



SOFTLOGIC HOLDINGS PLC

**PROSPECTUS
DEBENTURE ISSUE 2013**



Financial Advisors and Managers to the Issue



SOFTLOGIC HOLDINGS PLC



PROSPECTUS

AN INITIAL ISSUE OF FIVE MILLION (5,000,000) RATED UNSECURED REDEEMABLE DEBENTURES AT THE FACE VALUE OF LKR 100/- EACH TO RAISE SRI LANKA RUPEES FIVE HUNDRED MILLION (LKR 500,000,000/-)

WITH AN OPTION TO ISSUE UPTO A FURTHER FIVE MILLION (5,000,000) OF SAID DEBENTURES TO RAISE UPTO SRI LANKA RUPEES FIVE HUNDRED MILLION (LKR 500,000,000/-), AT THE DISCRETION OF THE COMPANY IN THE EVENT OF AN OVERSUBSCRIPTION OF THE INITIAL ISSUE

TO BE LISTED ON THE MAIN BOARD OF THE COLOMBO STOCK EXCHANGE

Rated A- (lka) by Fitch Ratings Lanka Limited

ISSUE OPENS ON

4th September 2013

Financial Advisors and Managers to the Issue



This Prospectus is dated 14th August 2013

The delivery of this Prospectus will not under any circumstance constitute a representation or create any implication or suggestion that there has been no material change in the affairs of the Company since the date of this Prospectus.

If you are in doubt regarding the contents of this document, you should consult your stockbroker, bank manager, lawyer or any other professional advisor.

Responsibility for the Content of the Prospectus

This Prospectus has been prepared from information provided by Softlogic Holdings PLC (hereinafter referred to as the “Company”, “SHL” or the “Issuer”) and from publicly available sources.

The Directors of the Company have seen and approved this Prospectus and collectively and individually, accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate.

Where representations regarding the future performance of SHL have been given in this Prospectus, such representations have been made after due and careful enquiry of the information available to SHL and making assumptions that are considered to be reasonable at the present point in time in their best judgment.

SHL accepts responsibility for the information contained in this Prospectus. While the Company has taken reasonable care to ensure full and fair disclosure of information, prospective investors are advised to carefully read this Prospectus and rely on their own examination and assessment of the Company including the risks involved prior to making any investment decision.

FOR ENQUIRIES, PLEASE CONTACT FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

Registration of the Prospectus

A copy of the Prospectus has been delivered to the Registrar of Companies for registration in compliance with the provisions of Section 40 of the Companies Act No. 7 of 2007. The following are the documents attached to the copy of the Prospectus delivered to the Registrar of Companies for registration pursuant to Section 40 (1) of the Companies Act.

- a) The written consent of the Auditors and Reporting Accountants for the inclusion of their name in the Prospectus as Auditors and Reporting Accountants to the Issue and to the Company.
- b) The written consent of the Lawyers to the Issue for the inclusion of their name in the Prospectus as Lawyers to the Issue.
- c) The written consent of the Trustee to the Issue for the inclusion of their name in the Prospectus as Trustee to the Issue.
- d) The written consent of the Bankers to the Issue for the inclusion of their name in the Prospectus as Bankers to the Issue.

- e) The written consent of the Company Secretary for the inclusion of their name in the Prospectus as Company Secretary to the Company.
- f) The written consent of the Financial Advisors and Managers to the Issue for the inclusion of their name in the Prospectus as Financial Advisors and the Managers to the Issue.
- g) The written consent of the Registrars to the Issue for the inclusion of their name in the Prospectus as Registrars to the Issue.
- h) The declaration made and subscribed to, by each of the Directors of the Company herein named as a Director, jointly and severally confirming that each of them have read the provisions of the Companies Act and the CSE Listing Rules relating to the Issue of the Prospectus and that those provisions have been complied with.

The said Auditors and Reporting Accountants to the Company and to the Issue, Lawyers to the Issue, Trustee to the Issue, Bankers to the Issue, Company Secretary, Financial Advisors and Managers to the Issue and Registrars to the Issue have not, before the delivery of a copy of the Prospectus for registration with the Registrar General of Companies in Sri Lanka withdrawn such consent.

Registration of the Prospectus in Jurisdictions Outside of Sri Lanka

This Prospectus has not been registered with any authority outside of Sri Lanka. Non-Resident investors may be affected by the laws of the jurisdiction of their residence. Such investors are responsible to comply with the laws relevant to the country of residence and the laws of Sri Lanka, when making the investment.

Representation

The Debentures are issued solely on the basis of the information contained and representations made in this Prospectus. No dealer, sales person or any other person has been authorised to give any information or to make any representations in connection with the Issue other than the information and representations contained in this Prospectus, and if given or made, such information or representations must not be relied upon as having been authorised by the Company.

Forward Looking Statements

Any statements included in this Prospectus that are not statements of historical fact constitute "Forward Looking Statements". These can be identified by the use of forward looking terms such as "expect", "anticipate", "intend", "may", "plan to", "believe", "could" and similar terms or variations of such terms. However, these words are not the exclusive means of identifying Forward Looking Statements. As such, all or any statements pertaining to expected financial position, business strategy, plans and prospects of the Company are classified as Forward Looking Statements.

Such Forward Looking Statements involve known and unknown risks, uncertainties and other factors including but not limited to regulatory changes in the sectors in which the Company operates and its ability to respond to them, the Company's ability to successfully adapt to technological changes, exposure to market risks, general economic and fiscal policies of Sri Lanka, inflationary pressures, interest rate volatilities, the performance of financial markets both globally and locally, changes in domestic and foreign laws, regulation of taxes and changes in competition in the industry and further uncertainties that may or may not be in the control of the Company.

Such factors may cause actual results, performance and achievements to materially differ from any future results, performance or achievements expressed or implied by Forward Looking Statements herein. Forward Looking Statements are also based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future.

Given the risks and uncertainties that may cause the Company's actual future results, performance or achievements to materially differ from that expected, expressed or implied by Forward Looking Statements in this Prospectus, investors are advised not to place sole reliance on such statements.

The Colombo Stock Exchange (CSE) has taken reasonable care to ensure full and fair disclosure of information in this Prospectus. However, the CSE assumes no responsibility for accuracy of the statements made, opinions expressed or reports included in this Prospectus. The interest rate, Redemption and other terms and conditions of the Debentures issued herein have been decided by the Company.

Presentation of Currency Information and Other Numerical Data

The financial statements of the Company and currency values of economic data or industry data in a local context will be expressed in Sri Lanka Rupees. References in the Prospectus to "LKR", "Rupees" or "Rs." are to the lawful currency of Sri Lanka.

Certain numerical figures in this Prospectus have been subject to rounding adjustments, accordingly numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

All Applicants should indicate in the Application for Debentures, their Central Depository Systems (Private) Limited (CDS) account number.

In the event the name, address or NIC number/passport number/company number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Applicant. Therefore Applicants are advised to ensure that the name, address or NIC number/passport number/company number mentioned in the Application Form tally with the name, address or NIC number/passport number/company number given in the CDS account as mentioned in the Application Form.

As per the directive of the Securities and Exchange Commission made under Circular No. 08/2010 dated 22nd November 2010 and Circular No. 13/2010 issued by the CDS dated 30th November 2010, all Debentures are required to be directly deposited in to the CDS. To facilitate compliance with this directive, all Applicants are required to indicate their CDS account number.

In line with this directive, THE DEBENTURES ALLOTTED TO AN APPLICANT WILL BE DIRECTLY DEPOSITED IN THE CDS ACCOUNT OF SUCH APPLICANT, the details of which is indicated in his Application Form.

PLEASE NOTE THAT DEBENTURE CERTIFICATES WILL NOT BE ISSUED.

Debentures will not be allotted to Applicants who have not indicated their CDS account details in the Application Form. Applications which do not specify a CDS account number will be rejected.

Applicants who wish to open a CDS account, may do so through a Member/Trading Member of the CSE as set out in Annexure II or through any Custodian Bank as set out in Annexure III of this Prospectus.

If the CDS account number indicated in the Application Form is found to be inaccurate/incorrect or there is no CDS number indicated, the Application will be rejected and no allotment will be made.

ISSUE AT A GLANCE

Issuer	Softlogic Holdings PLC		
Instrument	Rated Unsecured Redeemable Debentures		
Listing	The Debentures will be listed on the Main Board of the Colombo Stock Exchange		
Number of Debentures to be Issued	An initial Issue of Five Million (5,000,000) Rated Unsecured Redeemable Debentures with an option to issue upto a further Five Million (5,000,000) of said Debentures, at the discretion of the Company, in the event of an oversubscription of the initial Issue		
Amount to be Raised	Sri Lanka Rupees Five Hundred Million (LKR 500,000,000/-) with an option to raise upto a further Sri Lanka Rupees Five Hundred Million (LKR 500,000,000/-), at the discretion of the Company in the event of an oversubscription of the initial Issue		
Company Rating	A- (lka) by Fitch Ratings Lanka Limited		
Issue Rating	A- (lka) by Fitch Ratings Lanka Limited		
Issue Price	LKR 100/- per each Debenture		
Face Value	LKR 100/- per each Debenture		
Details of Debentures (Fixed Rate Debentures)			
	<i>Interest Rate (per annum) Payable Quarterly</i>	<i>Annual Effective Rate (per annum)</i>	<i>Redemption (from the Date of Allotment)</i>
	15.75%	16.70%	36 Months (3 Years)
Number of Debentures to be Subscribed	A minimum of One Hundred (100) Debentures (LKR 10,000/-) and in multiples of One Hundred (100) Debentures (LKR 10,000/-) thereafter		
Interest Payment Date(s)	31 st March, 30 th June, 30 th September and 31 st December of each year from the Date of Allotment up to the Date of Redemption Interest would be paid not later than three (03) Working Days from each Interest Payment Date		
Mode of Payment of Principal Sum and Interest	By cheque marked "Account Payee Only" or through electronic fund transfer mechanism recognised by the banking system of Sri Lanka such as SLIPS and RTGS		
Issue Opening Date	4 th September 2013		

ISSUE AT A GLANCE

Closure Date of the Subscription List	24 th September 2013 or such earlier date on which; <ul style="list-style-type: none">▪ The maximum of 10,000,000 Debentures are fully subscribed; or▪ Board of Directors of the Company decides to close the Issue upon the initial Issue of 5,000,000 Debentures or such other higher amount becoming fully subscribed
Date of Allotment	The date on which the Debentures will be allotted by the Company to Applicants subscribing thereto
Basis of Allotment	In the event of an over subscription, the Board of Directors will endeavour to decide the basis of allotment of the Debentures in a fair manner as soon as practicable

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1.0 CORPORATE INFORMATION

The Company/Issuer/SHL	Softlogic Holdings PLC
Legal Status	A public quoted company with limited liability incorporated on 25 th February 1998 under the Companies Act No. 17 of 1982 and re-registered on 17 th December 2007 under the Companies Act No. 7 of 2007. Official listing on the Colombo Stock Exchange obtained in 2011
Company Number	PV 1536 PB/PQ
Place of Incorporation	Colombo, Sri Lanka
Registered Address	Softlogic Holdings PLC No. 14, De Fonseka Place Colombo 05 Tel: +94 11 5 575 000 Fax: +94 11 2 595 441
Company Secretary	Softlogic Corporate Services (Pvt) Ltd No. 14, De Fonseka Place Colombo 05 Tel: +94 11 5 575 000 Fax: +94 11 2 508 291
Ratings Agency	Fitch Ratings Lanka Limited 15-04, East Tower World Trade Centre Colombo 01 Tel: +94 11 2 541 900 Fax: +94 11 2 501 903
Auditors and Reporting Accountants	M/s Ernst & Young Chartered Accountants No. 201, De Saram Place Colombo 10 Tel: +94 11 2 463 500 Fax: +94 11 2 697 369
Board of Directors	Mr. A. K. Pathirage – Chairman/Managing Director Mr. G. W. D. H. U. Gunawardena – Executive Director Mr. R. J. Perera – Executive Director Mr. H. K. Kaimal – Executive Director Mr. M. P. R. Rasool – Executive Director Dr. S. Selliah – Non-Executive Independent Director Deshamanya P. D. Rodrigo – Non-Executive Independent Director Mr. W. M. P. L. De Alwis, PC – Non-Executive Independent Director

2.0 RELEVANT PARTIES TO THE ISSUE

Financial Advisors and Managers to the Issue	NDB Investment Bank Limited No. 40, Navam Mawatha Colombo 02 Tel: +94 11 2 300 385 Fax: +94 11 2 300 393
Lawyers to the Issue	Nithya Partners No. 97A, Galle Road Colombo 03 Tel: +94 11 4 712 625 Fax: +94 11 2 328 817
Registrars to the Issue	S S P Corporate Services (Private) Limited No. 101, Inner Flower Road Colombo 03 Tel: +94 11 2 573 894 Fax: +94 11 2 573 609
Bankers to the Issue	National Development Bank PLC No. 40, Navam Mawatha Colombo 02 Tel: +94 11 2 488 488 Fax: +94 11 2 341 044
Trustee to the Issue	Deutsche Bank AG, Colombo Branch No. 86, Galle Road Colombo 03 Tel: +94 11 4 791 114 Fax: +94 11 2 343 336
Auditors and Reporting Accountants to the Issue	M/s Ernst & Young Chartered Accountants No. 201, De Saram Place Colombo 10 Tel: +94 11 2 463 500 Fax: +94 11 2 697 369

3.0 LIST OF ABBREVIATIONS

AER	Annual Effective Rate
ATS	Automated Trading System of the Colombo Stock Exchange
CBSL	Central Bank of Sri Lanka
CDS	Central Depository Systems (Private) Limited
CSE	Colombo Stock Exchange
ICT	Information Communication and Technology
NIC	National Identity Card
POA	Power of Attorney
RTGS	Real Time Gross Settlements
SEC	Securities and Exchange Commission of Sri Lanka
SIA	Securities Investment Account
SLIPS	Sri Lanka Inter Bank Payment System

4.0 GLOSSARY OF TERMS RELATED TO THE ISSUE

Applicant	Any person who submits an Application Form under this Prospectus
Application Form/ Application	The application form that constitutes part of this Prospectus through which an Applicant may apply for the Debentures in Issue
Closure Date	24 th September 2013 or such earlier date on which; <ul style="list-style-type: none"> ▪ The maximum of 10,000,000 Debentures are fully subscribed; or ▪ Board of Directors of the Company decides to close the Issue upon the initial Issue of 5,000,000 Debentures or such other higher amount becoming fully subscribed
Company /Issuer/ SHL	Softlogic Holdings PLC
Date of Allotment	The date on which the Debentures will be allotted by the Company to Applicants subscribing thereto
Date of Redemption	The date on which Redemption of the Debentures will take place as referred to in Section 5.6 of this Prospectus
Debentures	Rated Unsecured Redeemable Debentures to be issued pursuant to this Prospectus
Debenture Holder(s)	Any person who is for the time being the holder of the Debentures and includes his/her respective successors in title
Entitlement Date	The Market Day immediately preceding the respective Interest Payment Date or Date of Redemption on which a Debenture Holder would need to be recorded as being a Debenture Holder on the list of Debenture Holders provided by the CDS to the Company in order to qualify for the payment of any interest or any redemption proceeds
Face Value	LKR 100/- per each Debenture
Interest Payment Date(s)	31 st March, 30 th June, 30 th September and 31 st December of each year from the Date of Allotment up to the Date of Redemption Interest would be paid not later than three (03) Working Days from each of the aforesaid dates.
Interest Period	The three month period from the date immediately succeeding a particular Interest Payment Date and ending on the next Interest Payment Date (inclusive of the aforementioned commencement date and end date) and will include the period commencing from the Date of Allotment and ending on the first Interest Payment Date (inclusive of the aforementioned commencement date and end date) and the period from the date immediately succeeding the last Interest Payment Date before the Date of Redemption and ending on the date immediately preceding the Date of Redemption (inclusive of the aforementioned commencement date and end date)

GLOSSARY OF TERMS RELATED TO THE ISSUE

Issue	The offer of Debentures pursuant to this Prospectus
Issue Price	LKR 100/- per each Debenture
Market Day	Any day on which trading takes place at the CSE
Non-Resident(s)	Institutional investors, corporate bodies incorporated outside Sri Lanka, individuals resident outside Sri Lanka and Sri Lankans resident outside Sri Lanka
Principal Sum	The product of the number of Debentures allotted and the Face Value
Prospectus	This prospectus dated 14 th August 2013 issued by SHL
Redemption	Repayment of the Face Value and unpaid and accrued interest (if any) with regard to a Debenture to a Debenture Holder by the Company
The Group/ Softlogic Group/ Softlogic	SHL, its subsidiaries, associates and joint ventures
Trust Deed	Trust deed executed between SHL and Deutsche Bank AG, Colombo Branch on 18 th July 2013
Trustee	Deutsche Bank AG, Colombo Branch
Unsecured	Repayment of the Principal Sum and payment of interest on the Debentures are not secured by a charge on any assets of SHL
Working Day	A day (other than a Saturday or Sunday or any statutory holiday) on which licensed commercial banks are open for business in Sri Lanka

5.0 PRINCIPAL FEATURES OF THE RATED UNSECURED REDEEMABLE DEBENTURES

5.1 INVITATION TO SUBSCRIBE

Board of Directors of Softlogic Holdings PLC (hereinafter referred to as the “Board”/“BOD”) by resolution dated 5th July 2013 resolved to raise a sum of upto Sri Lanka Rupees Five Hundred Million (LKR 500,000,000/-) by an initial issue of upto Five Million (5,000,000) Debentures each with a Face Value of LKR 100/- and to raise a further sum of upto Sri Lanka Rupees Five Hundred Million (LKR 500,000,000/-) by an issue of upto a further Five Million (5,000,000) of said Debentures, in the event of an oversubscription of the initial Issue.

As such, a maximum amount of Sri Lanka Rupees One Billion (LKR 1,000,000,000/-) would be raised by the issue of a maximum of Ten Million (10,000,000) Debentures each with the Face Value of LKR 100/-.

The rights of the Debenture Holders with respect to payment of the Principal Sum and accrued interest due thereon upon a winding-up of the Company will rank equal and *pari passu* with all other unsecured creditors of the Company, but in priority to and over the rights of any preference and ordinary shareholders.

SHL invites Applications for Debentures which will rank equal and *pari passu* with each other.

It is the intention of the Company to list the Debentures on the Main Board of the Colombo Stock Exchange. The CSE has given its in-principle approval for the listing of the Debentures on the CSE.

5.2 SUBSCRIPTION LIST

Subject to the provisions contained below, the subscription list for the Debentures will open at 9.30 a.m. on 4th September 2013 and will remain open for fourteen (14) Market Days including the Issue Opening Date until closure at 4.30 p.m. on 24th September 2013.

However, the subscription list will be closed on an earlier date at 4.30 p.m. with the notification to the CSE on the occurrence of the following;

- The maximum of 10,000,000 Debentures are fully subscribed; or
- Board of Directors of the Company decides to close the Issue upon the initial Issue of 5,000,000 Debentures or such other higher amount becoming fully subscribed.

Applications can be made forthwith in the manner set out in Section 6.0 and duly completed Application Forms will be accepted at any one of the collection points set out in Annexure II of this Prospectus.

5.3 OBJECTIVES OF THE ISSUE

The Company proposes to utilise the entirety of the funds raised through this Issue for the purpose of;

- Refinancing of short term non-bank/bank borrowings
- Restructuring the balance sheet to reduce prevailing funding mismatches

The following short term borrowings will be refinanced with the Issue proceeds;

Nature of Borrowing	Amount (LKR)	Average Interest Rate p.a.	Security (if any)
Commercial Papers*	1,000,000,000	17.00%	N/A

*The debt repayment mix between corporates and banks is subject to internal and external requirements.

5.4 THE DEBENTURES

The Issue consists of one type of Debentures. The Debentures would be named Rated Unsecured Redeemable Debentures 2013 - 2016, each with a Face Value of Rupees Hundred (LKR 100/-).

