group and Company carried out transactions in the ordinary course of business with the following related entities.

In Rs. As at 31 March	Note	GROUP			COMPANY		
		2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
42.1 Amounts due from related parties							
Subsidiaries	42.3	-	-	-	900,941,515	1,232,742,689	278,118,321
Associates	42.4	933,462	-	261,598	104,477	18,736	26,689
Key Management personnel		93,448,952	12,090,059	-	-	-	-
		94,382,414	12,090,059	261,598	901,045,992	1,232,761,425	278,145,010

In Rs. As at 31 March		GROUP			COMPANY		
		2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
42.2 Amounts due to related parties							
Subsidiaries	42.3	-	-	-	1,293,474,112	331,626,248	701,310,097
Associates	42.5	5,623,038	5,673,094	121,800	-	-	121,800
Key Management personnel		16,397,801	27,918,277	3,927,810	1,992,158	1,992,157	3,158,792
		22,020,839	33,591,371	4,049,610	1,295,466,270	333,618,405	704,590,689

In Rs. As at 31 March		Amount due to			COMPANY		
		2013	2012	As at 1 April 2011	2013	Amounts due from 2012	As at 1 April 2011
42.3 Subsidiaries							
Asiri Hospital Holdings PLC		24,608,721	-	-	-	-	-
Asiri Surgical Hospital PLC		12,810,629	-	-	-	-	-
Softlogic Capital PLC		-	-	-	124,916,101	25,631,263	-
Softlogic Computers (Pvt) Ltd		-	-	-	8,844,358	4,522,974	3,482,428
Softlogic Communications (Pvt) Ltd		433,189,362	64,155,518	88,526,752	-	-	-
Softlogic International (Pvt) Ltd		183,556,118	112,749,069	326,418,445	-	-	-
Softlogic Solar (Pvt) Ltd		-	-	-	19,533,389	16,796,281	24,807,321
Softlogic Information Technologies (Pvt) Ltd		239,269,825	31,965,723	284,363,910	-	-	-
Softlogic Australia (Pty) Ltd		-	-	-	-	-	196,190,763
Uni Walkers (Pvt) Ltd		-	12,352,259	-	113,932,527	-	30,970,573
Softlogic Properties (Pvt) Ltd		-	-	-	16,488,952	12,077,846	13,878,758
Uni Walker Distributors (Pvt) Ltd		-	-	-	995,343	-	-
Softlogic Corporate Services (Pvt) Ltd		-	-	-	1,601,021	-	-
Softlogic Communication Services (Pvt) Ltd		990	990	990	-	-	-
Ceysand Resorts Ltd		-	-	-	18,663,704	210,669,145	20,000,000
Future Automobiles (Pvt) Ltd		99,438,467	110,402,689	2,000,000	-	-	-
Softlogic Destination Management (Pvt) Ltd		-	-	-	2,669,679	-	-
Softlogic City Hotels (Pvt) Ltd		-	-	-	32,199,511	28,517,560	-
Uni Walkers Automobiles (Pvt) Ltd		100,000	-	-	-	-	-
Less - Provision for impairment		-	-	-	(18,397,755)	(6,796,281)	(11,211,522)
		992,974,112	331,626,248	701,310,097	321,446,830	291,418,789	278,118,321

Loans - current For the year 31 March	Loans received			Loans given		
	2013	2012	2011	2013	2012	2011
Asiri Hospitals Holdings PLC	85,000,000	-	-	-	-	-
Asiri Surgical Hospital PLC	215,500,000	-	-	-	-	-
Softlogic Capital PLC	-	-	-	210,070,685	685,000,000	-
Softlogic Communications (Pvt) Ltd	-	-	-	333,100,000	195,000,000	-
Softlogic Information Technologies (Pvt) Ltd	-	-	-	36,324,000	31,323,900	-
Uni Walkers (Pvt) Ltd	-	-	-	-	30,000,000	-
	300,500,000	-	-	579,494,685	941,323,900	-

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011

42.4 Amounts due from related parties

Associates

Gerry's Softlogic Pakistan	-	-	-	-	-	14,350,595
Abacus International Lanka (Pvt) Ltd	933,462	-	261,598	104,477	18,736	26,688
Less: Provision for impairment	-	-	-	-	-	(14,350,595)
	933,462	-	261,598	104,477	18,736	26,689

In Rs. As at 31 March	GROUP			COMPANY		
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011

42.5 Amounts due to related parties

Associates

Gerry's Softlogic Pakistan	5,623,038	5,673,094	-	-	-	-
Abacus International Lanka (Pvt) Ltd	-	-	121,800	-	-	121,800
	5,623,038	5,673,094	121,800	-	-	121,800

Notes to the Financial Statements

In Rs. As at 31 March	GROUP		COMPANY	
	2013	2012	2013	2012
42.6 Transactions with related parties				
Subsidiaries				
Purchase of goods	-	-	9,251,588	38,613,393
Rendering of services	-	-	(251,660,675)	(199,841,630)
Loans given	-	-	(671,087,585)	(1,281,258,075)
Interest received	-	-	208,971,703	48,240,756
Rent received	-	-	20,182,000	600,000
Guarantee charges received	-	-	5,987,241	13,446,750
Dividend received	-	-	340,287,954	599,173,081
Guarantees given	-	-	(4,306,145,000)	(6,531,032,000)
Associates				
Purchase of goods	(19,671,031)	(10,643,750)	-	-
Receiving/ (rendering) of services	86,128,107	(14,425,520)	(13,121,750)	(14,425,520)
Dividend received	-	-	17,820,000	10,800,000
Key Management Personnel				
Loans given	(93,448,952)	-	-	-
Guarantees received	1,718,700,000	1,480,000,000	311,700,000	180,000,000
Close family Members of KMP				
(Receiving)/rendering of services	-	-	-	-
Companies controlled/ jointly controlled/ significantly influenced by KMP and their close family members				
Loans obtained	754,329,856	950,000,000	-	(500,000,000)
Interest received / (paid)	(242,360,630)	(56,413,581)	(81,532,466)	(29,879,618)

42.7 Terms and conditions of transactions with related parties

Transactions with related parties are carried out in the ordinary course of the business. Outstanding current account balances at year end are unsecured, interest free and settlement occurs in cash. Interest bearing borrowings are at pre-determined interest rates and terms.