Details on interest payable and redemption of Principal Sum are morefully described in Sections 5.5 and 5.6 respectively.

5.5 INTEREST

The Debentures will carry a fixed interest rate of Fifteen decimal Seven Five per centum (15.75%) per annum, payable quarterly on the Interest Payment Dates.

Thus, the Debentures will yield an Annual Effective Rate of Sixteen decimal Seven Zero per centum (16.70%) per annum.

Interest on the Debentures accruing on a daily basis will be paid quarterly in each year on 31st March, 30th June, 30th September and 31st December from the Date of Allotment until the Date of Redemption on the outstanding Principal Sum.

The interest due on the Debentures for a particular Interest Period will be calculated based on the actual number of days in such Interest Period and will be paid not later than three (03) Working Days from each Interest Payment Date.

In order to accommodate the debenture interest cycles in the Automated Trading System of the CSE, the payment of interest for a particular Interest Payment Date will not include Debenture Holders holding Debentures in the CDS as at the last day of the payment cycle but one day prior to the Interest Payment Date (Entitlement Date).

Payment of the interest on the Debentures will be made after deducting any taxes and charges thereon (if any) in Sri Lanka Rupees as per the applicable law prevalent at the time of interest payment to the Debenture Holders.

As per Section 9(o) of the Inland Revenue (Amendment) Act No. 18 of 2013, the interest income from any investment made on or after the 1st January 2013 in corporate debt securities (i.e. debentures), quoted in any stock exchange licensed by the SEC is exempt from income tax. Furthermore, in terms of Section 13(xxxxxxx) of the same Act, the profits and income earned from any such investment have also been exempted from income tax.

5.6 REDEMPTION

Redemption of the Debentures will take place on the date on which a period of Thirty Six (36) months from the Date of Allotment expires or if such date on which a period of Thirty Six (36) months from the Date of Allotment expires is not a Market Day, the Market Day immediately succeeding such date ("Date of Redemption") in accordance with the provisions of the Trust Deed.

The Principal Sum and unpaid and accrued interest (if any) payable on the Redemption of Debentures will be paid not later than three (03) Working Days from the Date of Redemption.

These Debentures shall not be subject to Redemption by the Company prior to the Date of Redemption other than in the circumstances set out in Section 5.10 below and in the Trust Deed.

5.7 PAYMENT OF PRINCIPAL SUM AND INTEREST

The Company will redeem the Debentures on the Date of Redemption as specified in Section 5.6 and the interest payments will be made as specified in Section 5.5.

The payment of Principal Sum and interest will be made either by cheque/s marked "Account Payee Only" dispatched to the address provided by the Debenture Holders to the CDS at the risk of the Debenture Holders or through electronic fund transfer mechanism recognised by the banking system of Sri Lanka to a bank account provided to the CDS by the Debenture Holder, such as SLIPS and RTGS.

However, in the event such payment is over the maximum amount that can be accommodated through electronic fund transfer mechanism recognised by the banking system of Sri Lanka or if the Debenture Holder has not provided to the CDS accurate and correct details of his/her bank account for the payment of the Principal Sum and interest, such payment to the Debenture Holder will be made by way of a cheque and sent by post at the risk of the Debenture Holder.

The payment of Principal Sum and interest will be made in Sri Lanka Rupees in favour of the Debenture Holders as of the Entitlement Date. In the case of joint Debenture Holders, the payment of Principal Sum and interest will be made to the one whose name stands first in the register of Debenture Holders.

5.8 TRUSTEE TO DEBENTURE HOLDERS

Deutsche Bank AG, Colombo Branch has agreed to act as the Trustee to the Debenture Holders. The Company has entered into an agreement with the Trustee (hereinafter called the "Trust Deed"). Debenture Holders in their Application Forms for subscription will be required to authorise the Trustee to act as their agent in entering into such deeds, writings and instruments with the Company and to act as the agent and Trustee for the Debenture Holders.

The rights and obligations of the Trustee are set out in the Trust Deed and the Debentures will be subject to the terms and conditions incorporated in the said Trust Deed.

The fee payable to the Trustee will be LKR 25,000.00 per month plus statutory levies. There is no conflict of interest with Deutsche Bank AG, Colombo Branch acting as the Trustee, except that the Trustee is one of the banks rendering banking services to the Company.

5.9 RATING OF THE DEBENTURES

Fitch Ratings Lanka Limited has assigned a credit rating of "A- (lka)" to the Debentures.

'A' National Ratings denote expectations of low default risk relative to other issuers or obligations in the same country. However, changes in circumstances or economic conditions may affect the capacity for timely repayment to a greater degree than is the case for financial commitments denoted by a higher rated category.

"+" or "-" may be appended to a National Rating to denote relative status within a major rating category.

Source: www.fitchratings.com

A copy of the rating certificate is given in Annexure I of this Prospectus.

5.10 CONSEQUENCES OF A TAX REVISION

In the event of an imposition of income tax on interest on these Debentures whether by way of withholding or otherwise in Sri Lanka, the interest rate on the Debentures will be increased by mutual agreement between the Debenture Holders and the Company to compensate the Debenture Holders for such tax, provided however that the increase to be so agreed shall in no event exceed One decimal Zero *per centum* (1.00%) per annum above the interest rate of the Debentures as set out in Section 5.5 above, with effect from the date of such imposition of tax. Provided however, that any such agreement will be subject to the prior approval of the Debenture Holders of two third (2/3) of the Face Value of the Debentures outstanding at that time.

In the event a mutual agreement cannot be reached by Debenture Holders and the Company, the Company will pre pay such Debentures and such date will also be deemed to be a Date of Redemption as provided in the Trust Deed. The Debentures can be pre paid only in its entirety and no part pre-payment will be permissible.

5.11 RIGHTS AND OBLIGATIONS OF DEBENTURE HOLDERS

- (a) Debenture Holders are entitled to the following rights
 - Receiving quarterly interest at the rate of interest as set out in Section 5.5 of this Prospectus and Principal Sum at the Date of Redemption as set out in Sections 5.6 of this Prospectus. In the event of a tax revision, interest will be paid at such mutually agreed interest rate as set out in Section 5.10
 - Ranking equal and *pari passu* with unsecured creditors in the event of liquidation and above the preference shareholders and ordinary shareholders
 - Calling and attending meetings of Debenture Holders as set out in the Trust Deed
- (b) Debenture Holders do not have the following rights:
 - Attending and voting at meetings of holders of shares and other debentures
 - Sharing in the profits of the Company
 - Participating in any surplus in the event of liquidation
- (c) Each Debenture Holder must ensure that the information in respect of the securities account maintained with the CDS is up to date and accurate. Each Debenture Holder shall absolve the Company from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the CDS. Provided further that the Debenture Holder shall absolve the CSE and the CDS from any responsibility or liability in respect of any error or inaccuracy or absence of necessary changes in the information recorded with the CDS where such errors or inaccuracies or absence of changes are attributable to any act or omission of the Debenture Holders.

5.12 BENEFITS OF INVESTING IN DEBENTURES OFFERED BY THE COMPANY

- (a) Provides an opportunity to diversify the investment portfolio of the investors
- (b) Provides the investor with a regular cash inflow of quarterly interest payments
- (c) Provides the investor with an opportunity to invest in Debentures issued by a leading corporate in Sri Lanka
- (d) Being listed on the CSE, the Debentures will have a secondary market, thus providing the investor with an opportunity to exit at the market price prevailing at the time of divestiture
- (e) The Debentures may be used as collateral to obtain credit facilities from banks and financial institutions
- (f) As per Section 9(o) of the Inland Revenue (Amendment) Act No. 18 of 2013, the interest income from any investment made on or after the 1st January 2013 in corporate debt securities (i.e. debentures), quoted in any stock exchange licensed by the SEC is exempt from income tax. Furthermore, in terms of Section 13(xxxxxxx) of the same Act, the profits and income earned from any such investment have also been exempted from income tax

5.13 RISKS INVOLVED IN INVESTING IN THE DEBENTURES

Subscribers to the Debentures could be exposed to the following risks

(a) Interest Rate Risk

Provided all other factors are equal, the market price of the Debentures will generally fluctuate in the opposite direction to the fluctuations in market interest rates. Thus, the interest rate risk could be identified as the reduction in the market price of Debentures resulting from a rise in interest rates.

(b) Reinvestment Risk

Interest on Debentures are payable quarterly. An investor may decide to reinvest this interest payment and earn interest from that point onwards. Depending on the prevailing interest rates at the point of reinvestment, the risk of returns generated by Debenture Holders by reinvesting such interest received being higher or lower than the return offered by the Debentures is known as reinvestment risk.

(c) Call Risk

The uncertainty to the debenture holder is when the issuer has the option of redeeming the debentures before maturity, thus being called upon to terminate the investment early is known as "Call Risk". However, these Debentures do not carry this risk as call options are not embedded with these Debentures. However, in the event of an imposition of income tax on interest on these Debentures whether by way of withholding or otherwise in Sri Lanka, the Company is obliged to redeem the Debenture if a revision of interest rates cannot be agreed mutually between the Company and the Debenture Holders as described in Section 5.10 of this Prospectus.

(d) Credit Risk

Credit Risk is also referred to as default risk. This is the risk that the issuer of a debenture may default, i.e. the issuer will not be able to pay interest and principal payments on a timely basis. Eventually in the capital markets, this risk is gauged in terms of rating assigned by different rating agencies. Fitch Ratings Lanka Limited has assigned a credit rating of "A- (lka)" to these Debentures and will be periodically reviewed.

(e) Liquidity Risk

Liquidity risk is associated with the ease with which an investment can be sold after the initial placement. In order to reduce the liquidity risk of the Debentures, the Company has applied for a listing of these Debentures on the CSE and has received in-principle approval for such listing whereby Debenture Holders will be able to sell the Debentures through the CSE in order to convert the Debentures to cash and exit from the investment.

(f) Duration Risk

Duration is a measure of the price sensitivity of fixed income investments to a change in interest rates, based on the time to maturity of principal and coupon payments. The higher the duration, the greater the price volatility or duration risk, while a lower duration risk carries a lower risk.

5.14 TRANSFER OF DEBENTURES

The Debentures will be transferable and transmittable in the manner set out in the Trust Deed, which is reproduced below.

- (a) These Debentures shall be freely transferable and the registration of such transfer shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- (b) The Debentures shall be transferable and transmittable through the CDS as long as the Debentures are listed in the CSE. Subject to the provisions contained herein the Company may register without assuming any liability any transfer of Debentures, which are in accordance with the statutory requirements and rules and regulations in force for the time being as laid down by the CSE, SEC and the CDS.
- (c) In the case of death of a Debenture Holder;
 - The survivor where the deceased was a joint holder; and
 - The executors or administrators of the deceased or where the administration of the estate of the deceased is in law not compulsory the heirs of the deceased where such Debenture Holder was the sole or only surviving holder; shall be the only persons recognised by the Company as having any title to his/her Debentures.
- (d) Any person becoming entitled to any Debenture in consequence of bankruptcy or winding up of any Debenture Holder, upon producing proper evidence that he/she sustains the character in respect of which he/she proposes to act or his/her title as the Board of Directors of the Company thinks sufficient may in the discretion of the Board be substituted and accordingly registered as a Debenture Holder in respect of such Debentures subject to the applicable laws, rules and regulations of the Company, CDS, CSE and SEC.
- (e) No change of ownership in contravention to these conditions will be recognised by the Company.

5.15 LISTING

An application has been made to the CSE for permission to obtain a listing for the Debentures and the CSE has granted its approval in-principle for the same. It is the intention of the Company to list the Debentures on the Main Board of the Colombo Stock Exchange upon the allotment thereof.

The CSE however, assumes no responsibility for the correctness of the statements made or opinions expressed or reports included in this Prospectus. Admission to the official list is not to be taken as an indication of the merits of the Company or of its Debentures.

5.16 COST OF THE ISSUE

The Board estimates that the total cost of the Issue including fees to professionals, printing, advertising and other costs connected with the Issue will be approximately LKR 17.10 Million. Such costs will be financed by the internally generated funds of the Company.

5.17 BROKERAGE FEE

Brokerage fee of 25 cents (LKR 0.25) per Debenture shall be paid in respect of the number of Debentures allotted on Applications bearing the original seal of any bank operating in Sri Lanka or a member/trading member of the CSE or Financial Advisors and Managers to the Issue or any other intermediary appointed by the Company and/or Financial Advisors and Managers to the Issue involved in the marketing of the Issue.

5.18 UNDERWRITING

This Issue is not underwritten.

The offering is not conditional to any minimum amount to be raised through this Issue. In the event of an under subscription, the Company is confident that any short fall in the funds required to meet the objectives of the Issue can be financed through internally generated funds and other credit facilities.

6.0 PROCEDURE FOR APPLICATION

6.1 INSPECTION OF DOCUMENTS

Articles of Association, the Trust Deed, Auditors' Reports and Audited Financial Statements for the five (05) financial years ended 31st March 2013 (i.e. the five (05) financial years immediately preceding the date of this Prospectus) and all other documents referred to in Rule 3.2.16 (a) of the CSE Listing Rules, including material contracts and management agreements entered into by the Company (if any) would be made available for inspection by the public during normal working hours at the registered office of the Company, No. 14, De Fonseka Place, Colombo 05 until the Date of Redemption of the Debenture.

The Prospectus, the Trust Deed and Articles of Association of the Company will be available on the websites of CSE, *www.cse.lk* and website of the Company, *www.softlogic.lk* from the date of opening of the subscription list until the Date of Redemption of the Debenture as stipulated in Rule 3.2.16 (b) of the CSE Listing Rules.

Furthermore, the copies of the Prospectus and Application Forms will be made available free of charge from the collection points as set out in Annexure II.

6.2 ELIGIBLE APPLICANTS

Applications are invited for the subscription of Debentures from the following categories of Applicants.

- (a) Citizens of Sri Lanka, resident in Sri Lanka and above 18 years of age.
- (b) Corporate bodies and societies registered/incorporated/established in Sri Lanka and authorised to invest in Debentures.
- (c) Approved provident funds and contributory pension schemes registered/incorporated/established in Sri Lanka and authorised to invest in Debentures. In the case of approved provident funds and approved contributory pension schemes, the Application should be in the name of the trustee/board of management.
- (d) Non-Residents: Foreign institutional investors, corporate bodies incorporated outside Sri Lanka, individuals resident outside Sri Lanka and Sri Lankans resident outside Sri Lanka.

Applications will not be accepted from individuals and Sri Lankans residing outside of Sri Lanka who are under the age of 18 years, or in the names of sole proprietorships, partnerships or unincorporated trusts.

"Individuals resident outside Sri Lanka" will have the same meaning as in the notice published under the Exchange Control Act in Gazette No. 15007 dated 21st April 1972.

6.3 HOW TO APPLY

The terms and conditions applicable to the Applicants are as follows;

- (a) Applications should be made on the Application Forms, which accompany and constitute a part of this Prospectus (exact size photocopies of Application Forms will also be accepted). Care must be taken to follow the instructions given herein and in the Application Form. Applicants using photocopies are requested to inspect the Prospectus which is available for inspection with the Registrar to the Issue and also issued free of charge by the parties listed in Annexure II.

The Application Form can also be downloaded from the website of CSE, *www.cse.lk*, the website of SHL, *www.softlogic.lk* and the website of Financial Advisors and Managers to the Issue, *www.ndbib.com* from the date of opening of the subscription list until the Closure Date.

The Prospectus will be made available and can be downloaded from the website of CSE, *www.cse.lk* and the website of SHL, *www.softlogic.lk* from the date of opening of the subscription list until the Date of Redemption of the Debentures and from the website of Financial Advisors and Managers to the Issue, *www.ndbib.com* from the date of opening of the subscription list until the Closure Date.

Applications which do not strictly conform to instructions and the other conditions set out herein or which are incomplete or illegible may be rejected.

- (b) An Applicant should apply by using one Application Form only. If an Applicant has applied by using more than one Application Form it will be construed as multiple Applications. An Applicant of a joint Application, applying through another Application Form is also deemed to have made multiple Applications and the Company reserves the right to reject such multiple Applications or suspected multiple Applications.
- (c) If the ownership of the Debentures is desired in the name of one Applicant, full details should be given only under the heading SOLE/FIRST APPLICANT in the Application Form. In the case of joint Applicants, the signatures and particulars in respect of all Applicants must be given under the relevant headings in the Application Form.
- (d) An Applicant of a joint Application will not be eligible to apply through a separate Application Form either individually or jointly. Such Applicants are also deemed to have made multiple Applications and will be rejected.

In the case of joint Applications, the refunds (if any), interest payments and the Redemption will be remitted in favour of the first Applicant as identified in the Application Form.

The Company shall not be bound to register more than three (03) natural persons as joint holders of any Debentures (except in the case of executors, administrators or heirs of a deceased member).

Joint Applicants should note that all parties should either be residents of Sri Lanka or Non-Residents.

- (e) Applications by companies, corporate bodies, societies, approved provident funds, trust funds and approved contributory pension schemes registered/incorporated/established in Sri Lanka should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and should be made under their common seal or in any other manner as provided by their articles of association or such other constitutional documents of such Applicant or as per the statutes governing them. In the case of approved provident funds, trust funds and approved contributory pension schemes, the Applications should be in the name of the trustee/board of management.
- (f) All Applicants should indicate in the Application for Debentures, their CDS account number.

In the event the name, address or NIC number/passport number/company number of the Applicant mentioned in the Application Form differ from the name, address or NIC number/passport number/company number as per the CDS records, the name, address or NIC number/passport number/company number as per the CDS records will prevail and be considered as the name, address or NIC number/passport number/company number of such Applicant. Therefore, Applicants are advised to ensure that the name, address or NIC number/passport number/company number mentioned in the Application Form tally with the name, address or NIC number/passport number/company number given in the CDS account as mentioned in the Application Form.

Application Forms stating third party CDS accounts, instead of Applicants' own CDS account numbers, except in the case of margin trading, will be rejected.

- (g) Applicants who wish to apply through their margin trading accounts should submit the Application Forms in the name of the "Margin Provider/Applicant's name" signed by the margin provider, requesting a direct deposit of the Debentures to the Applicant's margin trading account in CDS. The margin provider should indicate the relevant CDS account number relating to the margin trading account in the Application Form. A photocopy of the margin trading agreement must be submitted along with the Application.

Margin providers can apply under their own name and such Applications will not be construed as multiple Applications.

- (h) Application Forms may be signed by a third party on behalf of the Applicant(s) provided that such person holds the Power of Attorney (POA) of the Applicant(s). A copy of such POA certified by a Notary Public as "True Copy" should be attached with the Application Form. **Original of the POA should not be attached.**
- (i) Funds for the investments in Debentures and the payment for Debentures by Non-Residents should be made only out of funds **received as inward remittances or available to the credit of "Securities Investment Account" (SIA)** of the foreign investor opened and maintained in a licensed commercial bank in Sri Lanka in accordance with directions given by the Controller of Exchange in that regard to licensed commercial banks.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the Applicant maintains the SIA, should be attached to the Application Form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the SIA.

- (j) Non-Residents should have obtained necessary internal approvals as provided by their internal approval procedures at the time of applying for the Debentures and may be affected by the laws of the jurisdiction of their residence. If the Non-Resident Applicants wish to apply for the Debentures, it is their responsibility to comply with the laws relevant to the jurisdiction of their residence and of Sri Lanka.

Application Forms properly filled in accordance with the instructions thereof together with the remittance for the full amount payable on Application should be enclosed in an envelope marked "SOFTLOGIC HOLDINGS PLC - DEBENTURE ISSUE 2013" on the top left hand corner in capital letters and dispatched by post or courier or delivered by hand to Registrars to the Issue or collection points mentioned in Annexure II.

Applications sent by post or courier or delivered to any collection point set out in Annexure II should reach the office of the Registrars to the Issue at least by 4.30 p.m. on the following Market Day immediately upon the Closure Date. Applications received after the said period will be rejected even though they have been delivered to any of the said collection points prior to the Closure Date or carry a postmark dated prior to the Closure Date.

Applications delivered by hand to the Registrars to the Issue after the Closure Date of the Issue will also be rejected.

Please note that Applicant information such as full name, address, NIC number/passport number/company number and residency will be downloaded from the database of CDS, based on the CDS account number indicated in the Application Form. Such information will take precedence over information provided in the Application Form.

Care must be taken to follow the instructions on the reverse of the Application Form.

Applications that do not strictly conform to such instructions and additional conditions set out hereunder or which are illegible may be rejected.

PLEASE NOTE THAT ALLOTMENT OF DEBENTURES WILL ONLY BE MADE IF THE APPLICANT HAS A VALID CDS ACCOUNT AT THE TIME OF SUBMISSION OF THE APPLICATION.

Please note that upon the allotment of Debentures under this Issue, the allotted Debentures would be credited to the Applicant's CDS account so indicated. Hence, Debenture Certificates shall not be issued.

6.4 NUMBER OF DEBENTURES TO BE SUBSCRIBED

A minimum of One Hundred (100) Debentures (LKR 10,000/-) and in multiples of One Hundred (100) Debentures (LKR 10,000/-) thereafter.

6.5 MODE OF PAYMENT OF THE INVESTMENT BY THE APPLICANTS

- (a) Payment in full for the total value of Debentures applied for should be made either by cheque/s, bank draft/s, bank guarantee drawn upon any licensed commercial bank operating in Sri Lanka or RTGS transfer directed through any licensed commercial bank operating in Sri Lanka, as the case may be, subject to (b) below.
- (b) Payments for Applications for values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-) should be supported by either;
 - A bank guarantee issued by a licensed commercial bank; or
 - Multiple bank drafts/cheques drawn upon any licensed commercial bank operating in Sri Lanka, each of which should be for a value less than LKR 100,000,000/-; or
 - RTGS transfer with value on the Issue Opening Date.

Multiple cheques or RTGS transfers will not be accepted for Application value below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-).

- (c) **Cheques or bank drafts should be made payable to "SOFTLOGIC HOLDINGS PLC - DEBENTURE ISSUE 2013" and crossed "Account Payee Only", and must be honoured on the first presentation.**
- (d) **In case of bank guarantees, such bank guarantees should be issued by any licensed commercial bank in Sri Lanka in favour of "SOFTLOGIC HOLDINGS PLC - DEBENTURE ISSUE 2013" in a manner acceptable to the Company, and be valid for a minimum of one (01) month from the Issue Opening Date (i.e. 4th September 2013).**

Applicants are advised to ensure that sufficient funds are available in order to honour the bank guarantees, inclusive of charges when called upon to do so by the Registrars to the Issue. It is advisable that the Applicants discuss with their respective bankers the matters with regard to the issuance of bank guarantees and all charges involved. All expenses with regard to such bank guarantees should be borne by the Applicants.

- (e) **In case of RTGS transfers (only for Application values above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), such transfers should be made to the credit of "SOFTLOGIC HOLDINGS PLC - DEBENTURE ISSUE 2013" bearing the account number 101000272378 at National Development Bank PLC with value on the Issue opening date (i.e. the funds to be made available to the above account on the Issue opening date).**

The Applicant should obtain a confirmation from the Applicant's bank, to the effect that arrangements have been made to transfer payment in full for the total value of Debentures applied for to the credit of "SOFTLOGIC HOLDINGS PLC - DEBENTURE ISSUE 2013" bearing the account number 101000272378 at **National Development Bank PLC** with value on the Issue opening date (i.e. the funds to be made available to the above account on the Issue opening date) and should be attached with the Application Form.

For RTGS transfers above and inclusive of Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-), the Applicants are entitled to an interest at the rate of Nine *per centum* (9.00%) per annum from the date of such transfers up to the Date of Allotment. However, no interest will be paid if the RTGS transfers are not realised before the end of the Closure Date. Furthermore, even if such RTGS transfers are effected prior to the Issue opening date, no interest will be paid for the period prior to the Issue opening date.

The Applicants are not entitled to remit funds via RTGS transfers below Sri Lanka Rupees One Hundred Million (LKR 100,000,000/-).

- (f) Cash will not be accepted.
- (g) Payment for the Debentures by Non-Residents should be made through a "Securities Investment Account" (SIA) maintained with any licensed commercial bank in Sri Lanka in accordance with directions given by the Controller of Exchange in that regard to licensed commercial banks.

An endorsement by way of a letter by the licensed commercial bank in Sri Lanka in which the Applicant maintains the SIA, should be attached to the Application Form to the effect that such payment through bank draft/bank guarantee/RTGS has been made out of the funds available in the SIA.

- (h) The amount payable should be calculated by multiplying the number of Debentures applied by the Face Value (LKR 100/-). If there is a discrepancy in the amount payable and the amount specified in the cheque/bank draft or bank guarantee, the Application will be rejected.
- (i) In the event that cheques are not realised prior to the date of deciding the basis of allotment, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid.
- (j) All cheques/bank drafts received in respect of the Applications for Debentures will be banked commencing from the Working Day immediately following the Closure Date.

6.6 REJECTION OF APPLICATIONS

Application Forms and the accompanying cheques/bank drafts/bank guarantees or RTGS transfers, which are illegible or incomplete in any way and/or not in accordance with the terms, conditions and instructions, set out in this Prospectus and in the Application Form will be rejected at the sole discretion of SHL.

Applications from individuals and Sri Lankans residing outside of Sri Lanka who are under the age of 18 years or in the names of sole proprietorships, partnerships, unincorporated trusts will also be rejected.

Any Application Form, which does not state a valid CDS account number will be rejected.

If an Applicant has applied by using more than one Application Form it will be construed as multiple Applications. An Applicant of a joint Application, applying through another Application Form is also deemed to have made multiple Applications and the Company reserves the right to reject such multiple Applications or suspected multiple Applications.

Any Application Form with more than three (03) natural persons as joint Applicants for the Debentures will be rejected.

Applications delivered by hand to the Registrars to the Issue after the subscription list is closed will be rejected. Applications received by post or courier after 4.30 p.m. on the Market Day immediately following the Closure Date, will also be rejected even if they carry a post mark dated prior to the Closure Date.

Applications delivered to any place mentioned in Annexure II should also reach the office of the Registrars to the Issue at least by 4.30 p.m. on the Market Day immediately following the Closure Date. Applications received after the said duration will be rejected even though they have been delivered to any of the said collection points prior to the Closure Date.

In the event that cheques are not realised prior to the date of deciding the basis of allotment and realised after such date, the monies will be refunded and no allotment of Debentures will be made. Cheques must be honoured on first presentation for the Application to be valid. In the event cheques are dishonoured/returned on first presentation, such Applications will be rejected.

6.7 BANKING OF PAYMENTS

All cheques or bank drafts or bank guarantees received in respect of Applications will not be banked or called on until the Working Day immediately after the Closure Date as set out in Section 5.2, in terms of the CSE Listing Rules.

6.8 BASIS OF ALLOTMENT OF DEBENTURES

In the event of an over subscription, the Board of Directors of the Company will endeavour to decide the basis of allotment in a fair manner as soon as practicable so as to ensure compliance with the CSE Listing Rules. Upon the allotments being decided, an announcement will be made to the CSE.

The Company reserves the right to reject any Application or to accept any Application in part only, without assigning any reason thereto.

A written confirmation informing successful Applicants on their allotment of Debentures will be dispatched within ten (10) Market Days from the Closure Date as required by the CSE.

6.9 REFUNDS

Monies will be refunded where;

- an Application is rejected for reasons given in Section 6.6
- the Application is accepted only in part

If the Applicant has provided accurate and complete details of his bank account in the Application, the Bankers to the Issue will make refund payments up to and inclusive of Rupees Five Million (LKR 5,000,000/-) to the bank account specified by the Applicant, through SLIPS and a payment advice will be sent.

In the event of refunds over Rupees Five Million (LKR 5,000,000/-) or if the Applicant has not provided accurate and correct details of his bank account in the Application or if the Applicant has not provided details of the bank account in the Application Form, the bank will make such refund payment to the Applicant by way of a cheque and sent by post at the risk of the Applicant.

In the case of a joint Application, the cheque will be drawn in favour of the Applicant's name appearing first in the Application Form.

Applicants can obtain details on bank and branch codes required for providing instructions on SLIP transfers at the following website;

http://www.lankaclear.com/products_and_services/sl_interbank_payment_system_guideline.php

Refunds on Applications rejected or partly allotted Debentures would be made within ten (10) Market Days excluding the Closure Date. Applicants would be entitled to receive interest at the rate of last quoted Average Weighted Prime Lending Rate (AWPLR) published in the immediately preceding week by the CBSL or any other authority (in the event that the CBSL ceases to publish the AWPLR) plus five *per centum* (5.00%) for the delayed period on any refunds not made within this period.

6.10 CDS ACCOUNTS AND SECONDARY MARKET TRADING

Debentures allotted will be directly deposited to the respective CDS accounts given in the Application Forms before the expiry of eighteen (18) Market Days, from the Closure Date. A written confirmation of the credit will be sent to the Applicant within two (02) Market Days of crediting the CDS account, by ordinary post to the address provided by each Applicant.

The Company will submit to the CSE a 'Declaration' on direct upload to CDS on the Market Day immediately following the day on which the Applicants' CDS accounts are credited with the Debentures.

Trading of Debentures on the secondary market will commence on or before the third (3rd) Market Day from the receipt of the Declaration by the CSE as per the CSE Listing Rules.

7.0 THE COMPANY

7.1 BACKGROUND OF THE COMPANY

SHL is one of the leading diversified conglomerates in Sri Lanka which started in 1998. The Group's IT sector was the first to be born, with Softlogic successfully securing the Dell authorised distributorship, which it has retained to date. The Group which commenced with just twelve employees 23 years ago and with a small turnover now manages a multibillion turnover across six economic growth sectors.

Softlogic in collaboration with Dialog Axiata PLC, offered corporate and individual Dialog GSM packages in 1998. Softlogic maintains its position as one of the leading business partners for Dialog Axiata PLC. Year 2000, when the exclusive national distributorship of 'Nokia' was obtained, was an important landmark for Softlogic. Softlogic is now synonymous with Sri Lanka's telecommunication sector along with Nokia, branded as the leading mobile handset supplier. The telco market of Softlogic stands strong with over 2,000 island wide retail points.

The rapid expansion began during 2006 to 2009. This three-year period was indeed a time of strategic and focused growth for Softlogic which elevated its corporate image to new heights. It is during these three years that Softlogic embarked on its momentous journey into the retail sector with the acquisition of Uni Walkers (Pvt) Ltd, now Softlogic Retail (Pvt) Ltd. Following this development, several global heavy weight brand names across the subsectors of Consumer Electronics, Branded Apparel and Furniture, were secured to expand its overall international brand portfolio. The expansion drive is aggressively continuing to bring the network up to 220+ showrooms by the end of 2013.

Panasonic, Samsung, Nokia, Dell, Apple, Candy, Russell Hobbs and Kelvinator are some of the giant global brand names within its fold of Consumer Electronics for which Softlogic has been appointed as authorised distributor. At the same time, Softlogic widened the Branded Apparel subsector by acquiring the authorised distributor status for the world famous iconic jeanswear brand 'Levis' in 2009. Special attention was given to Branded Apparel in growing its portfolio with the exclusive franchise status for 'Nike', 'Giordano', 'Mango' and the recently acquired 'Charles & Keith'.

Softlogic diversified further in 2009 with the acquisition of an initial stake in Asiri Hospital Holdings PLC, the leading private healthcare facility in Sri Lanka. The Group's synergies proved to be sound when Softlogic consolidated Asiri Hospital Holdings PLC as a subsidiary after increasing its shareholdings in December 2010.

Softlogic's footprint in the finance sector was initiated with the acquisition of Capital Reach Holdings, now Softlogic Finance PLC, a Registered Finance Company licensed by the CBSL. Finance sector cemented its controlling stake of Asian Alliance Insurance PLC, a renowned insurance solutions provider to the life and general sectors of Sri Lanka. This was acquired in 2011. Softlogic ramped up the financial cluster with the acquisition of Softlogic Stockbrokers, former Arrenga Capital, in April 2012 to provide a fully-fledged financial solution all under one roof.

Furthermore, keeping abreast with the peace dividend, tourism industry was the next big wave. Softlogic acquired and initiated renovation at Ceysands Hotels & Resorts. By tying up with the Thailand based Centara chain of Hotels and Resorts, a new hotel will be launched as Centara Ceysands Hotels & Resorts in the latter part of 2013. A 224-room five-star Movenpick City Hotel has also been initiated with construction commencing in 2011 and plans afoot for completion by mid-2015.

Softlogic's growth story was further elevated when the Company listed its shares in the Main Board of Colombo Stock Exchange with the Initial Public Offer being oversubscribed.

Softlogic's strategy has all along been to focus on the key growth sectors of the economy. It is along these lines that key forays have been made into the sectors of Retail, Healthcare, ICT, Automobiles, Financial Services and Leisure.

7.2 VISION OF THE COMPANY

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.

7.3 MISSION OF THE COMPANY

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.

7.4 NATURE OF BUSINESS

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, financial services, healthcare and insurance services.

The business portfolio of SHL is as follows:-

<p>Information & Communication Technologies (ICT)</p>	<p>ICT sector focuses on the fast-growing corporate, Public Sector Enterprise, and Small and Medium Business segments, both locally and internationally.</p> <p>ICT product lines include mobile handsets and accessories, computers, software and hardware solutions.</p> <p>Softlogic has established key relationships with world's leading brands such as Dell, Nokia, Epson, NEC, Xerox, Cisco, Riello, Molex, Analogics, Partner, Microsoft, HP, EMC, MOLEX, Iomega, Apple, Samsung, McAfee and D-Link.</p>
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Retail Sector	<p>Softlogic combines the world’s leading brands ensuring customers benefit from a more streamlined organisation. They operate a multi brand multi channel strategy which is focused on enhancing the retail landscape in the country.</p> <p>Softlogic is the sole authorised distributor for Panasonic consumer electronics and home appliance products in the island whilst the Company is also a distributor for world famous brand names such as Samsung, Candy, Russell Hobbs, Kelvinator, Midea, Apple, Softlogic Maxmo and Softlogic LED TV.</p> <p>Softlogic’s Branded Apparel operation has tapped into the most compelling global fashion icons such as Levis, Nike, Giordano, Mango and Mothercare.</p> <p>Softlogic’s furniture sub sector is engaged in the ready to assemble elegant bedroom and other household furniture which are directly supplied by a Thailand and Singapore based pioneering furniture manufacturing company.</p>
Automobile Sector	<p>Softlogic Group entered in to the Automotive Sector with the acquisition of Uni Walkers Limited (est. 1978) in 2006. SHL is a representative of Daihatsu Motor Co, Japan, a subsidiary of Toyota Motor Corporation and Ford Motor Company, USA</p>
Financial Services Sector	<p>Softlogic Capital PLC functions as the financial services’ sector holding company of the Softlogic Group.</p> <p>Softlogic Capital’s portfolio of financial services are offered through Softlogic Finance PLC, a Licensed Finance Company (LFC) under the purview of CBSL; Asian Alliance Insurance PLC, a composite insurer licensed by the Insurance Board of Sri Lanka; and Softlogic Stock Brokers Pvt Ltd.</p>
Leisure & Travels	<p>Softlogic’s already existing travel arm would add in a synergetic effect to the Group’s leisure operations. The Group has partnered with Movenpick, one of the world’s leading hotel chains to build a city hotel in Colombo, and also purchased the iconic Ceysands Hotel property in Bentota. Softlogic also is in partnership with global renowned hotel chain Centara.</p>

	<p>Softlogic partnered with Abacus International (Pte) Ltd – Singapore, to cater to the travel industry exclusively. Abacus is Asia’s leading provider of travel solutions and services.</p> <p>Ceysand Resorts Ltd - Centara Ceysands Resort & Spa, 4-star resort & Spa set on Bentota peninsula enjoying a fabulous location with the Bentota River has 165 rooms.</p> <p>Softlogic’s first ever city hotel, Movenpick City Hotel, strategically located in the heart of Colombo has easy access to many entertainment and other spots of interest. It will embody Sri Lankan hospitality delivered with Swiss elegance specially catering to the business travellers. The city hotel, currently under construction, looks to stand as a leading 5-star with 219 well-appointed rooms and restaurants offering a variety of dining experiences.</p>
<p>Healthcare Sector</p>	<p>Asiri Hospital Holdings PLC, the holding company of Asiri Hospital chain, first began operations in 1984 as a laboratory service. It operates one of the country’s technologically advanced laboratory facility that has a 65% of total market share counting around 13,000 daily lab tests.</p> <p>Asiri Hospital Kandy (Pvt) Ltd, Asiri Surgical Hospital PLC, Central Hospital Ltd, Asiri Central Hospitals PLC, Asiri Diagnostics Services (Pvt) Ltd, Asiri Hospital Matara (Pvt) Ltd are the subsidiaries established under Asiri Hospital Holdings PLC.</p>

***Note**

- *Uni Walker Distributors (Private) Limited changed its name to Softlogic Distributors (Private) Limited with effect from 5th July 2013.*
- *Uni Walkers (Private) Limited changed its name to Softlogic Retail (Private) Limited with effect from 11th July 2013.*
- *Uni Walkers Automobiles (Private) Limited changed its name to Softlogic Automobiles (Private) Limited with effect from 16th July 2013.*

7.5 STATED CAPITAL

The stated capital of the Company represents ordinary voting shares as given below.

As at	31 st March 2012	31 st March 2013	30 th June 2013
Stated Capital (LKR)	5,089,000,000	5,089,000,000	5,089,000,000
Number of Shares (No.)	779,000,000	779,000,000	779,000,000

- On 24th February 2010 it was resolved to issue 14,000,000 shares at LKR 72/- per share by way of a private placement, the details of which are given below.

Date of Issue	Number of Shares	Total Consideration (LKR)
31 st March 2010	12,973,000	934,056,000
12 th April 2010	1,027,000	73,944,000

- On 11th February 2011, each share of the Company was subdivided into 10 shares. (i.e. 64,000,000 shares that were in issue became 640,000,000 shares).
- 139,000,000 shares were issued on 20th June 2011 by way of an initial public offer (IPO), the details of which are given below.

Date of Issue	Number of Shares	Total Consideration (LKR)
20 th June 2011	139,000,000	4,031,000,000/- (LKR 29/- per share)

The Company does not have in issue non-voting, preference or any other classes of shares. SHL also does not have any outstanding convertible debt securities.

7.6 MAJOR SHAREHOLDERS

The major shareholders of SHL as at 30th June 2013 are given in the table below.

	Name of the Shareholder	Number of Shares	Shareholding percentage (%)
1	Mr. A. K. Pathirage	308,988,256	39.66
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/Mr. A. K. Pathirage	38,950,000	5.00
6	Pemberton Asian Opportunities Fund	26,000,000	3.34
7	Sri Lanka Insurance Corporation Ltd-General Fund	15,812,400	2.03
8	HSBC INTL NOM LTD-SNFE-NTASIAN Discovery Master Fund	9,900,400	1.27
9	Dr. K. M. P. Karunaratne	9,662,161	1.24
10	Bank of Ceylon A/C Ceybank Unit Trust	9,552,227	1.23
11	Others	176,899,756	22.71
		779,000,000	100.00

7.7 GROUP COMPANIES

The details of effective ownership of SHL in group companies are given in the table below.