42.8 Compensation of key management personnel

Key management personnel include members of the Board of Directors of Softlogic Holdings PLC and its subsidiary companies.

For the year ended	GROUP		COMPANY	
	2013	2012	2013	2012
Short term employee benefits	180,104,942	109,228,772	30,291,384	15,115,800
Post employment benefits	1,522,500	-	-	-
Other - long term employee benefits	-	-	-	-
	181,627,442	109,228,772	30,291,384	15,115,800

43. CONTINGENT LIABILITIES

Pending Litigations against Asiri Hospital Holdings PLC and Asiri Hospital Matara (Pvt) Ltd with a maximum liability of Rs. 43 Mn and Rs. 51 Mn respectively exist as at the reporting date. Although there can be no assurance, the directors believe, based on the information currently available, that the ultimate resolution of such legal procedures would not likely to have a material adverse effect on the results of operations, financial position or liquidity of the group. Accordingly no provision for any liability has been made in the financial statement.

As at 31st March	GROUP		COMPANY	
	2013	2012	2013	2012
43.1 Guarantees issued and in-force				
Softlogic Holdings PLC	-	-	4,306,145,000	5,975,094,190
Softlogic Finance PLC	7,413,629	7,177,626	-	-
	2,025,995,022	1,488,749,441	4,306,145,000	5,975,094,190

44. CAPITAL AND OTHER COMMITMENTS

As at 31st March	GROUP		COMPANY	
	2013	2012	2013	2012
44.1 Capital Commitments				
Capital Commitments approved but not provided for	2,018,581,393	1,481,571,815	-	-

44.2 Other Commitments

As at 31 March 2013 outstanding currency forward agreement amount of Rs 2,595,760,000/- (USD 19,949,810), (2012-Rs 1,311,480,514/- (USD 9,999,810) exist for the Group.

45. EVENTS AFTER THE REPORTING PERIOD

There has been no material events occurring after the reporting period that require adjustments to or disclose in the Financial Statements other than the following.

- 45.1** Uni Walkers (Pvt) Ltd which is a subsidiary of Softlogic Holdings PLC issued 24,615,384 shares on 14 May 2013 for Rs 16.25 per share for a total consideration of Rs 399,999,990/-.
- 45.2** The ownership of Softlogic Destination Management (Pvt) Ltd was transferred from Softlogic Properties (Pvt) Ltd to Softlogic Holdings PLC on 01 July 2013.

Notes to the Financial Statements

46 INTEREST BEARING BORROWINGS

46.1 Security and Repayment Terms

In Rs.							
Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
Softlogic Holdings PLC	Seylan Bank PLC	Term Loan	12%	50 monthly installment of Rs. 4,770,000/- and final installment of Rs.4,696,000/- plus interest	164,752,558	219,138,923	<ul style="list-style-type: none"> a) Primary Concurrent Mortgage for Rs. 200 Mn (Seylan Bank's interest Rs. 70 Mn.) over Land and Building at No.14 and 14B De Fonseka Place Colombo 05 b) Secondary Concurrent Mortgage for Rs. 80 Mn (Seylan Bank's Interest Rs. 30 Mn) over Land and Building at No.14,14B De Fonseka Place Colombo 05 c) Personal Guarantee of Mr.Ashok Pathirage for Rs. 30 Mn supported by Secondary Concurrent Mortgage for Rs. 30 Mn d) 680,460 shares of Asiri Hospitals lodged in Margin Trading account at Consumer Finance Unit e) 44,250,000 shares of Asiri Hospital Holdings PLC and 63,200 shares of Lanka Indian Oil Company PLC lodged in slash account at Consumer Finance Unit f) 19,233,030 shares of Asiri Hospital Holdings PLC and 4,902,200 lodged in slash account of Softlogic Information Technologies (Pvt) Ltd at Consumer Finance Unit
	Seylan Bank PLC	Term Loan	13.5% (Reviewed Quarterly)	47 monthly installments of Rs.3,027,000 and final installment Rs. 2,998,000	93,808,900	130,132,900	g) Corporate Guarantee from Softlogic Information Technologies (Pvt) Ltd for 145.268 Mn
	Seylan Bank PLC	Term Loan	8%	83 monthly installments of Rs. 305,766 and final installment Rs. 305,804	15,712,201	19,569,063	
	Commercial Bank of Ceylon PLC	Term Loan	AWPLR + 1.5% (AWPLR changes monthly)	48 monthly installments of Rs 1,382,000 and final installment of Rs 1,334,000 from January 2010	17,609,311	38,550,645	a) Primary Concurrent Mortgage for Rs. 200 Mn (Commercial Bank's interest Rs.130 Mn) over Land and Building at No.14 and 14B De Fonseka Place Colombo 05
	Commercial Bank of Ceylon PLC	Term Loan	AWPLR + 1.5% (changes monthly)	57 monthly installments of Rs 959,000 and a final installment of Rs 925,000 from January 2010	17,120,551	27,777,000	<ul style="list-style-type: none"> b) Secondary Concurrent Mortgage for Rs. 80 Mn (Commercial Bank's Interest Rs. 50 Mn) over Land and Building at No.14,14B De Fonseka Place Colombo 05 c) Personnel Guarantee of Mr.Ashok Pathirage, for Rs. 50 Mn
	Commercial Bank of Ceylon PLC	Term Loan	AWPLR + 1.5% (AWPLR changes monthly)	23 monthly installments of Rs 774,100 and a final installment of Rs 775,700 from April 2010	NIL	1,700	<ul style="list-style-type: none"> d) Mortgage over 33,733,233 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC e) Corporate Guarantee from Softlogic International (Pvt) Ltd and Softlogic Communications for Rs. 12.5 Mn each dated 29 November 2009