Effective Ownership of SHL as at 30th June 2013	
ICT Sector & Others	
Softlogic Australia (Pty) Ltd	100.00%
Softlogic Computers (Pvt) Ltd	99.99%
Softlogic Information Technologies (Pvt) Ltd	99.99%
Softlogic Communication Services (Pvt) Ltd	99.00%
Softlogic Communications (Pvt) Ltd	99.00%
Softlogic International (Pvt) Ltd	99.99%
Softlogic Solar (Pvt) Ltd	99.00%
Abacus International Lanka (Pvt) Ltd (Associate Company)	40.00%
Nextage (Pvt) Ltd - (Joint Venture)	50.00%
Leisure Sector	
Softlogic Properties (Pvt) Ltd	99.83%
Softlogic Destination Management (Pvt) Ltd	99.83%
Ceysand Resorts Limited	99.57%
Softlogic City Hotels (Pvt) Ltd	99.83%

**Effective Ownership of
SHL as at
30th June 2013**

Finance Sector

Softlogic Capital PLC	72.18%
Softlogic Finance PLC	45.78%
Softlogic Corporate Services (Pvt) Ltd	72.18%
Asian Alliance Insurance PLC	42.34%
Softlogic Stockbrokers (Pvt) Ltd	72.18%
Capital Reach Portfolio Management (Pvt) Ltd	72.18%

Retail Sector

Uni Walkers (Pvt) Ltd*	99.99%
Uni Walker Distributors (Pvt) Ltd*	99.99%
Dai-Nishi Securities (Pvt) Ltd	99.99%

Automobile Sector

Future Automobiles (Pvt) Ltd	100.00%
Uni Walkers Automobiles (Pvt) Ltd*	100.00%

Health Care Sector

Asiri Hospital Holdings PLC	50.59%
Asiri Surgical Hospital PLC	37.28%
Central Hospital Ltd	26.57%
Asiri Central Hospitals PLC	50.05%
Asiri Diagnostic Services (Pvt) Ltd	33.66%
Asiri Hospital Matara (Private) Ltd	50.59%
Asiri Hospital Kandy (Pvt) Ltd	50.59%

***Note**

- *Uni Walker Distributors (Private) Limited changed its name to Softlogic Distributors (Private) Limited with effect from 5th July 2013.*
- *Uni Walkers (Private) Limited changed its name to Softlogic Retail (Private) Limited with effect from 11th July 2013.*
- *Uni Walkers Automobiles (Private) Limited changed its name to Softlogic Automobiles (Private) Limited with effect from 16th July 2013.*

7.8 FUTURE STRATEGIES, RISKS AND ASSUMPTIONS

7.8.1 FUTURE STRATEGIES

Softlogic Group is one of the leading diversified conglomerates in Sri Lanka. Softlogic Holdings PLC is the investment holding company with a diversified portfolio of businesses across information and communication technology, leisure, retail, automobile, financial services and healthcare.

The Group's strategy during the past three years was to invest in the existing and new businesses. At present, the Group's main strategy is to consolidate its position and manage its funding imperatives to give a sustainable return to shareholders while continuously looking for high potential business opportunities to satisfy risk and return objectives.

SHL provides financial, treasury and strategic directions to its strategic business units (SBUs) within the Group while individual SBUs focus on expanding their existing areas of business.

Softlogic's diversified debt and equity funding sources constituting local banks and multilateral agencies have supported its aggressive expansion drive. Further, SHL is in the process of restructuring its balance sheet and borrowing portfolio. The management expects the financial year ending 2014 to be a period of resurgence carrying promising growth prospects notwithstanding the slight dip in bottom-line during financial year ended 2013 consequent to the onerous external economic conditions which was outside the control of the Group.

Retail sector outlook remains positive with the expected increase in per capita income of the country. As such, the growth trajectory for branded fashion, lifestyle products and consumer durables is promising. Retail sector is booking all top brands in anticipation of consumer preference for premium products as the country is poised to reach per capita income of USD 4,000 by 2016. Total retail reach of the Group is more than 215 outlets.

The Information and Communications Technology sector still holds potential amongst all public, corporate and retail clientele.

Healthcare operations of the Group are currently outperforming projections with strong cashflows and returns. The demand for private healthcare has outstripped supply. Softlogic has leapt ahead of competition in this sector through continuous investments in sophisticated, state-of-the-art diagnostics and medical equipment and world class accreditations. The expected economic growth would further propel the demand for private healthcare in preference to state health services.

Financing and insurance arm of Softlogic Group solidly stands on their own account reaping good profits while being conservative.

Leisure and Recreation, classed as virgin markets, are the fastest developing industries in the country reaping the post war dividends. According to Sri Lanka's Tourism & Development Authority, the current room capacity is 15,510 rooms catering to 1.0 million tourists. However, the country target is 2.5 million tourists by 2016 requiring a room capacity of 45,000 p.a.

Softlogic sees potential in investing to fill this gap in upmarket tourist and business visitor accommodation. The Group has already ventured with Centara Ceysands Resort & Spa and Movenpick City Hotel to build its leisure sector. Centara Ceysands Resort & Spa, a 4-star resort & Spa is expected to be in operation by December 2013. Movenpick City Hotel, strategically located in the heart of Colombo is poised to compete with the best hotels in the country. The hotel is expected to be in operation by mid-2015.

7.8.2 ASSUMPTIONS IN RELATION TO FUTURE STRATEGIES

The performance of the investments made in subsidiary and associate companies correlate to the country's overall economic progress. Therefore, if the local economy unexpectedly contracts, retail and automobile sales would be affected adversely. Likewise, the impact would be positive if the economy expands. It is assumed that the Sri Lankan economy will grow in the short to medium term by over 6%. The International Monetary Fund and other multilateral lending agencies expect economic growth to stay in the corridors of 6%-7%.

The products and services offered by the Information and Communication Technology sector are enhanced by constant innovation. As such, it is assumed that this sector is fortified with the required expertise, innovative capabilities and strategic partnerships with world renowned brands.

The trading business of the Company is sensitive to currency movements, but this risk is mitigated by passing on cost escalations to the end customer through price adjustments. Most products offered by the retail business have been inelastic to price in the past two years.

The future plans and prospects of the financial and insurance arm are based on the assumption that interest rate stability and consumer credit demand will continue to grow subject to the vicissitudes of economic cycles.

Performance of the healthcare sector is correlated to the country's increasingly ageing population, changing lifestyle, rising per capita income levels and greater healthcare awareness.

The investment made in the leisure sector is based on the assumption that the island will achieve its target of 2.5 million tourist arrivals, or at least 70% of its target, by 2016.

7.8.3 RISKS ATTACHED TO FUTURE STRATEGIES

Investment Risk

Softlogic's strategic investment choices determine the long-term growth and profits of the business. Successful execution of the selected investment plans is key to deliver its intended business benefits subject to economic cycles.

Market Risk

Profit margins may be affected as a result of competition, new entrants, and change of consumer demand and/or economic conditions subject to economic cycles. This risk is mitigated by broadbasing the portfolio and subsectors of such portfolio from time to time.

Information Technology Risk

As Softlogic's operations are considerably dependent upon the IT systems and the management of information, the information security and a reliable IT system and infrastructure have become a vital factor. This sector is well fortified.

Business Partner Risk

The success of the Group depends on the sustainable relationships with business partners and principal suppliers. Losing key principals/partners due to global mergers and acquisitions, competition and service level gaps is low despite competition. This is mitigated by reducing concentration risk to any one principal or supplier.

Foreign Exchange Risk

Softlogic is exposed to foreign exchange rate fluctuations on commercial borrowings to fund activities such as procurement of goods, especially in the Healthcare, Information and Communication Technology, Retail and the Automobile Sector. The debt mix and tenor are nonetheless balanced with foreign currency (FCY) borrowing which is well below risk appetite levels.

Interest Rate Risk

The Company is exposed to market interest rate fluctuations on its floating rate debt. Increases in benchmark interest rates could increase the interest cost of the floating rate debt and increase the cost of future borrowings. This is mitigated by having a good debt mix, some of which is held in low interest bearing FCY borrowing.

Liquidity Risk

Subject to bank financing and market funds being available for corporate debt, the liquidity risk is low despite economic cycles.

Yet, there is ample room for private equity/debt participation in the like of multilateral, international funding agencies and other investors which mitigate those refinancing risks that may arise from such times of liquidity shortfalls.

Human Resources Risk

Skilled employee base is vital for the continued success of the business. The Company to grow sustainably, the ability to attract, develop and retain high quality and appropriately qualified people will be key to the Group success.

The Softlogic Board assumes overall accountability for the management of risk and for reviewing the effectiveness of Softlogic's risk management and internal control systems. The approach to risk management is designed to provide reasonable but not absolute assurance that the assets are safeguarded, the risks facing the business are being assessed and managed within its corporate risk appetite limits and all information that may be required to be disclosed is reported to Softlogic's Senior Management and where appropriate, to the Group Chairman.

The Group Risk Management Division is currently engaged in rolling out an Enterprise-wide Risk Management (ERM) system to meet the requirements of the Group following its rapid expansion.

7.9 HUMAN RESOURCES

Human resources strength of SHL and the Group as at 30th June 2013 are given in the table below.

Category	Number of Employees	
	SHL	Softlogic Group
CEO/Director	5	23
Senior Management	10	100
Management	33	797
Executive	56	2,138
Clerical and Minor	83	3,413
Total	187	6,471

The employees of SHL are not engaged in any labour union activities and there are no labour unions or any significant agreements entered into between the Company and labour unions.

7.10 PARTICULARS OF DEBT AND LOAN CAPITAL

Long Term Loans, Other Borrowings and Liabilities	LKR Million
Balance at the beginning of the year as at 1 st April 2013	4,970.21
Movement in loans and bank facilities during the period	(0.27)
Balance as at 30 th June 2013	4,969.94

Borrowings made by the Company as at 30th June 2013	LKR Million
Long Term Bank Loans - Repayable within one year	1,018.90
- Repayable after one year	2,210.60
Finance Lease - Long Term	72.00
Finance Lease - Short Term	24.27
Other Borrowings- Inter Company Loans	180.50
Commercial Papers	1,361.70
Margin Trading Loan	12.60
Money Market	64.50
Bank OD	24.87
Total	4,969.94

DETAILS OF OTHER DEBENTURES

The Company does not have any debentures outstanding as at 30th June 2013.

DETAILS OF CONVERTIBLE DEBT SECURITIES

The Company does not have any convertible debt securities in issue.

FINANCIAL RATIOS

The interest cover ratio and net debt to EBITDA ratio of SHL for the financial years 2011/12 and 2012/13 are given in the table below.

Financial Year	2011/12	2012/13
Interest Cover Ratio (Times)	2.18	1.49
Net Debt/EBITDA (Times)	3.22	3.36

7.11 CONTINGENT LIABILITIES

Details pertaining to contingent liabilities are disclosed in Note 43 and 44 of the audited financial statements for the financial year ended 31st March 2013 which are set out in Section 11.2 of this Prospectus.

Further, contingent liabilities disclosed therein remain unchanged as at 30th June 2013.

7.12 LITIGATION AGAINST THE COMPANY

There are no legal, arbitration or mediation proceedings, which may have or have had in the recent past having significant effects on the Company's financial position or profitability.

7.13 DETAILS OF MATERIAL CONTRACTS OF THE COMPANY

The Company has not entered into any material contracts as at the date of this Prospectus other than contracts entered into in the ordinary course of business.

7.14 DEGREE OF DEPENDENCE ON KEY CUSTOMERS AND SUPPLIERS

The Company is not significantly dependent on any single customer or supplier to carry out its business operations.

7.15 DETAILS OF PENALTIES IMPOSED BY REGULATORY AND STATE AUTHORITIES

There were no material penalties imposed on the Company by regulatory and state authorities as at 30th June 2013.

7.16 DETAILS OF COMMISSIONS PAID

In June 2011, the Company has paid approximately LKR 73 Million as managers fees and brokerage to raise LKR 4.031 Billion in ordinary shares via an Initial Public Offering.

No other commissions or benefits were payable, paid, given or intended to be paid or given in the two preceding years for subscribing or agreeing to subscribe or procuring or agreeing to procure or promoting or agreeing to promote, subscriptions for any shares or debentures of the Company.

7.17 MANAGEMENT AGREEMENTS

SHL has a management agreement with Movenpick Hotels & Resorts Management FZ- LLC effective from 16th November 2010 to midnight 31st December following the 12th anniversary of the opening date.

The Agreement shall be renewed for 02 successive terms of five years each.

Either party may terminate this Agreement by giving 12 months prior written notice to the other party.

There are no other management agreements entered into by the Company which are not related to its ordinary course of business.

7.18 TRANSACTIONS RELATING TO THE PROPERTY

There are no transactions relating to the property completed within the two (2) preceding years in which any vendor of the property to the Company or any person who is or was at the time of the transaction, a promoter or a director or proposed director of the Company who had any interest, direct or indirect other than disclosed in Section 8.5 of this Prospectus.

7.19 DETAILS OF BENEFITS PAID TO PROMOTERS

No benefit has been paid or given by the Company within the two (2) years preceding the Issue and there are no benefits intended to be paid or given to any promoter.

7.20 DIVIDEND POLICY

The BOD adopts a policy of declaring dividends to the shareholders based on the Company's financial performance and wealth.

Details of dividends paid during the three financial years preceding the date of this Prospectus are given under Section 11.1 of this Prospectus.

7.21 TAXATION

The Company does not enjoy any tax exemptions as at the date of this Prospectus and is taxed at the standard rate of 28%.

7.22 CORPORATE GOVERNANCE PRACTICES

The BOD and management of Softlogic have long recognised the importance of corporate governance.

Certain responsibilities of the Board are delegated to board committees to assist the Board in carrying out its functions. The two principal Board Committees are:-

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, support the long-term success and growth of the business.

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

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

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

Audit Committee

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 is also the responsibility of the Audit Committee to assist the Board of Directors to ensure that risk management procedures are in place and accordingly report to the Board on the adequacy or otherwise of the risk management function carried out by the Integrated Risk Management Committee.

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

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

Remuneration Committee and Audit Committee responsibilities are set forth in the written Terms of Reference adopted by the Board of Directors for each of the committees.

7.23 INDEPENDENT DIRECTORS

The following Non-Executive Directors of SHL were declared as independent as at the date of this Prospectus.

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

8.0 BOARD OF DIRECTORS

8.1 DETAILS OF THE DIRECTORS

The details of the BOD of SHL as at the date of the Prospectus are given below.

Name, Designation and Residential Address of Directors	Other Directorships
<p>Mr. Asoka Kariyawasam Pathirage <i>Chairman/Managing Director</i></p> <p>No. 65/13, Kumaragewatta Road, Wickramasinghe Mawatha, Pelawatte, Battaramulla</p>	<p>Asiri Hospital Holdings PLC Chairman/Managing Director Asiri Surgical Hospital PLC Chairman/Managing Director Asiri Central Hospitals PLC Chairman/Managing Director Central Hospital Limited Chairman/Managing Director Asiri Hospital Kandy (Private) Limited Chairman/Managing Director Uni Walkers (Private) Limited Chairman/Managing Director Ceysand Resorts Limited Chairman/Managing Director Softlogic Finance PLC - Chairman Softlogic Capital PLC - Chairman Asian Alliance Insurance PLC - Chairman NDB Capital Holdings PLC - Chairman Softlogic Communications (Private) Limited - Chairman Softlogic Information Technologies (Private) Limited Chairman Softlogic Properties (Private) Limited - Chairman Softlogic Australia (Pty) Ltd Chairman (Incorporated in Australia) Softlogic City Hotels (Private) Limited - Chairman National Development Bank PLC - Deputy Chairman Abacus International Lanka (Private) Limited Managing Director Ominga International (Private) Limited</p>
<p>Mr. Govinda Waduge Don Hemantha Udaya Gunawardene <i>Executive Director</i></p> <p>No. 65/17 C, Kumaragewatta Road, Wickramasinghe Mawatha, Pelawatte, Battaramulla</p>	<p>Softlogic Communications (Pvt)Ltd Softlogic Communication Services (Pvt)Ltd Softlogic International (Pvt)Ltd Softlogic Information Technologies (Pvt)Ltd Softlogic Properties (Pvt)Ltd Softlogic Computers (Pvt)Ltd Softlogic Australia (Pty) Ltd Future Automobiles (Pvt)Ltd Uni Walkers (Pvt)Ltd Uni Walker Distributors (Pvt)Ltd Uni Walkers Automobiles (Pvt)Ltd Dai Nishi Securities (Pvt)Ltd Softlogic City Hotels (Pvt)Ltd Ceysand Resorts Limited Softlogic Solar (Pvt)Ltd</p>

Name, Designation and Residential Address of Directors	Other Directorships
<p>Mr. Ranjan Janaka Perera <i>Executive Director</i></p> <p>No. 65/17, Kumaragewatta Road, Wickramasinghe Mawatha, Pelawatte, Battaramulla</p>	<p>Softlogic Communications (Pvt)Ltd Softlogic Communication Services (Pvt)Ltd Softlogic International (Pvt)Ltd Softlogic Information Technologies (Pvt)Ltd Softlogic Properties (Pvt)Ltd Softlogic Stockbrokers (Pvt) Ltd Softlogic Australia (Pty)Ltd Future Automobiles (Pvt)Ltd Uni Walkers (Pvt)Ltd Uni Walker Distributors (Pvt)Ltd Uni Walkers Automobiles (Pvt)Ltd Dai Nishi Securities (Pvt)Ltd Softlogic Capital PLC Ominga International (Pvt) Ltd Asian Alliance Insurance PLC</p>
<p>Mr. Haresh Kumar Kaimal <i>Executive Director</i></p> <p>No. 24, Mcleod Road, Colombo 04</p>	<p>Softlogic International (Pvt)Ltd Softlogic Information Technologies (Pvt)Ltd Softlogic Computers (Pvt)Ltd Softlogic Australia (Pty)Ltd Uni Walkers Automobiles (Pvt)Ltd Softlogic City Hotels (Pvt)Ltd Softlogic Destination Management (Pvt) Ltd Softlogic Corporate Services (Pvt) Ltd Ominga International (Pvt) Ltd</p>
<p>Mr. Mohamed Pharvees Roshan Rasool <i>Executive Director</i></p> <p>No. 43,1st Cross Street, Off Pagoda Road, Nugegoda</p>	<p>Softlogic International (Pvt)Ltd Softlogic Information Technologies (Pvt)Ltd Softlogic Communication Services (Pvt) Ltd Uni Walkers (Pvt)Ltd Uni Walker Distributors (Pvt)Ltd Nextage (Pvt) Ltd</p>
<p>Dr. Sivakumar Selliah <i>Non-Executive Independent Director</i></p> <p>No. 114/5, Rosmead Place, Colombo 07</p>	<p>Asiri Hospital Holdings PLC - Deputy Chairman Asiri Surgical Hospital PLC - Deputy Chairman Central Hospital (Pvt) Ltd - Deputy Chairman Lanka Floor Tiles PLC - Deputy Chairman Lanka Wall Tiles PLC Lanka Ceramic PLC Cleanco Lanka Ltd - Chairman Swisstek (Ceylon) PLC Swisstek Aluminium (Pvt) Ltd Horana Plantations PLC Expolanka Holdings PLC Unidil Packaging Ltd</p>

Name, Designation and Residential Address of Directors	Other Directorships
<p data-bbox="264 253 564 315">Deshamanya Parakrama Devasiri Rodrigo</p> <p data-bbox="264 349 703 383"><i>Non-Executive Independent Director</i></p> <p data-bbox="264 416 576 479">No. 42/8, Rosmead Place, Colombo 07</p>	<p data-bbox="743 253 1123 286">Chevron Lubricants Lanka PLC</p> <p data-bbox="743 286 1027 320">Non-Executive Director</p> <p data-bbox="743 320 1278 353">Cargills Agriculture & Commercial Bank Ltd</p> <p data-bbox="743 353 1027 387">Non-Executive Director</p> <p data-bbox="743 387 1326 421">Stanley & Davidson Property Holdings (Pvt) Ltd</p>
<p data-bbox="264 521 639 584">Mr. Watuthanthy Mahiman Prasantha Lal De Alwis, PC</p> <p data-bbox="264 618 703 651"><i>Non-Executive Independent Director</i></p> <p data-bbox="264 685 520 748">No. 40/4, Park Road, Colombo 05</p>	<p data-bbox="743 521 1358 555">Sampath Leasing and Factoring (Pvt) Ltd – Director</p>

8.2 PROFILES OF THE BOARD OF DIRECTORS

Mr. Ashok Pathirage

Chairman/ Managing Director

Having served in the Softlogic Group Board as the Managing Director from inception, Mr. Pathirage was appointed as the Chairman of the Group in 2000. Along with Softlogic Holdings PLC, six other firms, which are managed by Mr. Pathirage, are listed on the Colombo Stock Exchange. His role as the Managing Director/Chairman 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 of companies that operate in leisure, retail, automobile and ICT industries. He also serves as the Deputy Chairman of the National Development Bank PLC Board and is the Chairman of NDB Capital Holdings PLC Board.