In Rs.							
Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
	Hatton National Bank PLC	Term Loan	AWPLR + 1.5%	24 Monthly installment of Rs.41,667 plus interest with one year grace period	NIL	1,000,000,000	a) Existing Mortgage over 160.05 Mn shares of Asiri Hospital Holdings PLC b) Mortgage over 6.83 Mn shares Asian Alliance Insurance PLC which was owned by Softlogic Holdings PLC
	Hatton National Bank PLC	Term Loan	AWPLR + 4%	Rs 5 Mn monthly installment for 6 months with 4 months grace period , balance over 6 months based on utilisation of funds	100,269,193	NIL	a) Mortgage over Asiri Hospital Holdings PLC shares of 8,740,964 owned by Softlogic Holdings PLC b) Personal Guarantee from Mr A.K.Pathirage for Rs 100 Mn
	Nations Trust Bank PLC	Term Loan	AWPLR + 3.5%	59 Monthly Installments or Rs.4,166,667 each and final installment of Rs.4,166,667	178,134,241	221,808,236	Mortgage of 46,875,000 shares (total) of Asiri Hospital Holdings PLC lodged in slash A/C owned by: - Softlogic Holdings PLC - 42,184,785 shares - Softlogic Information Technologies (Pvt) Ltd - 2,163,753 shares - Softlogic Communications (Pvt) Ltd - 72,108 shares - Softlogic International (pvt) Ltd - 2,454,354 shares
	National Development Bank PLC	Term Loan	AWPLR + 4.5%	18 months from the date of first drawdown	NIL	500,000,000	a) Mortgage of 43,502,600 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC b) Mortgage of 20,337,133 shares of Asiri Surgical Hospital PLC was owned by Softlogic International (Pvt) Ltd c) Mortgage of 6,742,750 shares of Asiri Hospital Holdings PLC owned by Softlogic International (Pvt) Ltd d) Mortgage over Asian Alliance Insurance PLC shares of 4,166,667 was owned by Softlogic Capital PLC e) Mortgage over Softlogic Finance PLC shares of 9,582,446 owned by Softlogic Capital PLC
	Sri Lanka Savings Bank	Term Loan	9.50%	83 monthly installment & final installment of Rs 576,622 commencing from September 2010	44,098,183	50,266,784	
	Sampath Bank PLC	Term Loan	AWPLR + 1.5% (semi annually reviewed)	47 equal installments of Rs 29,200,00 each and Final Installment of Rs 27,600,000 commencing after 18 months grace period	1,425,461,373	NIL	a) Mortgage of 72,200,000 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC b) Mortgage of 201,166,182 shares of Softlogic Capital PLC owned by Softlogic Holdings PLC c) Mortgage of 9,125,000 Asian Alliance Insurance PLC shares owned by Softlogic Capital PLC

Notes to the Financial Statements

46 INTEREST BEARING BORROWINGS (Contd.)

46.1 Security and Repayment Terms

In Rs. Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
	Bank of Ceylon	Term Loan	AWPLR + 3%	63 monthly installment of Rs. 1,666,667/- commencing from February 2013	101,423,318	NIL	a) Additional mortgage over Asiri Hospital Holdings PLC shares owned by following companies Share of Asiri Hospital PLC held by, - Softlogic Holdings PLC - 14,862,750 shares - Softlogic Information Technologies (Pvt) Ltd - 1,754,290 shares - Softlogic Communication (Pvt) Ltd - 1,960,460 shares b) Personal Guarantee from Mr AKPathirage for the value of Rs 100 Mn
	Peoples Bank	Term Loan	AWPLR + 6.5%	48 monthly installment of Rs 3,125,000/- commencing from June 2012	128,202,958	NIL	Primary Mortgage over warehouse land and building complex at Piliyandala for (Extent Lot A-3R 10P; Lot B 3R 20p) owned by Softlogic Holdings PLC
Softlogic Information Technologies (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term Loan	AWPLR + 1.5% pa	60 monthly installments Rs 1,458,000 per month commencing from April 2008 and final installment of Rs 1,478,000/-	10,195,616	26,233,616	a) Corporate Guarantee of Softlogic Holdings PLC for Rs. 307.5 Mn and personal guarantee from Mr. A.K. Pathirage for Rs. 43.75 Mn b) Mortgage over Asiri Hospital Holdings PLC shares owned by; - Softlogic Holdings PLC - 9,125,202 shares - Softlogic Information Technologies (Pvt) Ltd - 240,417 shares
Uni Walkers (Pvt) Ltd	Hatton National Bank PLC	Term loan	AWPLR + 1.5%	17 monthly installments of Rs. 625,000/- each plus interest commencing from December 2010	NIL	625,000	Existing Primary Floating mortgage bond for Rs 179 Mn over property 402, Galle Road, Colombo 03 Primary floating mortgage bond for Rs 30 mn over immovable property at Danawakanda Estate, Demalagama, Dekatana
	Hatton National Bank PLC	Term loan	AWPLR + 1.5%	34 monthly installments of Rs.1,161,765/- each plus interest commencing from June 2010	1,000,000	17,800,000	Floating Mortgage Bond for Rs. 220 Mn ranking paripasu with Sampath Bank PLC and Seylan Bank PLC over stock of electrical/ household appliances store at No. 402, Galle Road, Kollupitiya, and Biyagama Road, Pethiyagoda, Kelaniya and at the duty free shop at KIA with an assignment of book debts
	Hatton National Bank PLC	Term loan	AWPLR + 1.5%	53 monthly installments of Rs. 1,000,000/- each plus interest commencing from June 2010	25,000,000	36,000,000	Primary floating mortgage bond for Rs 179 Mn over commercial property at No. 402, Galle Road, Colombo 03

In Rs.							
Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
	Hatton National Bank PLC	Term loan	AWPLR + 1.5%	60 monthly installments Rs. 1,667,000/- each plus interest commencing from June 2010	64,993,000	84,999,131	Primary mortgage bond for Rs. 100 Mn to be executed over the property situated at Colombo 3, secondary bond for Rs. 100 Mn has been executed to secured to secure facilities granted to Softlogic International (Pvt) Ltd
	Hatton National Bank PLC	Term loan	AWPLR + 1.5%	60 monthly installments Rs. 2,500,000/- each plus interest commencing from June 2012	125,775,871	NIL	Quaternary mortgage bond for Rs. 120 Mn over the property situated at No 402, Galle Road Colombo 3, existing primary floating mortgage over land situated in Delgoda Gampaha
	Commercial Bank of Ceylon PLC	Term loan	AWPLR + 1.5%	Payable in 11 equal monthly installments of Rs. 4,100,000/- and final installment of Rs. 4,900,000/- commencing from the 1st month from the date of 1st disbursement	NIL	4,900,000	Mortgage for Rs. 130 Mn over 27,000,000 shares of Asiri Hospitals PLC owned by Softlogic Holdings PLC and Corporate Guarantee from Softlogic Holdings PLC Rs. 505 Mn
	Commercial Bank of Ceylon PLC	Term loan	AWPLR + 1.5%	Payable in 35 equal monthly installments of Rs. 1,380,000/- and final installment of Rs. 1,700,000/- commencing from the 1st month from the date of 1st disbursement	18,260,000	33,440,000	
	Commercial Bank of Ceylon PLC	Term loan	AWPLR + 1.5%	To be paid in 12 equal monthly installments of Rs.13,748,000/- each plus interest	68,764,000	NIL	
	Commercial Bank of Ceylon PLC	Term loan			NIL	90,000,000	
	Commercial Leasing & Finance Ltd	Term Loan	18%	Payable in 24 equal installments	NIL	4,653,042	Corporate Guarantee from Softlogic Holdings PLC
	Nation Trusts Bank PLC	Securisation	3 months SLIBOR + 3%	Payable in 11 equal monthly installments of Rs. 16,666,666/- and final installment of Rs. 16,666,674/- commencing from the 1st month from the date of 1st disbursement	NIL	129,193,334	a) Mortgage over hire purchase receivable with cover of 12% b) Corporate Guarantee from Softlogic Holdings PLC for Rs. 400 Mn
	Peoples Leasing Company PLC	Term Loan	18%	Payable in 24 equal installments	NIL	2,243,126	Corporate Guarantee from Softlogic Holdings PLC

Notes to the Financial Statements

46 INTEREST BEARING BORROWINGS (Contd.)

46.1 Security and Repayment Terms

Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
Softlogic International (Pvt) Ltd	Commercial bank of Ceylon PLC	Term loan	AWPLR + 1.5% (monthly review)	60 equated installments of Rs. 625,000/- commencing from 28 March 2008	NIL	7,500,000	a) Mortgage Over Asiri Hospital Holdings PLC shares owned by following companies - Softlogic Holdings PLC - 952,405 shares - Softlogic International (Pvt) Ltd - 272,706 shares - Softlogic Communications (Pvt) Ltd - 8,012 shares b) Personnel guarantee Mr. A.K. Pathirage 15.82 Mn
	Hatton National Bank PLC	Term loan	AWPLR + 3% (monthly review)	47 monthly installments of 2,080,000/- and 1st installment of 2,240,000/- with a grace period of 1st year commencing from 27 April 2009	29,280,000	54,240,000	Registered secondary floating mortgage bond for Rs. 100 Mn over immovable properties situated at No 402, Galle Road Colombo 03 and Dekatana owned by Uni Walkers (Pvt) Ltd
	Bank of Ceylon	Term loan	AWPLR + 3% p.a (monthly Review)	60 monthly installments with a 6 months grace period commencing from July 2009	20,903,703	41,066,335	a) Personal Guarantee of Mr. Ashok Pathirage b) Corporate guarantee of Softlogic Information Technologies (Pvt) Ltd c) Assignment over following company shares, Share of Asiri Hospital PLC held by, - Softlogic Holdings PLC - 14,862,750 shares - Softlogic Information Technologies (Pvt) Ltd - 1,754,290 shares - Softlogic Communication (Pvt) Ltd - 1,960,460 shares
Softlogic Solar (Pvt) Ltd	Seylan Bank PLC	Term loan	10.16%	83 Equal Monthly installments commencing from September 2010	10,491,321	12,639,093	Rs. 4.5 Mn corporate guarantee of Softlogic Holdings PLC
Softlogic Finance PLC	DFCC Bank	Term loan	17.14%	48 Equal monthly installments commencing on September 2010	6,816,738	13,020,814	Hire purchase and finance lease receivables
	DFCC Bank	Term loan	17.14%	48 Equal monthly installments commencing January 2011	22,821,254	35,416,666	Hire purchase and finance lease receivables
	Hatton National Bank PLC	Term loan	18.14%	36 Equal monthly installments commencing from April 2010	32,000	16,688,000	Hire purchase and finance lease receivables
	Commercial Bank of Ceylon PLC	Term loan	16.64%	48 Equal monthly installments commencing from May 2009	NIL	3,125,000	Hire purchase and finance lease receivables