Mr. Hemantha Gunawardena

Executive Director

Mr. Hemantha Gunawardena is one of the co-founders of Softlogic Group and has served in the BOD of SHL as a Director from its 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 information technology. He has also held the position of Senior Software Manager at a leading blue chip company in Sri Lanka prior to him joining Softlogic Group.

Mr. Haresh Kaimal

Executive Director

Mr. Haresh Kaimal is a co-founder of Softlogic Group and he has been a Director since the inception of the Company in 1991. With over 25 years of experience in information technology and operations, he currently heads the internal information technology division of the group to drive the group's advancements and requirements in the Information technology field. Prior to taking over this role, he was heading a joint venture operation of the Group's overseas subsidiary company in Pakistan.

Mr. Ranjan Perera

Executive Director

Mr. Ranjan Perera joined the Softlogic Group in 1997 and is 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.

Mr. 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 a 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.

Mr. Prashantha Lal De Alwis, PC

Non-Executive Independent Director

Mr. Prashantha Lal De Alwis joined BOD of SHL 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 and was appointed as a 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 year 2002.

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 Walltiles PLC and Lanka Floor Tiles PLC. He is a Director of Horana Plantations PLC, Expolanka Holdings 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 Independent 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 in the Board of Chevron Lubricants Lanka PLC and Cargills Bank Limited as a Non-Executive Director and Audit Committee Chairman. He has also served on the Board of Directors of John Keells Holdings PLC and Ceylon Tobacco Company PLC.

8.3 DIRECTORS' STATEMENT

No Director or a person nominated to become a Director of the Company is or was involved in any of the following events:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- Conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification

8.4 DIRECTORS' INTEREST IN SHARES OF THE COMPANY

Directors' shareholding as at 30th June 2013 is as follows;

Name of the Shareholder	Number of Shares	Percentage (%)
Mr. Asoka Kariyawasam Pathirage	347,938,256	44.66%
Mr. Govinda Waduge Don Hemantha Udaya Gunawardene	57,527,300	7.38%
Mr. Ranjan Janaka Perera	60,836,700	7.81%
Mr. Haresh Kumar Kaimal	64,870,800	8.33%
Mr. Mohamed Pharvees Roshan Rasool	Nil	Nil
Dr. Sivakumar Selliah	2,000,000	0.26%
Deshamanya Parakrama Devasiri Rodrigo	Nil	Nil
Mr. Watuthanthirge Mahiman Prasantha Lal De Alwis, PC	Nil	Nil

8.5 DIRECTORS' INTEREST IN ASSETS/ RELATED PARTY TRANSACTIONS

The information on related party transactions is set out in Note 42 of the Audited Financial Statements for the year ended 31st March 2013 (in Section 11.2 of this Prospectus) and the table below.

Transactions carried out in the ordinary course of business with related entities for the quarter ended 30th June 2013 is given below.

Nature of Transactions	Subsidiaries	Associates	Total
	LKR	LKR	LKR
Management fees, Hiring & other reimbursement of Expenses	84,819,825	1,782,000	86,601,825
Dividend Received	215,830	-	215,830
Rent Paid	300,000	-	300,000
Rent income received	3,585,000	1,110,000	4,695,000
Interest received/ paid	48,517,972	-	48,517,972
Loans (Given)/Taken	130,015,000	-	130,015,000

Other than the information set out above, the Directors of SHL hold no interest in acquisition, disposal, or lease of any asset of SHL during the past two years preceding the Issue and have not proposed to acquire, dispose or lease any asset of SHL, during the two years succeeding the Issue.

8.6 DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS

There are no contracts or arrangements in force other than those set out in the Section 8.5 above in which a Director of SHL is materially interested in the business of the Company as at the date of the Prospectus.

8.7 DIRECTORS' EMOLUMENTS

The aggregate emoluments including bonus and/or profit sharing payments made to Directors during the financial year (FY 2012/13) amounted to LKR 34.7 Million.

The aggregate emoluments including bonus and/or profit sharing payments payable to the Directors for the financial year ending 31st March 2014 is estimated at LKR 40.6 Million.

9.0 CORPORATE MANAGEMENT

9.1 CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR

Mr. Asoka Kariyawasam Pathirage

Please find the profile of Mr. Pathirage under Section 8.2

The Chief Executive Officer/Managing Director or a person nominated to become the Chief Executive Officer/ Managing Director of the Company is or was not involved in the following events:

- A petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer;
- Conviction for fraud, misappropriation or breach of trust or any other similar offence which the CSE considers a disqualification.

9.2 PROFILES OF THE CORPORATE MANAGEMENT

Ms. Desiree Karunaratne, Director Marketing

She joined the Softlogic Group in 2003 and currently holds the position of Director Marketing for the Group. She holds a MBA from the University of Wales. She has over 15 years of senior management experience in a diverse range of businesses across the spectrums of retail, information technology, travel and media.

Ms. Erandi Wickramaarchchi, Chief Financial Officer

She joined the Softlogic Group in 2004 and currently holds the position of Chief Financial Officer. She holds a Special Degree in Accountancy and Financial Management from the University of Sri Jayawardenepura. She is a Fellow Member of the Institute of Chartered Accountants of Sri Lanka and is also an Associate Member of Certified Management Accountants of Sri Lanka. She holds an MBA in Finance from the University of Cardiff Metropolitan.

Ms. Natasha Fonseka, Group Head of Human Capital & Taxation

She joined the Softlogic Group in 2010 and currently holds the position of Group Head - Human Capital & Taxation. She is an Associate Member of the Chartered Institute of Management Accountants (ACMA) of UK. She has over 20 years of experience behind her having worked at Senior Managerial positions in the fields of taxation, financial advisory services, finance and human resources in reputed professional firms and in the private sector.

Ms. Thushani Dayaratne, Head of Group Legal

She joined the Softlogic Group in 2006 and currently holds the position of Group Head -Legal. She is a Law Graduate from the Faculty of Law of the University of Colombo and is an Attorney-at-Law and a Commissioner of Oaths. She is a qualified Company Secretary and holds a Notaries License to practice in English Language.

She has 18 years of experience behind her as a Corporate Lawyer, having worked at senior managerial positions in reputed organisations both in the private and the public sectors.

Ms. Meneka Galgamuwa, Head of Corporate Planning

She joined the Softlogic Group in 2011 and currently holds the position of Head of Group Corporate Planning. She is an Associate Member of the Chartered Institute of Management Accountants (CIMA) of UK, Associate Member of the Chartered Institute of Marketers (CIM) of UK and holds a MBA from the University of Sri Jayawardenapura. She has over 15 years of senior management experience in diverse industries both in Sri Lanka and UK.

Mr. Ajith Waidyalankara, Head of Operations

He has over 30 years experience in the retail industry (with Singer & Abans) with over 15 years in senior management capacity. He is a finalist of Association of Chartered Certified Accountants in U.K. During his tenure he has covered areas of Accounting & Finance, Credit Management and Logistics Management & Operations.

Mr. Hiran Perera, Head of Corporate Finance and Treasury

He joined Softlogic Holdings PLC in 2013 as the Head of Corporate Finance and Treasury. He counts 28 years of experience in banking at HSBC. He was the Head of Wholesale Risk - Sri Lanka and Maldives for 5 years, a senior member of the Bank's management committee (MANCO) and acted in the capacity of Chief Risk Officer, Sri Lanka and Maldives in 2010 and 2011.

Ms. Jey Vijayakumar, Group Financial Controller

She joined the Softlogic Group in 2013 and currently holds the position of Group Financial Controller. She has an honours Degree in B.Sc Engineering and an Associate Member of the Chartered Institute of Management Accountants (CIMA) of UK. Also, she holds a MBA specialised in Financial Management. She has over 15 years of senior management experience in telecommunication, FMCG, information technology, business process outsourcing, ERP process revamping and mapping , BPR and management consultancy.

Mr. Vindya Solangarachchi, Group Head of IT

He joined Softlogic Holdings in 2013 as the Group Head of IT. He holds a Master of Science in Technology Management (Staffordshire University), Bachelor of Information (Charles Stuart University), Higher National Diploma (Edexcel), Diploma in Computer Studies (NCC-UK) and is a Member of British Computer Society . He counts nearly 13 years of senior management experience in the field of ICT, retail and insurance.

Mr. Damith Vitharanage, Head of Group Risk and Internal Audit

He joined SHL in 2013. Has over 15 years of Senior Management experience both in Sri Lanka and Middle East and state and private sector in audit, investigation, finance, financial analysis, administration HR, information technology security, risk management and general management. He is a Management graduate from University of Colombo and holds a MBA specialised in transformational Leadership.

He is an Associate Member of the Chartered Institute of Management Accountants (CIMA) of UK, Institute of Chartered Accountants (CA) of Sri Lanka, Associate Member of the Chartered Institute of Marketers (CIM) of UK and Certified Information system specialist USA

9.3 EMOLUMENTS OF THE CORPORATE MANAGEMENT

The aggregate emoluments including bonus and/or profit sharing payments made to the Corporate Management for the financial year ended 31st March 2013 amounted to LKR 31.6 Million.

The aggregate emoluments including bonus and/or profit sharing payments payable to the Corporate Management for the financial year ending 31st March 2014 is estimated at LKR 63.3 Million.

10.0 STATUTORY DECLARATIONS

10.1 STATUTORY DECLARATION BY THE DIRECTORS

We, the undersigned who are named herein as Directors of Softlogic Holdings PLC hereby declare and confirm that we have read the provisions of CSE Listing Rules and of the Companies Act No. 7 of 2007 and any amendments thereto relating to the issue of the Prospectus and those provisions have been complied with.

This Prospectus has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of our knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the Company have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the Company and making assumptions that are considered to be reasonable at the present point in time in our best judgment.

Name of Directors	Designation	Date	Place	Signature
Mr. A. K. Pathirage	Chairman/Managing Director	13 th August 2013	Colombo	Sgd.
Mr. G. W. D. H. U. Gunawardena	Executive Director	13 th August 2013	Colombo	Sgd.
Mr. R. J. Perera	Executive Director	13 th August 2013	Colombo	Sgd.
Mr. H. K. Kaimal	Executive Director	13 th August 2013	Colombo	Sgd.
Mr. M. P. R. Rasool	Executive Director	13 th August 2013	Colombo	Sgd.
Dr. S. Selliah	Non-Executive Independent Director	13 th August 2013	Colombo	Sgd.
Deshamanya P. D. Rodrigo	Non-Executive Independent Director	13 th August 2013	Colombo	Sgd.
Mr. W. M. P. L. De Alwis, PC	Non-Executive Independent Director	13 th August 2013	Colombo	Sgd.

10.2 STATUTORY DECLARATION BY FINANCIAL ADVISORS AND MANAGERS TO THE ISSUE

We, NDB Investment Bank Limited, of No. 40, Navam Mawatha, Colombo 02 being the Financial Advisors and Managers to the Issue of Softlogic Holdings PLC, hereby declare and confirm that to the best of our knowledge and belief based on the information provided to us by the Company, the Prospectus constitutes full and true disclosure of all material facts about the Issue and Softlogic Holdings PLC.

The Common Seal of, NDB Investment Bank Limited affixed on the 12th day of August 2013 at Colombo in the presence of two Directors.

Sgd.
Director

Sgd.
Director

10.3 STATUTORY DECLARATION BY THE COMPANY

An application has been made to the CSE for permission to deal in and for a listing for Debentures issued by the Company and those Debentures which are the subject of this Issue.

Such permission will be granted when Debentures are listed on the CSE. The CSE assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this Prospectus. Listing on the CSE is not to be taken as an indication of the merits of the Company or of the Debentures issued.

The Common Seal of Softlogic Holdings PLC affixed on this 13th day of August 2013 at Colombo in the presence of two Directors.

Sgd.
Director

Sgd.
Director

11.0 FINANCIAL INFORMATION

11.1 ACCOUNTANT'S REPORT AND FIVE YEAR SUMMARY OF FINANCIAL STATEMENTS



Ernst & Young
Chartered Accountants
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eysl@lk.ey.com
ey.com

ADeS/SAB/NMS

The Board of Directors
Softlogic Holdings PLC
No: 14, De Fonseka Place
Colombo 05

02 August 2013

Dear Sirs,

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS ON PROPOSED ISSUE OF 'A(-)' RATED, UNSECURED, REDEEMABLE, THREE YEAR DEBENTURES OF SOFTLOGIC HOLDINGS PLC

Introduction

This report has been prepared for the inclusion in the Prospectus issued in connection with the issuance of 5,000,000 'A (-)' Rated, Unsecured, Redeemable, Three Year Debentures with a value of Rupees Five Hundred Million (Rs. 500,000,000/-) with the option of increasing the issue size up to 10,000,000 'A (-)' Rated, Unsecured, Redeemable Debentures with a total value of Rupees One Billion (1,000,000,000/-) and to obtain a listing for the same on the Colombo Stock Exchange.

We have examined the financial statements of Softlogic Holdings PLC (the "Company") and the consolidated financial statements of the Company (the "Group") and report as follows.

1. Incorporation

The company was incorporated in Sri Lanka on 25 February 1998 as a private limited liability company under the provisions of Companies Act No. 17 of 1982 and re-registered under Companies Act No. 07 of 2007 on 17 December 2007. The Registered Office of the company is located at No: 14, De Fonseka Place, Colombo 05. The principal activities of the company are holding investments and providing management services to its subsidiaries.

2. Financial Statements of the company and its subsidiary

2.1 Five Years Summary of Financial Statements

A summary of the audited Income Statements, Balance Sheets, Statement of Changes in Equity and Cash Flow Statements of Softlogic Holdings Limited (the "Company") and a summary of consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial years ended 31 March 2009 to 31 March 2011 based on the audited financial statements prepared in accordance with Sri Lanka Accounting Standards effective up to 01 January 2012 are set out in Annexure A to this Report.

A summary of Income Statements, Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity and Cash Flow statements of Softlogic Holdings PLC (the "Company") and a summary of consolidated Income Statements, consolidated Statements of Comprehensive Income, Statements of consolidated Financial Position, Statements of consolidated Changes in Equity and consolidated Cash Flow statements of the Company and its subsidiaries (the "Group") for the financial years ended 31 March 2012 to 31 March 2013 based on the audited financial statements prepared in accordance with Sri Lanka Accounting Standards effective from 01 January 2012 are set out in Annexure A to this report.

2.2 Audited Financial Statements for the year ended 31 March 2013

Our audit report on the financial statements for the year ended 31 March 2013 together with such financial statements comprising Statements of Financial Position, Income Statements, Statements of Comprehensive Income, Statement of

Changes in Equity and Cash Flow Statements along with the Accounting Policies and Notes thereon is given on pages 56 to 125 of the prospectus.

2.3 Audit Reports

We have audited the financial statements of the Company and the consolidated financial statements of the Company and its Subsidiaries for the years ended 31 March 2009 to 31 March 2013.

YEAR	AUDIT OPINION
For the year ended 31 March 2009	An unqualified audit opinion has been issued for the said financial year by our report dated 02 April 2010.
For the year ended 31 March 2010	An unqualified audit opinion has been issued for the said financial year by our report dated 15 September 2010.
For the year ended 31 March 2011	An unqualified audit opinion has been issued for the said financial year by our report dated 22 August 2011.
For the year ended 31 March 2012	An unqualified audit opinion has been issued for the said financial year by our report dated 15 August 2012.
For the year ended 31 March 2013	An unqualified audit opinion has been issued for the said financial year by our report dated 29 July 2013.

2.4 Accounting Policies

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries for the periods ended 31 March 2009 to 31 March 2012 were prepared in accordance with Sri Lanka Accounting Standards effective up to 1 January 2012.

Audited financial statements for the year ended 31 March 2013 were prepared in accordance with Sri Lanka Accounting Standards effective after 01 January 2012. As per Sri Lanka Accounting Standard SLFRS 1 – First-time adoption of Sri Lanka Accounting Standards (SLFRSs), transition date to new SLAS is 01 April 2011 for Softlogic Holdings PLC. Hence, audited financial statements for the year ended 31 March 2012 prepared under previous SLAS has been re-measured in accordance with new SLAS (SLFRS/LKAS), and the accounting policies applicable under new SLAS.

Changes in the accounting policies of the Company since 31 March 2009 to 31st March 2013 are given below.

YEAR	CHANGES IN ACCOUNTING POLICIES
For the year ended 31 March 2009	Except for the following there were no material accounting policy changes to the financial statements. The Company has made changes to be in compliance with Sri Lanka Accounting Standard No.16 (SLAS 16) - Employee Benefits (Revised 2006). As a result, the gratuity liability recognized in the balance sheet is the present value of the defined benefit obligation as at the balance sheet date using the Gratuity formula in Appendix E of SLAS 16.
For the year ended 31 March 2010	There were no material changes compared to the previous year.
For the year ended 31 March 2011	There were no material changes compared to the previous year.
For the year ended 31 March 2012	Accounting Policies are in accordance with the Sri Lanka Accounting Standards effective after 01 January 2012.
For the year ended 31 March 2013	Accounting Policies are in accordance with the Sri Lanka Accounting Standards effective after 01 January 2012.

2.5 Dividends

The Company has not declared and paid dividends in respect of ordinary voting shares for the years ended 31 March 2009 to 31 March 2011. However, the Company has declared & paid dividend for the years ended 31 March 2012 & 31 March 2013 in the following manner.

YEAR ENDED	DIVIDEND PAID (RS.)	DIVIDEND PER SHARE (RS.)
For the year ended 31 March 2009	NIL	NIL
For the year ended 31 March 2010	NIL	NIL
For the year ended 31 March 2011	NIL	NIL
For the year ended 31 March 2012	101,270,000	0.14
For the year ended 31 March 2013	233,700,000	0.30

2.6 Events after the Reporting period

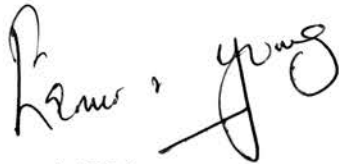
According to the financial statements as of 31 March 2013 which was approved by Board of Directors on 29 July 2013 there were no significant events except for the following,

- Uni Walkers (Private) Limited 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.
- The ownership of Softlogic Destination Management (Private) Limited was transferred from Softlogic Properties (Private) Limited to Softlogic Holdings PLC on 01 July 2013.

2.7 Restriction on Use

This report is made solely for the purpose of the Board of Directors of Softlogic Holdings PLC in usage in the application for the purpose of issuing 'A (-)' rated, unsecured, redeemable, three year debentures. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the addressee, for our audit work for this report. This Report should not to be used, circulated, quoted or otherwise referred to for any other purpose.