In Rs. Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013	2012	
					Rs.	Rs.	
	Commercial Bank of Ceylon PLC	Term loan	16.64%	48 Equal monthly installments commencing from August 2011	149,752,948	213,600,000	Hire purchase and finance lease receivables
	Commercial Bank of Ceylon PLC	Term loan	16.64%	48 Equal monthly installments commencing from September 2011	47,290,405	65,625,000	Hire purchase and finance lease receivables
	Seylan Bank PLC	Term loan	17.00%	48 Equal monthly installments commencing November 2010	9,860,073	16,146,688	Hire purchase and finance lease receivables
	National Savings Bank	Term loan	17.39%	6 Biannual installments of Rs. 20 Mn each of Rs. 20 Mn each commencing from June 2011	39,791,465	80,000,000	Hire purchase and finance lease receivables
	People's Bank	Term loan	16.64%	48 Equal monthly installments commencing June 2011	27,888,527	40,550,000	Hire purchase and finance lease receivables
	Bank of Ceylon	Term loan	17.14%	48 Equal monthly installments commencing September 2011	31,249,994	43,749,998	Hire purchase and finance lease receivables
	Sanasa Development Bank	Term loan	22.00%	12 monthly installments commencing December 2011	110,544,857	151,030,687	Hire purchase and finance lease receivables
	Sanasa Development Bank	Term loan	22.00%	12 monthly installments commencing December 2012	86,856,674	NIL	Hire purchase and finance lease receivables
	Pan Asia Banking Corporation PLC	Revolving Loan	17.00%	Loan Commencing from February 2012	150,000,000	150,000,000	Hire purchase and finance lease receivables
	Pan Asia Banking Corporation PLC	Securitisation	13.87%	Within 30 months commencing from March 2010	NIL	27,130,000	Hire purchase and finance lease receivables
	Pan Asia Banking Corporation PLC	Securitisation	13.82%	Within 24 months commencing from May 2010	NIL	4,445,970	Hire purchase and finance lease receivables

Notes to the Financial Statements

46 INTEREST BEARING BORROWINGS (Contd.)

46.1 Security and Repayment Terms

In Rs.							
Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
Pan Asia Banking Corporation PLC		Securitisation	12.66%	Within 36 months commencing from June 2010	2,500,000	56,301,885	Hire purchase and finance lease receivables
Pan Asia Banking Corporation PLC		Securitisation	12.31%	Within 48 months commencing from October 2010	47,754,934	131,630,000	Hire purchase and finance lease receivables
Pan Asia Banking Corporation PLC		Securitisation	11.80%	Within 48 months commencing from February 2011	66,627,492	166,244,289	Hire purchase and finance lease receivables
Pan Asia Banking Corporation PLC		Securitisation	15.23%	Within 48 months commencing from April 2011	101,101,944	229,167,767	Hire purchase and finance lease receivables
Pan Asia Banking Corporation PLC		Securitisation	13.08%	Within 48 months commencing from May 2011	200,469,689	308,500,000	Hire purchase and finance lease receivables
Pan Asia Banking Corporation PLC		Securitisation	12.30%	Within 24 months commencing from July 2011	31,670,719	187,995,073	Hire purchase and finance lease receivables
Pan Asia Banking Corporation PLC		Securitisation	13.17%	Within 36 months commencing from October 2011	90,591,258	175,110,941	Hire purchase and finance lease receivables
Pan Asia Banking Corporation PLC		Securitisation	16.59%	Within 48 months commencing from November 2011	168,926,091	257,300,261	Hire purchase and finance lease receivables
Pan Asia Banking Corporation PLC		Securitisation	16.59%	Within 24 months commencing from November 2012	118,750,000	NIL	Hire purchase and finance lease receivables

In Rs.							
Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
	FMO	Term loan	13.76%	Two year grace period from the date of disbursement , repayable within 60 months commencing from April 2014	750,167,865	NIL	Mortgage over lease hire purchase receivable for the value of 1.3 times of the loans
	FMO	Convertible to equity	17.24%	Convertible option will be started from August 2013 to August 2016 with an option of converting USD 1 Mn per year	507,960,000	NIL	
	Central Bank of Sri Lanka	Tsunami loan	3.00%	Within 78 months	714,284	1,428,570	
Softlogic Capital PLC	Sampath Bank PLC	Term Loan	AWPLR + 2.5%	Rs. 2.070 Bn payable within one year & remaining in 48 monthly Installments of Rs. 4.8 Mn	NIL	2,300,000,000	<ul style="list-style-type: none"> a) Mortgage of 72,200,000 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC b) Mortgage of 201,166,182 shares of Softlogic Capital PLC owned by Softlogic Holdings PLC c) Mortgage of 9,125,000 shares of Asian Alliance Insurance PLC owned by Softlogic Capital PLC
	National Development Bank PLC	Term Loan	AWPLR + 4.5%	18 months from the date of first drawdown	NIL	446,463,345	<ul style="list-style-type: none"> a) Mortgage of 43,502,600 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC b) Mortgage of 4,166,667 shares of Asian Alliance Insurance PLC owned by Softlogic Holdings PLC c) Mortgage of 20,337,133 shares of Asiri Surgical Hospital PLC was owned by Softlogic International (Pvt) Ltd d) Mortgage of 6,742,750 shares of Asiri Hospital Holdings PLC owned by Softlogic International (Pvt) Ltd
Softlogic Credit Ltd (Disposed on 31 December 2012)	DFCC Bank	Term loan	14%	48 Equal monthly installments commencing from August 2010	NIL	17,500,000	Rs. 7 Mn by a secondary mortgage over 2.1 Mn ordinary shares of Rs. 10/- each of Softlogic Credit Ltd held by Softlogic Capital PLC
	Asia Asset Finance Ltd	Term loan	19%	24 Equal monthly installments commencing from October 2010	NIL	5,825,524	
	Lanka Orix Leasing Company PLC	Term loan	16%	24 Equal monthly installments commencing from December 2010	NIL	11,314,440	An on demand promissory note for Rs. 25 Mn