Yours faithfully,



2 August 2013
Colombo

ANNEXURE A - FIVE YEAR SUMMARY

Soflogic Holdings PLC
Five Years Summary - Statement of Financial Position/ Balance Sheet

As at	31.03.2013		31.03.2012		31.03.2011		31.03.2010		31.03.2009		31.03.2013		31.03.2012		31.03.2011		31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Non-Current Assets	34,380,343,421	29,040,391,450	20,265,250,186	4,085,284,481	4,066,782,218	9,829,119,741	7,293,660,873	2,203,605,762	2,021,397,379	1,641,246,195	1,685,625,687	1,641,246,195	629,014,147	604,671,773	550,716,442	610,419,535	2,808,271,535	2,572,133,821	2,572,133,821	2,572,133,821
Current Assets	19,512,478,715	15,647,420,915	8,869,102,786	2,999,107,552	2,077,594,414	11,465,245,628	9,934,907,068	6,144,376,637	6,144,376,637	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000
Total Assets	53,892,822,136	44,687,812,365	29,134,352,972	7,083,392,033	6,144,376,637	21,294,365,369	17,228,814,146	10,291,963,255	10,291,963,255	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000
Capital & Reserve	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000	5,089,000,000
Other Component of Equity	1,523,939,034	826,145,632	684,900,723	596,924,852	536,189,421	3,702,810,021	2,974,800,087	2,274,800,087	2,274,800,087	2,274,800,087	2,274,800,087	2,274,800,087	2,274,800,087	2,274,800,087	2,274,800,087	2,274,800,087	2,274,800,087	2,274,800,087	2,274,800,087	2,274,800,087
Shareholders Fund	7,366,332,846	7,202,176,383	3,041,587,064	2,039,452,885	883,669,508	8,791,810,021	7,953,800,174	7,366,332,846	7,366,332,846	7,366,332,846	7,366,332,846	7,366,332,846	7,366,332,846	7,366,332,846	7,366,332,846	7,366,332,846	7,366,332,846	7,366,332,846	7,366,332,846	7,366,332,846
Non controlling interest	6,298,335,034	4,110,003,320	4,043,432,768	4,333,194	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014	3,793,014
Total Equity	13,664,657,880	11,312,179,703	7,045,019,832	2,044,806,079	887,462,522	12,585,620,035	11,057,600,188	11,160,145,860	11,160,145,860	11,160,145,860	11,160,145,860	11,160,145,860	11,160,145,860	11,160,145,860	11,160,145,860	11,160,145,860	11,160,145,860	11,160,145,860	11,160,145,860	11,160,145,860
Non-Current Liabilities	16,646,122,197	12,042,225,355	4,122,432,488	786,387,971	573,508,336	2,675,539,427	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069	1,812,922,069
Current Liabilities	23,622,042,659	21,333,407,307	17,866,900,652	4,253,197,983	4,683,403,759	3,332,745,351	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019	1,333,446,019
Total Liability	40,268,164,856	33,375,632,662	22,089,333,140	5,039,585,954	5,256,914,115	6,008,284,778	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108	3,146,368,108
Total Equity & Liabilities	53,892,822,136	44,687,812,365	29,134,352,972	7,083,392,033	6,144,376,637	21,294,365,369	17,228,814,146	10,291,963,255	10,291,963,255	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000	10,178,000,000

Soflogic Holdings PLC
Five Years Summary - Income Statement

For the Year Ended	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Revenue	25,360,636,147	21,818,833,878	10,788,466,990	4,848,808,620	5,631,219,950	280,764,425	214,267,150	159,556,537	121,669,087	113,638,820	280,764,425	214,267,150	159,556,537	121,669,087	113,638,820
Gross Profit	8,217,079,598	7,167,405,764	2,880,429,922	1,389,756,246	1,634,480,201	205,685,615	119,606,128	95,327,196	55,775,456	17,622,257	205,685,615	119,606,128	95,327,196	55,775,456	17,622,257
Profit before Tax and Finance Cost	2,331,288,973	2,853,494,947	1,903,873,659	1,035,812,009	1,032,482,369	799,071,443	746,169,695	283,009,447	136,012,685	202,394,322	799,071,443	746,169,695	283,009,447	136,012,685	202,394,322
Profit/(Loss) before Tax	484,243,569	1,600,543,493	1,046,819,077	253,524,384	138,460,398	348,228,778	439,213,032	82,657,692	67,341,091	51,173,699	348,228,778	439,213,032	82,657,692	67,341,091	51,173,699
Taxation	(156,633,128)	(584,536,983)	(76,009,554)	(98,841,945)	(69,387,483)	(445,568,213)	(216,241,228)	(445,568,213)	(216,241,228)	(445,568,213)	(216,241,228)	(445,568,213)	(216,241,228)	(445,568,213)	(216,241,228)
Profit/(Loss) attributable to Shareholders	190,610,441	1,015,946,510	970,809,523	154,682,439	69,072,915	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894

Soflogic Holdings PLC
Five Years Summary - Statement of Other Comprehensive Income

For the Year Ended	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Profits Attributable to Shareholders	190,610,441	1,015,946,510	970,809,523	154,682,439	69,072,915	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894
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)	216,241,228	(445,568,213)	216,241,228	(445,568,213)	216,241,228	(445,568,213)	216,241,228	(445,568,213)	216,241,228
Tax on other comprehensive income	(156,681,827)	(32,709,135)	-	-	-	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894
Total comprehensive income for the year, net of tax	2,106,267,374	855,808,607	970,809,523	154,682,439	69,072,915	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894	(97,778,310)	655,171,894

Soflogic Holdings PLC
Five Years Summary - Cash Flow Statement

For the Year Ended	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Profit/(Loss) before Tax	484,243,569	1,600,543,493	1,046,819,077	253,524,384	138,460,398	348,228,778	439,213,032	82,657,692	67,341,091	51,173,699	348,228,778	439,213,032	82,657,692	67,341,091	51,173,699
Profit before Working Capital Changes	3,222,857,232	4,029,531,701	1,861,933,183	963,578,477	1,088,386,008	89,275,193	63,201,379	84,328,266	96,247,424	60,033,655	89,275,193	63,201,379	84,328,266	96,247,424	60,033,655
Net Cash from/ (used in) Operating Activities	1,793,171,664	1,570,662,483	(1,916,086,672)	(601,113,689)	(76,263,342)	1,247,358,665	(1,052,859,001)	87,153,978	(811,646,245)	142,265,923	1,247,358,665	(1,052,859,001)	87,153,978	(811,646,245)	142,265,923
Net Cash from/ (used in) Investing Activities	(3,575,592,043)	(5,995,252,773)	(4,720,089,609)	68,937,555	(115,660,351)	(3,575,592,043)	(5,995,252,773)	(4,720,089,609)	68,937,555	(115,660,351)	(3,575,592,043)	(5,995,252,773)	(4,720,089,609)	68,937,555	(115,660,351)
Net Cash from/ (used in) Financing Activities	1,578,204,067	7,044,739,250	6,109,370,718	802,301,173	(3,121,001)	1,389,983,997	2,082,720,926	3,594,507,845	843,491,756	1,187,490	1,389,983,997	2,082,720,926	3,594,507,845	843,491,756	1,187,490
Net Change in Cash and Cash Equivalents	(404,216,312)	1,206,548,960	(626,805,563)	270,125,839	(42,518,110)	(897,325,281)	(562,368,148)	(97,778,310)	655,171,894	(97,778,310)	(897,325,281)	(562,368,148)	(97,778,310)	655,171,894	(97,778,310)
Cash and Cash Equivalents	91,876,892	(1,114,952,614)	(588,147,052)	(838,340,957)	(816,074,469)	(187,555,220)	(30,442,043)	(336,587,684)	(430,772,186)	(459,100,679)	(187,555,220)	(30,442,043)	(336,587,684)	(430,772,186)	(459,100,679)
Effect of Exchange Rate Changes	(53,617)	280,547	280,547	68,866	251,622	(332,240,691)	(187,555,220)	(332,240,691)	(187,555,220)	(332,240,691)	(187,555,220)	(332,240,691)	(187,555,220)	(332,240,691)	(187,555,220)
At the End of the Year	(312,393,037)	91,876,893	(1,114,672,068)	(888,147,052)	(858,340,957)	(332,240,691)	(187,555,220)	(332,240,691)	(187,555,220)	(332,240,691)	(187,555,220)	(332,240,691)	(187,555,220)	(332,240,691)	(187,555,220)

Chief Financial Officer
Above summary of Financial Information and its extraction from the audited Financial Statements, is the responsibility of the Board of Directors.
Director

ANNEXURE A - FIVE YEAR SUMMARY

Softlogic Holdings PLC
Five Years Summary - Statement of Changes in Equity
For the Year Ended

Group	Attributable to Equity Holders of Parent							Total	Non-controlling Interest	Total Equity
	Stated Capital	Treasury Shares	Revaluation Reserves	Exchange Translation	Available for sale reserve	Accumulated profit	Statutory Reserve Fund			
In Rs.										
As at 31 March 2008 (Re-stated)	50,000,000	-	451,110,791	(19,613,849)	-	228,748,448	-	710,245,390	4,426,979	714,672,369
Currency Translation Differences	-	-	-	25,017,303	-	-	-	25,017,303	(975,256)	78,699,920
Net Gain or Loss Recognized Directly in Equity	-	-	79,675,176	-	-	68,731,639	-	79,675,176	341,291	69,072,930
Profit for the Year	-	-	-	-	-	-	-	-	-	-
As at 31 March 2009	50,000,000	-	530,785,967	5,403,454	-	297,480,087	-	883,669,508	3,793,014	887,462,522
Issue of Shares	934,056,000	-	-	-	-	-	-	934,056,000	-	934,056,000
Direct Cost on Share Issue	-	-	-	-	-	(24,351,264)	-	(24,351,264)	-	(24,351,264)
Currency Translation Differences	-	-	-	(42,583,796)	-	37,226,351	-	(42,583,796)	-	(42,583,796)
Net Gain or Loss Recognized Directly in Equity	-	-	97,319,227	-	-	154,116,859	-	97,319,227	-	134,545,578
Profit for the Year	-	-	-	-	-	-	-	-	565,580	154,682,439
Subsidiary Dividend to Minority Shareholders	-	-	-	-	-	-	-	-	(5,400)	(5,400)
As at 31 March 2010	984,056,000	-	628,105,194	(37,180,342)	-	464,472,033	-	2,039,452,885	4,353,194	2,043,806,079
Issue of Shares	73,944,000	-	-	-	-	(924,742)	-	73,944,000	-	73,944,000
Direct Cost on Share Issue	-	-	-	-	-	(19,179,313)	-	(19,179,313)	-	(19,179,313)
Currency Translation Differences	-	-	109,740,688	-	-	(3,414,497)	-	109,740,688	3,881,381,423	3,991,122,111
Net Gain or Loss Recognized Directly in Equity	-	-	-	-	-	829,248,354	-	829,248,354	141,561,169	970,809,523
Transfer to Reserve Fund	-	-	-	-	-	9,305,193	-	9,305,193	(23,863,018)	(14,557,826)
Profit for the Period	-	-	-	-	-	-	-	-	-	-
Subsidiary Dividend to Non-controlling interest	-	-	-	-	-	-	-	-	-	-
As at 31 March 2011	1,058,000,000	-	737,845,882	(56,359,655)	-	1,298,686,341	-	3,041,587,064	4,003,432,768	7,045,019,832
SLFRS transition effect	-	-	-	-	(2,904,611)	(35,720,258)	-	(38,624,869)	57,780,781	19,155,912
As at 01 April 2011	1,058,000,000	-	737,845,882	(56,359,655)	-	1,262,966,083	-	3,002,962,195	4,061,213,549	7,064,175,744
Issue of Shares	4,031,000,000	-	-	-	-	-	-	4,031,000,000	-	4,031,000,000
Profit for the year	-	-	(32,709,135)	(39,974,821)	(35,602,579)	448,266,836	-	448,266,836	567,679,674	1,015,946,510
Other Comprehensive income	-	-	(32,709,135)	(39,974,821)	(35,602,579)	448,266,836	-	(108,286,535)	(51,851,368)	(160,137,903)
Total Comprehensive income	-	-	-	-	-	-	-	339,980,301	515,828,306	855,808,607
Direct cost on issue of shares	-	-	-	-	-	(132,154,642)	-	(132,154,642)	-	(132,154,642)
Transfer to reserve fund	-	-	-	-	-	(27,436,055)	-	(27,436,055)	-	(27,436,055)
Allocation for Life Solvency	-	-	-	-	-	(74,669,193)	-	(74,669,193)	(50,330,807)	100,000,000
Additions, disposals and changes in holding	-	-	-	-	-	(200,366,210)	-	(200,366,210)	(85,738,068)	(286,124,278)
Dividend Paid	-	-	-	-	-	(101,270,000)	-	(101,270,000)	(330,949,660)	(101,270,000)
Subsidiary dividend to non controlling interest	-	-	-	-	-	111,693,932	-	111,693,932	4,110,003,320	(219,235,728)
As at 31 March 2012	5,089,000,000	-	705,136,747	(96,334,476)	(38,507,190)	1,287,030,751	255,850,552	7,202,176,388	4,110,003,320	11,312,179,703
Profit for the year	-	-	632,187,145	2,448,866	278,971,049	(338,365,963)	-	(338,365,963)	528,976,404	190,610,441
Other Comprehensive income	-	-	632,187,145	2,448,866	278,971,049	(338,365,963)	-	913,607,060	1,002,049,874	1,915,656,934
Total Comprehensive income	-	-	-	-	-	-	-	575,241,097	1,531,026,278	2,106,267,375
Direct cost on issue of shares	-	-	-	-	-	(53,054,220)	-	(53,054,220)	(30,926,896)	(83,981,116)
Transfer to reserve fund	-	-	-	-	-	(56,940,038)	-	(56,940,038)	-	(56,940,038)
Allocation for Life Solvency	-	-	-	-	-	225,000,000	-	225,000,000	-	225,000,000
Treasury shares purchased during the year	-	(47,753,697)	-	-	-	(76,586,718)	-	(124,340,415)	-	(124,340,415)
Additions, disposals and changes in holding	-	-	-	-	-	(233,700,000)	-	(233,700,000)	1,125,345,430	1,048,758,712
Dividend Paid	-	-	-	-	-	-	-	-	(437,113,098)	(437,113,098)
Subsidiary dividend to non controlling interest	-	-	-	-	-	-	-	-	6,298,335,034	13,664,657,879
As at 31 March 2013	5,089,000,000	(47,753,697)	1,337,323,892	(93,885,610)	240,463,859	753,383,812	87,790,590	7,366,322,845	6,298,335,034	13,664,657,879

ANNEXURE A - FIVE YEAR SUMMARY

Softlogic Holdings Limited
Five Years Summary - Statement of Changes in Equity
For the Year Ended

Company	Stated Capital	Available for sale reserve	Accumulated profit	Total
In Rs.				
As at 31 March 2008 (Restated)	50,000,000	-	(30,072,720)	19,927,280
Net Profit for the Year	-	-	2,976,276	2,976,276
As at 31 March 2009	50,000,000	-	(27,096,444)	22,903,556
Issue of Shares	934,056,000	-	-	934,056,000
Loss for the Year	-	-	(37,876,757)	(37,876,757)
Direct Cost on Share Issue	-	-	(24,351,264)	(24,351,264)
As at 31 March 2010	984,056,000	-	(89,324,465)	894,731,535
Issue of Shares	73,944,000	-	-	73,944,000
Profit for the Period	-	-	79,473,828	79,473,828
Direct Cost on Share Issue	-	-	(919,242)	(919,242)
As at 31st March 2011	1,058,000,000	-	(10,769,879)	1,047,230,121
SLFRS transition effect	-	226,577,314	61,739,273	288,316,587
As at 01 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)
Final dividend paid -2010/11	-	-	(101,270,000)	(101,270,000)
As at 31st 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)	347,789,903	(97,778,310)
Final dividend paid -2011/12	-	-	(233,700,000)	(233,700,000)
As at 31st March 2013	5,089,000,000	(2,749,371)	370,810,021	5,457,060,650

11.2 AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2013

The audited financial statements for the financial year ended 31st March 2013 is given below.

The interim financial statements for the three month period ended 30th June 2013 will be made available by 15th August 2013 and can be downloaded from the CSE website.



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AdeS/SAB

INDEPENDENT AUDITORS' REPORT 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 and 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 Talawatte FCA FCMA M P D Cooray FCA FCMA R N de Saram ACA FCMA Ms. N A De Silva ACA Ms. Y N 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 R 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

Softlogic Holdings PLC

INCOME STATEMENT

For the Year ended 31 March In Rs.	Note	GROUP 2013	2012	COMPANY 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 expenses	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 8 to 70 form an integral part of these financial statements.

Softlogic Holdings PLC

STATEMENT OF COMPREHENSIVE INCOME

For the Year ended 31 March In Rs.	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		

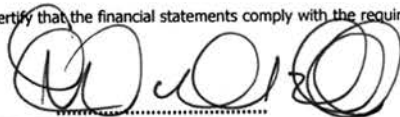
Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 8 to 70 form an integral part of these financial statements.

Softlogic Holdings PLC
STATEMENT OF FINANCIAL POSITION

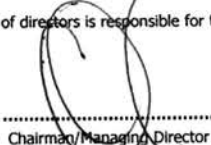
As at 31 March In Rs.	Note	GROUP			COMPANY		
		2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011
ASSETS							
Non-current assets							
Property, plant and equipment	14	14,608,652,573	11,523,290,511	10,446,467,952	138,556,963	151,101,016	135,294,939
Lease rentals paid in advance	15	154,349,111	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 reserves		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
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		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.

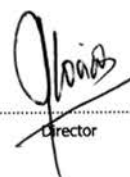


Chief Financial Officer

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



Chairman/Managing Director



Director

Figures in brackets indicate deductions.

The accounting policies and notes as set out in pages 8 to 70 form an integral part of these financial statements.

29 July 2013
Colombo



Softlogic Holdings PLC
CASH FLOW STATEMENT
For the year ended 31 March

In Rs.	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 expenses 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)
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 8 to 70 form an integral part of these financial statements.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March

A DISPOSAL OF SUBSIDIARIES

Softlogic Capital PLC, which is a 54.15% owned subsidiary of Softlogic Holdings PLC acquired 100% stake in Softlogic Stockbrokers (Pvt) Ltd (Previously known as Arrenga Capital (Pvt) Ltd) as at 01 April 2012. The acquisition had the following effect on the Groups' assets and liabilities

Acquisition of Softlogic Stockbrokers (Pvt) Ltd [Previously Known as	2013
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
	108,136,104
Investment by non-controlling Interest	91,563,896
	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 Limited, which is a 48.37% owned subsidiary of Softlogic Holding PLC via investment under Softlogic Capital PLC, was disposed as at 31.12.2012

Disposal of Softlogic Credit Limited	2012/13
Trade and other receivables	28,198,830
Short term investments	21,304,623
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	59,113,793
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

Softlogic Holdings PLC
STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to equity holders of parent							Total	Non-controlling interest	Total equity
	Stated capital	Treasury Shares	Revaluation reserve	Exchange translation reserve	Available for sale reserve	Statutory reserve fund	Revenue reserve			
In Rs.										
As at 1 April 2011	1,058,000,000	-	737,845,882	(56,359,655)	(2,904,611)	3,414,497	1,262,966,082	3,002,962,195	4,061,213,549	7,064,175,744
Issue of shares	4,031,000,000	-	-	-	-	-	-	4,031,000,000	-	4,031,000,000
Profit for the year	-	-	-	-	-	-	448,266,836	448,266,836	567,679,674	1,015,946,510
Other comprehensive income	-	-	(32,709,135)	(39,974,821)	(35,602,579)	-	-	(108,286,535)	(51,851,368)	(160,137,903)
Total comprehensive income	-	-	(32,709,135)	(39,974,821)	(35,602,579)	-	448,266,836	339,980,301	515,828,306	855,808,607
Direct cost on issue of shares	-	-	-	-	-	-	(132,154,642)	(132,154,642)	-	(132,154,642)
Transfer to reserve fund	-	-	-	-	-	27,436,055	(27,436,055)	-	-	-
Allocation for life solvency	-	-	-	-	-	225,000,000	(74,669,193)	150,330,807	(50,330,807)	100,000,000
Additions, disposals and changes in holding	-	-	-	-	-	-	(200,366,210)	(200,366,210)	(85,758,068)	(286,124,278)
Dividend paid	-	-	-	-	-	-	(101,270,000)	(101,270,000)	-	(101,270,000)
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	111,693,932	111,693,932	(330,949,660)	(219,255,728)
As at 31 March 2012	5,089,000,000	-	705,136,747	(96,334,476)	(38,507,190)	255,850,552	1,287,030,750	7,202,176,383	4,110,003,320	11,312,179,703
Profit for the year	-	-	-	-	-	-	(338,365,963)	(338,365,963)	528,976,404	190,610,441
Other comprehensive income	-	-	632,187,145	2,448,866	278,971,048	-	-	913,607,059	1,002,049,874	1,915,656,933
Total comprehensive income	-	-	632,187,145	2,448,866	278,971,048	-	(338,365,963)	575,241,096	1,531,026,278	2,106,267,374
Direct cost on issue of shares	-	-	-	-	-	-	(53,054,220)	(53,054,220)	(30,926,896)	(83,981,116)
Transfer to reserve fund	-	-	-	-	-	56,940,038	(56,940,038)	-	-	-
Allocation for life solvency	-	-	-	-	-	(225,000,000)	225,000,000	-	-	-
Treasury shares purchased during the year	-	(47,753,697)	-	-	-	-	-	(47,753,697)	-	(47,753,697)
Acquisitions, disposals and changes in holding	-	-	-	-	-	-	(76,586,718)	(76,586,718)	1,125,345,430	1,048,758,712
Dividend paid	-	-	-	-	-	-	(233,700,000)	(233,700,000)	-	(233,700,000)
Subsidiary dividend to non-controlling interest	-	-	-	-	-	-	-	-	(437,113,098)	(437,113,098)
As at 31 March 2013	5,089,000,000	(47,753,697)	1,337,323,892	(93,885,610)	240,463,858	87,790,590	753,383,812	7,366,322,846	6,298,335,034	13,664,657,880

COMPANY	Attributable to equity holders of parent			Total
	Stated capital	Available for sale reserve	Accumulated profit	
In Rs.				
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)
Final dividend paid - 2010/11	-	-	(101,270,000)	(101,270,000)
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)
Final dividend paid - 2011/12	-	-	(233,700,000)	(233,700,000)
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 8 to 70 form an integral part of these financial statements.