Notes to the Financial Statements

46 INTEREST BEARING BORROWINGS (Contd.)

46.1 Security and Repayment Terms

In Rs.							
Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
Softlogic City Hotels (Pvt) Ltd	Bank of Ceylon	Term Loan	1st Year - 5.5% + 6 months USD LIBOR	112 months including 30 months capital repayment grace period - USD 100,000 p.m during first 6 months - USD 250,000 p.m in next 12 months - USD 300,000 p.m in balance 64 months	682,902,922	110,000,000	a) Corporate Guarantee of Softlogic Holdings PLC b) Mortgage over freehold property for 2R-11.68P owned by Softlogic Properties (Pvt) Ltd and other project assets of Hotel being constructed c) Lodgment of Share Certificates of Softlogic City Hotels (Pvt) Ltd which is owned by Softlogic Properties (Pvt) Ltd
Ceysands Resorts (pvt) Ltd	International Finance Corporation	Term Loan	5.25% + 6 Months LIBOR	17 approximately equal semi-annual installments starting on 15 January 2016	947,248,737	NIL	a) Primary Mortgage over lease right over paradise Island land and Hotel building to be refurbished/constructed b) Mortgage over all movable assets held on the loan granted date c) Mortgage over 60% Ceysands Resorts Shares owned by Softlogic Holdings PLC
Asiri Surgical Hospital PLC	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	60 Equal monthly installments commencing from 12 months after first disbursement	15,000,000	75,000,000	Rs. 300 Mn corporate guarantee from Asiri Hospitals Holdings PLC
	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	60 Equal monthly installments with one year grace period commencing from December 2009	6,800,000	41,600,000	Primary mortgage over machinery imported & corporate guarantee from Asiri Hospitals PLC of Rs. 350 Mn
	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	59 Equal monthly installments of Rs 2,900,000/- and final installment Rs 3,900,000/- commencing from June 2008	33,200,000	53,240,000	Secondary concurrent mortgage bond with Hatton National Bank PLC over the leased hold commercial property at no 21, Kirimandala Mawatha, Colombo 05 of the company for Rs. 175 Mn
	Hatton National Bank PLC	Term loan	AWPLR/TB + 1.1%	59 Equal monthly installments of Rs 2,900,000/- and final installment Rs 3,900,000/- commencing from July 2008	9,700,000	44,500,000	Secondary concurrent mortgage bond with Commercial Bank PLC over the leased hold commercial property at no 21, Kirimandala Mawatha, Colombo 05 of the company for Rs. 175 Mn
	Nation Trust Bank PLC	Term loan	AWPLR + 2%	48 Equal monthly installments commencing from January 2009	-	6,750,000	a) Mortgage over equipment b) Corporate guarantee from Asiri Hospitals PLC

In Rs.							
Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
	DFCC Bank	Term loan	AWPLR + 1%	50 Equal monthly installments (capital) after one month grace period commencing from December 2009	57,627,100	360,835,330	Rs. 200 Mn worth of 66,000,000 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospital Holdings PLC
	DFCC Bank	Term Loan	AWPLR + .25%	59 Equal monthly installments (capital) after one month grace period commencing from December 2009	125,423,720	-	Corporate Guarantee from Asiri Hospital Holdings PLC
	DFCC Bank	Term Loan	AWPLR + .25%	56 Equal monthly installments (capital) after four months grace period commencing from December 2009	74,999,990	-	Corporate Guarantee from Asiri Hospital Holdings PLC and Mortgage over CT Scan Machinery
	International Financial Corporation	Term Loan	6.24%	17 equal semi annual starting from 15 April 2013	244,150,000	246,184,327	a) A primary mortgage in respect of leasehold rights over the property at Kirimandala Mawatha, Narahenpita belonging to Asiri surgical Hospital PLC b) A primary additional security mortgage in respect of the property at Norris Canal Road Colombo 10 belonging to Central Hospital Limited ranking concurrently and pari passu with the existing mortgage in respect of such property as further and additional security to the mortgage bond above
	Board of Investment	Lease	AWDR	25 years commencing from 2000/01	46,488,666	50,560,666	
Central Hospital Ltd	Sampath Bank PLC	Syndication loan	AWPLR + 2.5%	Bulk repayment of Rs. 750 Mn. At the 25th Month and thereafter 60 equal monthly installment of Rs.19,584 Mn	NIL	342,662,373	a) Primary concurrent mortgage over the company's premises at no 114, Norris Canal Road, Colombo 10 b) Secondary concurrent mortgage over the company's premises at no 37, Horton Place, Colombo 07. The secondary concurrent Mortgage shall be released upon the first repayment of Rs. 750,000,000/-
	Bank of Ceylon				NIL	192,098,115	
	National Savings Bank				NIL	192,098,115	

Notes to the Financial Statements

46 INTEREST BEARING BORROWINGS (Contd.)

46.1 Security and Repayment Terms

Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
	Hatton National Bank PLC				NIL	155,755,984	
	Commercial Bank of Ceylon PLC				NIL	77,842,579	
	National Development Bank PLC				NIL	38,938,001	
	Bank of Ceylon	Term Loan	1st year - AWPLR + 1% pa & 2nd year onwards AWPLR + 1.5% pa	10 years including 2 years grace period	960,055,513		NIL Primary concurrent mortgage over the company's premises at no 114, Norris Canal Road, Colombo 10
	International Financial Corporation	Term Loan	6.24%	17 equal semi annual starting from 15 April 2013.	1,464,900,000	1,477,093,846	A first ranking mortgage / chattel mortgage on the movable and immovable assets of the Company, acceptable to IFC, a pledge of shares in the Company, Project Funds Agreement etc.
Asiri Central Hospitals PLC	Sampath Bank PLC	Syndication loan	AWPLR+2.5%	55 Equal Monthly Installments of Rs. 3,166,667/-	136,166,661	174,166,665	Syndicated loan is secured by a primary mortgage bond over the Company's premises, at No. 37 Horton Place, Colombo 7
	Bank of Ceylon			54 Equal Monthly Installments of Rs. 2,166,667/-	90,999,994	116,999,998	
	Commercial Bank of Ceylon PLC			54 Equal Monthly Installments of Rs. 2,166,667/-	105,000,000	135,000,000	
	Hatton National Bank PLC			54 Equal Monthly Installments of Rs. 1,666,667/-	69,999,994	89,999,998	
	National Development Bank PLC			54 Equal Monthly Installments of Rs. 2,500,000/-	17,499,994	22,499,998	
	National Savings Bank			54 Equal Monthly Installments of Rs. 2,166,667/-	90,999,994	116,999,998	