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.

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 recognized 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) If 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 recognized 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 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 recognizes 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 recognizes 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 maybe 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 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:

	Balance Sheet		Income Statement (Avg. Rate)	
	31-03-2013 Rs.	31-03-2012 Rs.	31-03-2013 Rs.	31-03-2012 Rs.
US Dollar	126.74	128.10	127.37	119.15
Australian Dollar	132.01	132.57	132.69	123.60
Pakistan Rupees	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 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 recognized 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 recognized outside the Income Statement is recognized 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 recognized 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 advance

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 recognized 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 recognized on a straight line basis over the term of hire purchase rental and operating lease agreements.

Overdue charges

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

Gross premiums

Gross recurring premiums on life insurance are recognized 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 recognized on the date on which the policy commences.

Reinsurance premiums

Gross reinsurance premiums on life insurance and investment contracts are recognized 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 recognized 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.

Investment income

Interest income is recognized 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 recognized 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 recognized 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 recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognized 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 life of assets is as follows:

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

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

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.

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 amortization 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 amortization 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 capitalized and if it meets the definition of an intangible asset and the recognition criteria are satisfied. Leased rights are amortized 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 capitalized 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.

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	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 marketplace (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

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

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

In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on 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 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 recognized 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) amortization 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 amortization 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.

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 recognized 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 recognized 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 Comprehensive Income. Profits originated from margins of adverse deviations on run-off contracts are recognized in the Statement of Comprehensive Income over the life of the contract, whereas losses are fully recognized in the Statement of Comprehensive Income during the first year of run-off. The liability is derecognized when the contract expires, is discharged or is cancelled.

At each reporting date, an assessment is made of whether the recognized 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 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 equalization or catastrophe reserves is recognized. The liabilities are derecognized 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 recognized 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 recognized in accordance with the general guidance for provisions above (LKAS 37) or
- the amount initially recognized less, when appropriate, cumulative amortization 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.

1.9 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.

1.10 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.

Softlogic Holdings PLC
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	(18,397,821)	746,169,695
Finance income	2.5.2	-	396,440,677	396,440,677	-	66,493,769	66,493,769
Finance expenses		(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	(12,876,282)	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	(5,848,926)	1,015,946,510	451,806,647	(12,876,282)	438,930,366

2.2. Reconciliation of comprehensive income - Statement of comprehensive income

	As per SLAS	GROUP Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS	As per SLAS	COMPANY Effect of transition to SLFRS/LKAS	As per SLFRS/LKAS
Profit for the year	1,021,795,435	(5,848,926)	1,015,946,510	451,806,647	(12,876,282)	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.

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS

2.2.3 Reconciliation of equity - Consolidated Statement of Financial Position

Note	Equity as at 31 March 2012			Equity as at 1 April 2011		
	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	(231,666,681)	10,333,332
		28,984,052,832	56,338,619	29,040,391,450	20,265,250,186	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	(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	(175,685,251)	8,693,417,537
Total Assets		44,859,016,832	(171,204,467)	44,687,812,365	29,134,352,972	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	-
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	826,145,633	681,996,113	681,996,113
		7,283,380,982	(81,204,599)	7,202,176,383	(38,624,870)	3,002,962,195
Non-controlling interest	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	7,064,175,744
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
Current liabilities						
Trade and other payables	2.5.7.	2,824,784,516	(232,093,513)	2,592,691,003	1,938,594,985	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	9,204,612	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	13,096,194	21,333,407,307	17,966,900,652	17,964,000,238
Total equity and liabilities		44,859,016,832	(171,204,467)	44,687,812,365	29,134,352,972	29,203,657,239

Figures in brackets indicate deductions.

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

2.4. Reconciliation of equity - Company Statement of Financial Position

	Note	Equity as at 31 March 2012			Equity as at 1 April 2011		
		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		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		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	(300,001)	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.

Softlogic Holdings PLC

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 SLFRS/LKAS

The changes relating to these are as follows

	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.

	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.

	Equity as at 31st March 2012	Equity as at 01st 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
Net (loss)/gain on available for sale financial assets	GROUP	COMPANY
For the year ended 31 March 2012	(87,453,947)	216,241,528

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

02. FIRST TIME ADOPTION OF SLFRS/LKAS

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

	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

	GROUP	COMPANY
As at 31st March 2012	1,077,168,339	3,783,369
As at 1st 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 been changed. Some capital reserves have been reclassified to other component of equity.

Reclassification from - Capital reserves
Reclassification to - Other components of equity

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

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

	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.

	Group	Company
Profit/(loss) as per published Interim Financial Statements as per SLAS	878,708,892	401,211,934
Net gain recognized 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 AAI 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	(75,660,258)	(1,148,119)
Profit as per Audited Accounts	190,610,441	347,754,064

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March		GROUP		COMPANY	
In Rs.	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

For the Year ended 31st March		GROUP	
In Rs.	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	
Health Services	6,927,408,454	6,005,121,567	
Other	61,536,083	15,779,357	
	25,360,636,147	21,818,833,878	

For the Year ended 31 March		GROUP		COMPANY	
In Rs.	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

For the Year ended 31 March		GROUP		COMPANY	
In Rs.	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

For the Year ended 31 March		GROUP		COMPANY	
In Rs.	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	259,102,374	92,322,393	9,442,101	15,249,312
		825,455,974	396,440,677	258,592,980	66,493,769

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

For the Year ended 31 March		GROUP		COMPANY	
In Rs.	2013	2012	2013	2012	
8	PROFIT/(LOSS) BEFORE TAX				
	<i>Profit before tax is stated after charging all expenses including the following:</i>				
	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

For the Year ended 31 March		GROUP		COMPANY	
In Rs.	Note	2013	2012	2013	2012
9	TAX EXPENSE				
	Current income tax				
	Current tax charge	9.1	207,371,325	405,531,249	438,875
	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

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended 31 March In Rs.	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	731,117,783	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 - 28%	164,337,549	388,143,441	438,875	283,266
Income tax at concessionary rate - 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

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.

For the Year ended 31st March In Rs.	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 finalization 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
Health care 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%

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

10 EARNINGS / (LOSS) PER SHARE

10.1 Basic earnings per share

For the Year ended 31 March In Rs.	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

For the Year ended 31 March In Rs.	GROUP			
	2013		2012	
11 DIVIDEND PER SHARE	Per Share	Total	Per Share	Total
Equity dividend on ordinary shares declared and paid during the year				
Interim Dividend	0.30	233,700,000	0.14	101,270,000

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 defense in the order of senior management officials under policies approved by the Group's operating segments & 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 Group 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 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 Borrowing	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

Softlogic Holdings PLC

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

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

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

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.

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 control 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 12.2.2.1

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.

(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 optimizing 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 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 has minimized the 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).

(Refer sheet "Credit Risk exposure" note 12.2.2.1)

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 its 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.

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March	Group 2013				Total
	On demand	1-12 Months	1 to 5 years	> 5 years	
Interest-bearing loans and borrowings	-	2,846,653,852	7,483,215,706	2,072,579,055	12,402,448,613
Other financial 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

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

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	15,072,076	-	-	-	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
	2,694,547,861	613,856,649	2,654,103,927	-	5,962,508,437

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).

As at 31 March	GROUP		COMPANY	
	2013	2012	2013	2012
Interest-bearing loans and borrowings (including bank OD)	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

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 March 2013

13 FINANCIAL INSTRUMENTS

13 Financial Assets by Categories - Company

Financial assets and liabilities in the tables below are split into categories in accordance with IFRS 9.

Financial Assets by Categories	Loans and receivables			Financial assets fair value through profit or loss			Available-for-sale financial assets			Held-to-maturity investments			Total		
	As at 31 March In Rs.	2012 Rs.	2011 Rs.	2013 Rs.	2012 Rs.	2011 Rs.	2013 Rs.	2012 Rs.	2011 Rs.	2013 Rs.	2012 Rs.	2011 Rs.	2013 Rs.	2012 Rs.	2011 Rs.
Financial Instruments in non-current Assets															
Other non-current financial assets	91,592,900	339,934,175	237,044,175	-	-	-	132,209,309	675,185,262	458,603,734	5,300,000	5,300,000	5,300,000	226,330,873	1,020,419,437	700,947,939
Financial Instruments in current assets															
Trade and other receivables	103,346,900	65,758,165	68,363,473	-	-	-	-	-	-	-	-	-	103,346,900	65,758,165	68,363,473
Amounts due from related parties	901,045,992	1,232,761,426	278,145,009	-	-	-	-	-	-	-	-	-	901,045,992	1,232,761,426	278,145,009
Short term investments	901,924,210	229,469,904	271,725,154	4,875,190	97,266,039	271,725,154	-	-	-	-	-	-	512,099,400	326,735,943	271,725,154
Cash in hand and at bank	104,352,677	7,118,666	5,743,212	-	-	-	-	-	-	-	-	-	104,352,677	7,118,666	5,743,212
Total	1,702,242,679	1,875,042,338	592,295,869	4,875,190	97,266,039	271,725,154	132,209,309	675,185,262	458,603,734	5,300,000	5,300,000	5,300,000	1,847,155,842	2,452,793,639	1,324,924,757

13 Financial liabilities by categories - Company

Financial liabilities by categories - Company	Financial liabilities measured at amortised cost			Total		
	As at 31 March In Rs.	2012 Rs.	2011 Rs.	2013 Rs.	2012 Rs.	2011 Rs.
Financial Instruments in non-current liabilities						
Interest bearing borrowings	1,747,689,927	1,799,233,795	400,723,284	1,747,689,927	1,799,233,795	400,723,284
Amounts due to related parties	906,414,000	-	-	906,414,000	-	-
Financial Instruments in current liabilities						
Trade and other payables	15,072,076	10,024,894	54,480,030	15,072,076	10,024,894	54,480,030
Amounts due to related parties	947,436,147	333,618,405	704,590,689	947,436,147	333,618,405	704,590,689
Short term borrowings	613,856,649	275,353,488	3,695,737,447	947,436,147	275,353,488	3,695,737,447
Borrowings	436,573,368	510,975,442	142,721,412	436,573,368	510,975,442	142,721,412
Bank overdrafts	-	194,673,888	36,186,255	-	194,673,888	36,186,255
Total	4,657,042,167	3,123,881,974	4,657,714,833	4,657,042,167	3,123,881,974	5,036,488,117

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS

13 FINANCIAL INSTRUMENTS

13.1 Financial Assets by Categories - Group

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

As at 31 March In Rs.	Loans and Receivables			Financial assets fair value through profit or loss			Available-for-sale financial assets			Held-to-maturity investments			Total	
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011	2012	As at 1 April 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	740,615,194	-	1,962,141,172	1,343,950,784	157,784,979	-	211,563,405	209,002,561	-	5,163,842,563
Rental receivable on lease assets and hire purchase	4,278,441,219	3,847,171,008	2,095,891,165	-	-	-	-	-	-	-	-	-	-	4,278,441,219
Financial instruments in current assets														
Trade and other receivables	4,277,651,687	3,351,059,939	2,145,894,291	-	-	-	-	-	-	-	-	-	-	4,277,651,687
Loans and advances	1,912,559,755	1,238,745,833	1,091,178,899	-	-	-	-	-	-	-	-	-	-	1,912,559,755
Rental receivable on lease assets and hire purchase	2,986,756,466	2,203,841,473	1,324,519,881	-	-	-	-	-	-	-	-	-	-	2,986,756,466
Amounts due from related parties	94,382,414	12,090,059	261,598	-	-	-	-	-	-	-	-	-	-	12,090,059
Short term investments	1,323,124,987	914,190,659	279,647,867	3,544,438,862	3,370,166,940	641,168,482	-	-	-	-	-	-	-	3,711,646,862
Cash in hand and at Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	1,323,124,987
	15,831,345,723	12,571,233,259	7,075,257,073	5,576,147,653	4,110,782,134	641,168,482	1,962,141,172	1,343,950,784	157,784,979	211,563,405	209,002,561	-	23,581,197,952	18,234,968,739

13.2 Financial liabilities by categories - Group

As at 31 March
In Rs.

As at 31 March In Rs.	Financial instruments in current liabilities			Financial liabilities at fair value through profit or loss (FVTPL)			Financial liabilities measured at amortised cost			Total	
	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011	2013	2012	As at 1 April 2011	2012	As at 1 April 2011
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	1,812,828,000	1,812,828,000	-	-	-	-	1,812,828,000	1,812,828,000	-	-	-
Amounts due to related parties	22,020,839	33,591,371	4,049,610	-	-	-	9,555,794,761	22,020,839	3,474,841,657	8,504,187,538	4,049,610
Short term borrowings	7,710,575,994	7,043,140,484	10,201,423,727	-	-	-	1,217,018,340	460,334,147	205,057,922	460,334,147	205,057,922
Current portion of interest bearing borrowings	2,846,653,852	5,379,714,177	2,895,289,660	-	-	-	3,894,506,258	2,592,691,003	1,728,200,429	2,592,691,003	1,728,200,429
Public deposits	5,739,932,707	4,001,515,979	1,379,779,977	-	-	-	7,710,575,994	7,043,140,484	10,201,423,727	7,043,140,484	10,201,423,727
Bank overdrafts	2,924,078,038	1,854,770,767	1,394,600,482	-	-	-	2,846,653,852	2,846,653,852	5,379,714,177	5,379,714,177	2,895,289,660
	35,723,408,789	29,869,945,466	21,283,243,464	-	-	-	35,723,408,789	29,869,945,466	21,283,243,464	29,869,945,466	21,283,243,464

Softlogic Holdings PLC NOTES TO THE FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT

14.1 Group
As at 31 March

In Rs.	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	11,523,290,511
As at 31 March 2012	6,634,147,731	901,306,868	1,550,065,424	1,853,317,942	270,194,055	314,298,491	-	10,446,467,952
As at 31 March 2011	6,031,071,148	900,039,962	1,880,913,596	1,361,802,656	259,079,391	13,561,199	-	-

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

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14.2 Company				Total	Total
As at 31 March In Rs.	Furniture and fittings	Computer and Office equipment	Motor vehicles	2013	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	<u>15,682,210</u>	<u>28,387,166</u>	<u>59,204,515</u>	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	<u>-</u>	<u>-</u>	<u>133,274,077</u>	133,274,077	164,493,897
Total value of assets	<u>15,682,210</u>	<u>28,387,166</u>	<u>192,478,592</u>	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	<u>6,227,054</u>	<u>9,658,841</u>	<u>42,348,379</u>	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	<u>-</u>	<u>-</u>	<u>39,756,731</u>	39,756,731	51,270,328
Total accumulated depreciation	<u>6,227,054</u>	<u>9,658,841</u>	<u>82,105,110</u>	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 31 March 2011	5,003,693	7,372,530	122,918,716		135,294,939

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As at 31 March In Rs.	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 values, 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 value
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 buildings	Market Value	31.5.2012	P.B.Kalugalgedara (Chartered Valuer)
Asiri Surgical Hospital PLC			
Land and buildings	Market value	31.5.2012	P.B.Kalugalgedara (Chartered Valuer)
Central Hospital Ltd			
Land and buildings	Market Value	31.5.2012	P.B.Kalugalgedara (Chartered Valuer)
Asiri Matara Hospital (pvt) Ltd			
Land and buildings	Market Value	31.5.2012	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;

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

Softlogic Holdings PLC NOTES TO THE FINANCIAL STATEMENTS

As at 31 March In Rs.	Extent	Lease period	2013	2012	2013	2012	Group	As at 1 April 2011
15.1 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
As at 31 March In Rs.			2013	2012	2013	2012	Company	As at 1 April 2011
16 INVESTMENT PROPERTY								
At the beginning of the year					125,700,000	125,700,000		125,700,000
Additions during the year			2,420,284,222	555,275,000				-
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				-
At the end of the year			2,175,045,500	2,113,736,500	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

Location	Extent	Method	Valuation	Valuer	Effective date of valuation
Uni Walkers (Pvt) Limited Land, Biyagama.	18A 2R 4P	Market Value	74,100,000	R.S. Wijesuriya (Incorporated Valuer)	30.11.2010
Asiri Central Hospital 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 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 2013			

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.

Softlogic Holdings PLC NOTES TO THE FINANCIAL STATEMENTS

As at 31 March In Rs.	Group					As at 1 April 2011
	2013	2012	2013	2012	2011	
17 INTANGIBLE ASSETS						
Cost / carrying value						
At the beginning of the year	4,056,815,210	1,980,619,826	735,402,648	735,402,648	7,911,786,980	4,729,885,965
Additions	-	-	-	-	8,381,405	155,025,275
Transfers	-	-	-	-	8,857,656	-
Acquisition of subsidiary	65,756,665	-	-	-	29,442,796	2,873,306,457
Impairment	-	-	-	-	-	3,953,695,541
Adjustment on fair value changes	-	-	-	-	-	(3,043,997)
Exchange translation difference	-	-	-	(169,457)	150,780,293	3,062,060
At the end of the year	4,122,571,875	1,980,619,826	735,402,648	311,055,866	(169,457)	1,757,866
						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
Amortisation / impairment	-	21,921,133	123,788,739	48,836,298	194,546,170	136,477,797
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
Exchange translation difference	-	-	-	(101,837)	(101,837)	1,600,887
At the end of the year	6,748,350	45,972,725	195,998,837	144,505,513	393,225,425	188,921,629
						2,888,602
Carrying value						6,605,713
As at 31 March 2013	4,115,823,525	828,433,105	1,784,620,989	166,550,353	7,630,830,620	-
As at 31 March 2012	4,056,815,210	850,354,238	735,402,648	171,883,527	-	-
As at 1 April 2011	3,595,991,196	415,221,053	510,904,648	191,766,058	-	4,713,882,955
As at 31 March In Rs.					2013	2012
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
Retail					742,615,817	742,615,817
Financial services					879,540,792	186,419,925
Travel and leisure					241,128,176	182,206,628
Healthcare					2,238,452,109	2,470,662,195
					4,115,823,525	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						
Business growth						
Inflation						
Discount rate						
Margin						
- Based on historical growth rate and business plans. Cash flows beyond the five year period are extrapolated using zero growth rate.						
- Based on prevailing inflation rate and projected economic conditions.						
- Weighted Average Cost of Capital; 16%						
- 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.						