In Rs. Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
Matara Medi House (Pvt) Ltd (Merged with Asiri Hospital Matara (pvt) Ltd)	Seylan Bank PLC	Term loan	14%	23 equal Monthly Installments of Rs. 161,300/- with final installment of Rs. 161,100/- commencing from September 2010	NIL	806,300	Corporate guarantee of Asiri Hospital Holdings PLC
	Commercial Bank of Ceylon PLC	Term loan	AWPLR + .5%	83 equal Monthly Installments of Rs. 360,000/- with final of Rs. 120,000/- commencing from December 2010	19,920,000	24,240,000	Corporate guarantee of Asiri Hospital Holdings PLC
	Sampath Bank PLC	Term Loan	AWPLR + 1.5%	47 equal monthly installments Rs. 521,000/- each and final installment of Rs. 513,000/-	513,000	6,863,808	Primary mortgage Bond for Rs.25 Mn over the CT scanner
Asiri Hospital Holdings PLC	Commercial Bank of Ceylon PLC	Term loan	AWPLR + .5%	60 monthly installments Commencing from 08 September 2011	9,677,000	13,673,000	Mortgage bond over CT machine at Jaffna lab
	Hatton National Bank PLC	Term loan	AWPLR + 1%	60 equally monthly installments	43,302,000	83,310,000	Registered primary floating mortgage bond for Rs. 200 Mn over the leased hold commercial property at no 21, Kirimandala Mawatha, Colombo 05. (Asiri Surgical Hospital PLC)
	Commercial Bank of Ceylon PLC	Term loan	AWPLR + 0.5%	60 equal monthly installments commencing from 12 Months after first disbursement	3,125,000	37,500,000	Secondary mortgage over property at No 181, Kirula Road, Colombo 05
	DFCC Bank	Term loan	AWPLR + 0.75%	60 equal monthly installments	19,999,964	59,999,972	Assignment of 134,915,107 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospital Holdings PLC in favour of DFCC Bank
	Amana Bank Limited	Term loan	AWPLR	60 monthly installments commencing from October 2011	105,000,000	135,000,000	Rs. 150 Mn corporate guarantee from Asiri Surgical Hospital PLC
	Nation Trust Bank PLC	Term loan	AWPLR + 1%	60 monthly installments commencing from October 2010	80,000,000	107,500,000	Rs. 150 Mn corporate guarantee from Asiri Surgical Hospital PLC
	Hatton National Bank PLC	Term loan	AWPLR + 1%	One off payment after 12 months commencing from October 2008	NIL	NIL	Rs. 20 Mn corporate guarantee from Asiri Surgical Hospital PLC

Notes to the Financial Statements

46 INTEREST BEARING BORROWINGS (Contd.)

46.1 Security and Repayment Terms

Company	Lending Institution	Nature of facility	Interest Rate	Repayment Term	Outstanding Balance		Security
					2013 Rs.	2012 Rs.	
	Commercial Bank of Ceylon PLC	Term loan	AWPLR + 1%	60 monthly installments - Starting from September 2011	110,000,000	140,000,000	Concurrent mortgage over land marked lot L, land called Ambagahawatta bearing assessment no 181, Kirula Road, Colombo 05
	International Financial Corporation	Term Loan	6.24%	17 equal semi annual starting from 15 April 2013	869,934,344	882,888,215	134,915,107 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospital Holdings PLC
	Sampath Bank PLC	Term Loan	AWPLR + 1.5%	60 equal monthly installments starting from 15 April 2012	261,069,819		Shares Purchased under Asiri Surgical Mandatory Offer by Asiri Hospital Holdings PLC
Asiri Hospital Matara (Pvt) Ltd	Sampath Bank PLC	Term loan	AWPLR + 1.5%	First installment at Rs. 2,051,941/- and balance 59 installments at Rs. 3,330,000/- commencing from 01 March 2011	119,581,844	160,040,000	Hospital premises at No. 26, Esplanade Road, Uyanwatta, Matara & at No.15 Dharmarathna Mawatha, Uyanwatta, Matara owned by Matara Medi House (Pvt) Ltd
					12,252,681,765	13,680,736,135	

Corporate Directory

1. Abacus International Lanka (Pvt) Ltd	Softlogic Building, Level 4, No. 14, De Fonseka Place, Colombo 05
2. Asian Alliance Insurance PLC	7th Floor, Millennium House, No. 46/58, Nawam Mawatha, Colombo 02
3. Asiri Central Hospitals PLC	No. 37, Horton Place, Colombo 07
4. Asiri Diagnostics Services (Pvt) Ltd	No. 181, Kirula Road, Colombo 05
5. Asiri Hospital Holdings PLC	No. 181, Kirula Road, Colombo 05
6. Asiri Hospital Kandy (Pvt) Ltd	No. 21, Kirimandala Mawatha, Colombo 05
7. Asiri Hospital Matara (Pvt) Ltd	No. 21, Kirimandala Mawatha, Colombo 05
8. Asiri Surgical Hospital PLC	No. 21, Kirimandala Mawatha, Colombo 05
9. Capital Reach Portfolio Management (Pvt) Ltd	No. 01, Lake Crescent, Colombo 02
10. Central Hospital Ltd	No. 114, Norris Canal Road, Colombo 10
11. Ceysand Resorts Ltd	No. 14, De Fonseka Place, Colombo 05
12. Dai-Nishi Securities (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
13. Future Automobiles (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
14. Nextage (Pvt) Ltd	No. 79, C W W Kannangara Mawatha, Colombo 07
15. Softlogic Australia (Pty) Ltd	C/-Papathomas & Co, U I, 457 Chapel Street, South Yarra, VIC, 3141, Australia
16. Softlogic Capital PLC	Level 23, East Tower, World Trade Centre, Echelon Square, Colombo 01
17. Softlogic City Hotels (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
18. Softlogic Communication Services (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
19. Softlogic Communications (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
20. Softlogic Computers (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
21. Softlogic Corporate Services (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
22. Softlogic Destination Management (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
23. Softlogic Finance PLC	No. 01, Lake Crescent, Colombo 02
24. Softlogic Information Technologies (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
25. Softlogic International (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
26. Softlogic Properties (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
27. Softlogic Solar (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
28. Softlogic Stockbrokers (Pvt) Ltd	Level 23, East Tower, World Trade Centre, Echelon Square, Colombo 01
29. Softlogic Distributors (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
30. Softlogic Retail (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05
31. Softlogic Automobiles (Pvt) Ltd	No. 14, De Fonseka Place, Colombo 05

Corporate Information

Name of Company

Softlogic Holdings PLC

Legal Form

Company was incorporated on 25th February 1998 under the name of Softlogic Holdings (Private) Limited and re-registered on 17th December 2007 under the Companies Act No. 07 of 2007. Changed to a Public Limited Liability Company on 10th December 2008. The shares of the Company were listed on the Colombo Stock Exchange on 20th June 2011 and the name of the Company was changed of to Softlogic Holdings PLC w.e.f. 25th August 2011.

Company Registration No

PV 1536 PB/PQ

Registered Office of the Company

14, De Fonseka Place,
Colombo 05
Sri Lanka

Contact Details

14, De Fonseka Place,
Colombo 05
Sri Lanka
Tel : +94 11 5575 000
Fax : +94 11 2595 441
E-mail : info@softlogic.lk
Web : www.softlogic.lk

Directors

A K Pathirage - Chairman/ Managing Director
G W D H U Gunawardena
R J Perera
H K Kaimal
M P R Rassool
Dr S Selliah
Deshamanya P D Rodrigo
W M P L De Alwis, PC

Audit Committee

Deshamanya P D Rodrigo - Chairman
W M P L De Alwis, PC
Dr S Selliah

Remuneration Committee

W M P L De Alwis, PC - Chairman
Deshamanya P D Rodrigo

Secretaries and Registrars

Softlogic Corporate Services
(Pvt) Ltd
14, De Fonseka Place,
Colombo 05
Sri Lanka

Investor Relations

Softlogic Holdings PLC
14, De Fonseka Place,
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Tel : +94 11 5575 000
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Contact for Media

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14, De Fonseka Place,
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Bankers

Sampath Bank PLC
Commercial Bank of Ceylon PLC
Hatton National Bank PLC
Seylan Bank PLC
National Development Bank PLC
Citibank NA
Nations Trust Bank PLC
DFCC Bank Limited
Bank of Ceylon
Union Bank of Colombo PLC
Pan Asia Banking Corporation PLC
Hongkong And Shanghai Banking
Corporation Limited
People's Bank
Amana Bank Limited

Auditors

Ernst & Young
Chartered Accountants
No. 201, De Saram Place
Colombo 10
Sri Lanka

Lawyers

Nithya Partners, Attorneys-at-Law
No. 97 A, Galle Road
Colombo 03
Sri Lanka

Notice of Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Softlogic Holdings PLC will be held at the "Committee Room C" of Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 07 on Friday the 27th day of September 2013 at 3.00 p.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 2013 together with the Report of the Auditors thereon.
- 2) To re-elect Mr. R J Perera who retires by rotation in terms of Article 87 of the Articles of Association of the Company, as a Director.
- 3) To re-elect Mr. H K Kaimal who retires by rotation in terms of Article 87 of the Articles of Association of the Company, as a Director.
- 4) To re-elect Deshamanya P D Rodrigo who retires by rotation in terms of Article 87 of the Articles of Association of the Company, as a Director.
- 5) To re-appoint the retiring Auditors, Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to determine their remuneration.
- 6) Special Business
To authorise the Directors to determine and make donations for the year ending 31st March 2014 and up to the date of the next Annual General Meeting.

By Order of the Board
SOFTLOGIC CORPORATE SERVICES (PVT) LTD



SECRETARIES

29 July 2013
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. 14, De Fonseka Place, Colombo 05 by 3.00 p.m. on Wednesday the 25th day of September 2013 being forty eight (48) hours before the time appointed for the holding of the meeting.

Form of Proxy

*I/We
 of
 being *a member/ members of SOFTLOGIC HOLDINGS PLC, do hereby appoint
 (holder of N.I.C. No.)
 of or (whom failing)

Mr A K Pathirage of Colombo	(whom failing)
Mr G W D H U Gunawardena of Colombo	(whom failing)
Mr R J Perera of Colombo	(whom failing)
Mr H K Kaimal of Colombo	(whom failing)
Mr M P R Rasool of Colombo	(whom failing)
Dr S Selliah of Colombo	(whom failing)
Deshamanya P D Rodrigo of Colombo	(whom failing)
Mr W M P L De Alwis 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 "Committee Room C" of Bandaranaike Memorial International Conference Hall (BMICH), Bauddhaloka Mawatha, Colombo 07 at 3.00 p.m. on the 27th day of September 2013 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 2013 together with the Report of the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
2) To re-elect Mr. R J Perera who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
3) To re-elect Mr. H K Kaimal who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
4) To re-elect Deshamanya P D Rodrigo who retires by rotation in terms of Article 87 of the Articles of Association, as a Director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
5) To re-appoint Messrs Ernst & Young, as Auditors and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>
6) Special Business To authorise the Directors to determine and make Donations	<input type="checkbox"/>	<input type="checkbox"/>

.....
 *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. 14, De Fonseka Place, Colombo 05 by 3.00 p.m. on Wednesday the 25th day of September 2013 being forty eight (48) hours before the time appointed for the holding of the meeting.

Please provide the following details:

Shareholder's N.I.C./ Passport/ Company Registration No.	Shareholder's Folio No.	Number of shares held	Proxy Holder's N.I.C. No. (if not a Director)

www.softlogic.lk