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

As at 31 March In Rs.	2013		Group		Company	
	2013	2012	As at 1 April 2011	2012	2013	As at 1 April 2011
18.1 INVESTMENT IN ASSOCIATES						
Investment in associate	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

As at 31 March In Rs.	2013		Group		Company	
	2013	2012	As at 1 April 2011	2012	2013	As at 1 April 2011
18.2 Group quoted investments						
Cost						
Asian Alliance Insurance PLC	35,816,180	-	-	-	-	-
Asiri Central Hospitals PLC	22,011,013	-	-	-	-	-
Asiri Hospitals PLC	558,932,118	498,881,848	45%	3,653,820,972	2,936,617,194	2,908,796,074
Asiri Surgical Hospitals PLC	389,313,154	-	-	-	-	-
Softlogic Capital PLC	215,894,785	215,894,785	72%	1,707,019,868	298,856,594	-
Softlogic Finance PLC	23,640,508	-	-	-	-	-
				5,360,840,840	3,235,473,788	2,908,796,074

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

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NOTES TO THE FINANCIAL STATEMENTS

As at 31 March In Rs.	Group			Company			As at 1 April 2011
	No of shares	holding %	No of shares	%	2012	2013	
18 Group unquoted investments							
Asiri Diagnostics Services (Pvt) Ltd	273,221	33.76	-	-	-	-	-
Asiri Hospital Kandy (Pvt) Ltd	4,000,000	50.73	-	-	-	-	-
Asiri Hospital Matara (Pvt) Ltd	25,999,999	50.73	-	-	-	-	-
Central Hospitals Ltd	113,785,551	26.50	-	-	-	-	-
Ceysand Resorts (Pvt) 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
Dainishi 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 Communication (Pvt) Ltd	534,699	99.00	534,699	99.00	4,215,990	5,228,490	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	16,412,470	16,465,336	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	990	1,911,484,070	990
Softlogic Solar (Pvt) Ltd	99	99.00	99	99.00	-	-	-
Softlogic Stockbrokers (Pvt) Ltd	8,000,000	72.16	-	-	-	-	-
Uni walker Automobile (Pvt) Ltd	10,000	100.00	10,000	-	-	100,000	-
Uni- Walkers (Pvt) Ltd	120,084,079	99.99	120,084,079	99.99	864,826,820	865,389,320	857,003,195
Uni Walkers Distributors (Pvt) Ltd	249,996	99.99	-	-	-	-	-
					1,915,015,232	2,908,302,161	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)

Softlogic Holdings PLC NOTES TO THE FINANCIAL STATEMENTS

As at 31 March In Rs.	Group		Company	
	2013	2012	2013	2012
18.5	Group investment in associates			
Quoted				As at 1 April 2011
Asiri Hospital Holdings PLC	-	-	-	1,688,249,360
Asiri Surgical Hospital PLC	-	-	-	5,509,557
Asiri Central Hospitals PLC	-	-	-	225,832,502
Asian Alliance Insurance PLC	-	-	836,201,400	-
Unquoted				
Abacus International Lanka (Pvt) Ltd	61,148,738	61,113,267	-	-
Gerry's Softlogic (Pvt) Ltd	-	-	9,750,000	9,750,000
Nextage (Pvt) Ltd	1,250,000	-	2,699,800	2,699,800
Share of profit accruing to the group	20,823,707	15,626,290	-	-
Share of associate companies tax	(4,741,547)	(3,590,819)	-	-
Share of associate companies dividend	(19,800,000)	(12,000,000)	-	-
Adjustments on account of associate companies share of net	-	-	-	-
	-	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)
	58,680,898	61,148,738	861,989,404	845,951,400

The market value of the quoted associate investments amounts to Rs. 571,412,400/- (2012 - Rs. 600,671,339/-). The Directors' valuation of unquoted associate investments amounts 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

As at 31 March In Rs.	Group		Company	
	2013	2012	2013	2012
18.6	Summarised financial information of associate companies			
Group share of:				As at 1 April 2011
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	

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March In Rs.	Note	GROUP		COMPANY	
		2013	2012	2013	2012
19	OTHER NON CURRENT FINANCIAL ASSETS				
	Other quoted equity investments	1,736,924,172	1,343,950,784	7,209,309	675,185,262
	Other unquoted equity investments	225,217,000	50,000	125,000,000	-
	Other non equity investments	3,201,701,391	1,953,702,045	94,121,564	345,234,175
		5,163,842,563	3,297,702,829	226,330,873	1,020,419,437
					700,947,909
19	Other quoted equity investments				
	National Development Bank PLC	1,656,340,620	1,201,111,523	-	-
	Ceylinco Insurance PLC	89,000	72,304	-	-
	John Keells Holdings PLC	6,586,502	5,493,196	-	-
	Hatton National Bank PLC	3,656,600	57,112,500	-	-
	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
	Asiri Central Hospital PLC	-	-	-	666,404,802
	Softlogic Finance PLC	-	-	-	659,260
				7,209,309	1,062,500
		1,736,924,172	1,343,950,784	7,209,309	675,185,262
					458,603,734
19	Other unquoted equity investments				
	CRIB	-	-	123,700	-
	Voyages Jean Mermoz Ltd	10,000	-	-	-
	Ceylon Lexcon Services Ltd	207,000	50,000	-	-
	Carigills Agriculture and Commercial Bank - Share Application Money	225,000,000	-	125,000,000	-
		225,217,000	50,000	123,700	-
19	Other non equity investments				
	Placement with banks and financial institutions	50,030,600	-	-	-
	Debtentures	501,765,957	359,579,504	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	-
	Receivable from Related Parties	-	-	13,045,037	-
	Loans and Advances	895,613,146	980,187,307	-	-
		3,201,701,391	1,953,702,045	143,039,672	345,234,175
					242,344,175

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March In Rs.	2013			Group			As at 1 April 2011
	Rental receivable on lease assets	Rental receivable on hire purchase	Total	Rental receivable on lease assets	2012 Rental receivable on hire purchase	Total	
20 RENTAL RECEIVABLE ON LEASE ASSETS AND HIRE PURCHASE							
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)
Impairment	-	-	-	-	-	-	-
	<u>1,664,369,839</u>	<u>2,614,071,380</u>	<u>4,278,441,219</u>	<u>1,677,682,619</u>	<u>2,169,488,389</u>	<u>3,847,171,008</u>	<u>2,095,891,165</u>
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)
	<u>834,646,639</u>	<u>2,152,109,827</u>	<u>2,986,756,466</u>	<u>709,038,684</u>	<u>1,496,933,630</u>	<u>2,203,841,473</u>	<u>1,324,519,881</u>
	<u>2,499,016,478</u>	<u>4,766,181,207</u>	<u>7,265,197,685</u>	<u>2,386,721,303</u>	<u>3,666,422,019</u>	<u>6,051,012,481</u>	<u>3,420,411,046</u>

As at 31 March In Rs.	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	-	-
	<u>79,828,109</u>	<u>10,180,780</u>	<u>10,333,332</u>

As at 31 March In Rs.	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	<u>230,672,828</u>	<u>308,909,689</u>	<u>375,195,481</u>

As at 31 March In Rs.	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)
	<u>230,672,828</u>	<u>308,909,689</u>	<u>375,195,481</u>

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.

As at 31 March In Rs.	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
	<u>3,705,323,096</u>	<u>3,480,157,673</u>	<u>2,551,363,909</u>

As at 31 March In Rs.	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
	<u>4,277,651,687</u>	<u>3,351,059,939</u>	<u>2,145,894,291</u>	<u>103,346,900</u>	<u>65,758,165</u>	<u>68,363,473</u>

As at 31 March In Rs.	Group		As at 1 April 2011
	2013	2012	
25 LOANS AND ADVANCES			
Short term lending		456,029,637	435,378,010
Personal loans		1,611,496,331	1,281,852,109
Pawning debtors		436,511,829	255,139,268
Policy holders loans		83,644,821	59,876,694
Staff loans		-	1,757,627
Other loans		255,424,065	210,805,877
Allowance for impairment		(34,933,782)	(25,876,445)
		<u>2,808,172,901</u>	<u>2,218,933,140</u>
Loans and advances			
Receivable within one year		1,912,559,755	1,238,745,833
Receivable after one year (Note 19.3)		895,613,146	980,187,307
		<u>2,808,172,901</u>	<u>1,091,178,899</u>

Softlogic Holdings PLC
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
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

As at 31 March In Rs.	No of Shares	Group			Company			As at 1 April 2011
		2013	2012	As at 1 April 2011	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	-	-	-	-	-
Free Lanka Capital Holdings PLC	-	-	-	-	-	-	-	-
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

As at 31 March In Rs.	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

As at 31 March In Rs.	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	-	-	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	-

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March

In Rs.

28	STATED CAPITAL	2013		2012		2011	
		Number of shares	Value of shares	Number of shares	Value of shares	Number of shares	Value of shares
	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
29	OTHER COMPONENTS OF EQUITY	2013	Group 2012	2011	2013	Company 2012	2011
	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.	30	INSURANCE CONTRACT LIABILITIES	GROUP		As at 1 April 2011
			2013	2012	
		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

As at 31 March In Rs.	30.1	Movement in life insurance fund	GROUP		As at 1 April 2011
			2013	2012	
		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	-

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March In Rs.	Group				As at 1 April 2011
	2013 FINANCE LEASE LOANS	2012 FINANCE LEASE LOANS	TOTAL	2012 LOANS	
31 INTEREST BEARING BORROWINGS					
At the beginning of the year					
Additions	249,068,400	13,680,736,135	13,929,804,535	6,199,761,949	6,405,257,005
Acquisition of subsidiaries	16,217,076	6,615,163,253	6,631,380,329	9,321,599,121	9,455,465,139
Loans rescheduled	-	-	-	-	-
Transfers	-	(581,064,208)	(581,064,208)	731,635,491	731,635,491
Repayments	(86,851,820)	(7,440,756,262)	(7,527,608,082)	(2,973,357,141)	(3,063,649,815)
Finance charges	(28,489,902)	-	(28,489,902)	-	(45,902,820)
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	13,680,736,135	13,883,901,715
Repayable within one year	51,731,416	2,794,922,436	2,846,653,852	5,319,894,691	5,379,714,177
Repayable after one year	98,035,432	9,457,759,329	9,555,794,761	8,360,841,444	8,504,187,538
	149,766,848	12,252,681,765	12,402,448,613	13,680,736,135	13,883,901,715

Security pledged and interest rates pertaining to interest bearing borrowings are disclosed in note 46 to the financial statements

As at 31 March In Rs.	Company				As at 1 April 2011
	2013 FINANCE LEASE LOANS	2012 FINANCE LEASE LOANS	TOTAL	2012 LOANS	
31.1 INTEREST BEARING BORROWINGS					
At the beginning of the year					
Additions	128,752,360	2,206,503,331	2,335,255,691	466,554,844	558,257,600
Transfers / loans rescheduled	6,780,000	1,980,633,593	1,987,413,593	1,895,267,900	1,977,830,672
Repayments	-	-	-	-	-
Finance charges	(45,297,608)	(1,900,544,135)	(1,945,841,743)	(155,319,413)	(4,840,627)
	(15,280,965)	-	(15,280,965)	(25,046,454)	(297,812,823)
At the end of the year	74,953,787	2,286,592,789	2,361,546,576	2,206,503,331	543,444,696
Repayable within one year	22,343,763	591,512,886	613,856,649	481,852,010	510,975,442
Repayable after one year	52,610,024	1,695,079,903	1,747,689,927	1,724,651,321	1,799,233,795
	74,953,787	2,286,592,789	2,361,546,576	2,206,503,331	2,310,209,237

Security pledged and interest rates pertaining to interest bearing borrowings are disclosed in note 46 to the financial statements .

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

As at 31 March In Rs.	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

As at 31 March In Rs.	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

As at 31 March In Rs.	GROUP			COMPANY		As at 1 April 2011
	2013	2012	As at 1 April 2011	2013	2012	
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	876,799	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	(12,807)	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%

33.1 Sensitivity of assumptions used

If one percentage point changes in the assumed discount rate would have the following effect:

	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

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

As at 31 March In Rs.	GROUP			COMPANY	
	2013	2012	As at 1 April 2011	2013	2012
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 20th December 2012 as amended 13th 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 7/3/2017 to 7/3/2020 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.

Softlogic Holdings PLC NOTES TO THE FINANCIAL STATEMENTS

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

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

As at 31 March In Rs.	GROUP			COMPANY		
	2013	2012	2011	2013	2012	2011
39 SHORT TERM BORROWINGS						
Loans				410,418,102	125,932,885	3,695,737,447
Commercial papers	6,466,730,701	5,449,526,576	9,311,518,062	537,018,045	149,420,603	-
Promissory notes	1,243,845,293	1,501,114,257	346,134,590	-	-	-
	-	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

As at 31 March In Rs.	GROUP			COMPANY		
	2013	2012	2011	2013	2012	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 liabilities	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

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS

41 OPERATING SEGMENT INFORMATION

REVENUE AND PROFIT	Information Technology		Leisure		Retail		Auto Mobiles		Financial Services		Healthcare Services		Others		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
For the year ended 31 March																
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	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
Operating profit	662,995,993	649,553,671	(89,979,999)	(36,763,775)	704,325,011	64,057,084	16,523,016	112,780,755	(361,574,269)	104,149,709	1,763,334,613	1,597,394,631	(385,036,281)	(212,677,127)	2,331,288,073	2,855,494,947
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	(199,419,437)	(62,537,169)	1,182,067,596	955,697,883	(906,126,778)	(366,120,328)	484,243,569	1,600,943,493
Taxation	(13,385,908)	(168,089,399)	17,496,535	(886,124)	(83,213,381)	(207,553,001)	4,568,798	(8,818,245)	(33,549,053)	(66,611,851)	(163,074,565)	(118,468,174)	(23,475,532)	(14,180,188)	(293,633,127)	(584,956,988)
Profit after taxation	168,271,583	385,289,222	(77,216,192)	(38,388,444)	286,035,628	256,849,421	(43,900,789)	84,406,139	(232,968,490)	(129,149,020)	1,018,993,031	837,229,709	(929,604,320)	(380,300,516)	190,610,442	1,015,946,510
OTHER INFORMATION																
For the year ended 31 March																
Segment assets	5,809,519,977	5,723,873,026	6,367,170,291	1,235,488,859	6,064,664,380	4,871,079,171	519,839,219	461,365,229	25,302,136,164	19,653,277,859	21,413,958,605	19,747,883,363	14,660,023,814	8,514,944,013	53,834,141,238	44,626,663,627
Investment in equity method associates																
Consolidate total assets	4,957,178,300	4,946,572,820	2,427,062,647	700,710,629	5,415,872,642	4,328,443,210	306,492,545	358,763,959	20,779,936,607	17,315,403,111	8,389,445,094	9,322,696,601	7,184,438,458	3,208,580,617	(9,236,262,037)	(6,804,493,483)
Segment liabilities	17,225,326	27,896,628	1,208,721,887	303,989,977	1,792,515,162	136,883,489	6,534,740	13,741,099	100,125,830	192,311,790	553,874,423	423,323,666	224,742,206	64,659,004	2,270,477,275	1,138,067,459
Capital expenditure	27,020,585	48,036,022	497,477	3,800,472	47,402,905	39,968,746	7,589,957	3,668,088	73,394,909	42,363,462	633,385,517	587,287,534	34,844,849	23,240,106	(642,712)	(584,956,988)
Depreciation																
Eliminations																
Total																

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

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

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

For the year ended 31 March In Rs.	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
Guarantees 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

Softlogic Holdings PLC

NOTES TO THE FINANCIAL STATEMENTS

43 CONTINGENT LIABILITIES

Pending Litigations against Asiri Hospital Holdings and Asiri Hospital Matara (pvt) Ltd with a maximum liability of Rs 43Mn 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.

	GROUP		COMPANY	
	2013	2012	2013	2012
As at 31st March				
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	-	-
	<u>7,413,629</u>	<u>7,177,626</u>	<u>4,306,145,000</u>	<u>5,975,094,190</u>

44 CAPITAL AND OTHER COMMITMENTS

	GROUP		COMPANY	
	2013	2012	2013	2012
As at 31st March				
44.1 Capital Commitments				
Capital Commitments approved and contracted	2,018,581,393	1,481,571,815	-	-

44.2 Other commitments

As at 31st 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 (Private) Limited which is a subsidiary of Softlogic Holdings PLC issued shares 24,615,384 on 14 May 2013 for Rs 16.25 per share for total consideration of Rs 399,999,990.

45.2 The ownership of Softlogic Destination Management (Private) Limited was transferred from Softlogic Properties (Private) Limited to Softlogic Holdings PLC on 01 July 2013.

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March

46 INTEREST BEARING BORROWINGS (Cont.)

46.1 Security and Repayment Terms

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 installments of Rs. 4,770,000/- and final installment of Rs. 4,696,000/- plus interest	164,252,558.00	219,138,923	a) Primary Concurrent Mortgage for Rs. 200Mn (Seylan Bank's interest Rs.70Mn) over Land and Building at No.14 and 14B De Fonseka Place Colombo 05.
		Term Loan	13.5% (Reviewed Quarterly)	47 monthly installments of Rs.3,027,000 and final installment of Rs. 2,998,000	93,808,900.00	130,132,900	b) Secondary Concurrent Mortgage for Rs. 80Mn (Seylan Bank's interest Rs. 30 Mn) over Land and Building at No.14,14B De Fonseka Place Colombo 05.
		Term Loan	8%	83 monthly installments of Rs. 305,766 and final installment Rs. 305,804	15,712,201.00	19,569,063	c) Personal Guarantees of Mr.Ashok Pathirage for Rs.30Mn supported by Secondary Concurrent Mortgage for Rs.30Mn. 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 & 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 & 4,392,200 lodged in slash account of Softlogic Information Technologies (Pvt) Ltd at Consumer Finance Unit. g) Corporate Guarantee from Softlogic Information Technologies (Pvt) Ltd for 145,268Mn.
	Commercial Bank of Ceylon PLC	Term Loan	AWPLR+1.5% (AWPLR changes monthly)	48 monthly installments of Rs 1,282,000 and final installment of Rs 1,334,000 from January 2010	17,609,311.00	38,550,645	a) Primary Concurrent Mortgage for Rs. 200Mn (Commercial Bank's interest Rs.130Mn) over Land and Building at No.14 and 14B De Fonseka Place Colombo 05.
		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	17,120,551.00	27,777,000	b) Secondary Concurrent Mortgage for Rs. 80Mn (Commercial Bank's interest Rs.50 Mn) over Land and Building at No.14,14B De Fonseka Place Colombo 05.
	Commercial Bank of Ceylon PLC	Term Loan	AWPLR+1.5% (AWPLR changes monthly)	23 monthly installments of Rs 638,000 equal installments from April 2010	NIL	NIL	c) Personal Guarantees of Mr. Ashok Pathirage, for Rs.60 Mn. d) Mortgage over 33,733,233 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings 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	e) Corporate Guarantee from Softlogic International (Pvt) Ltd and Softlogic Communications for Rs.12.5 Mn each dated 29/11/2009
	Helton 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	f) Existing Mortgage over 160.05 Mn no of shares of Asiri Hospital Holdings PLC.
	Helton National Bank PLC	Term Loan	AWPLR + 4%	Rs. 5 Mn monthly installment for 6 months with 6 months grace period, thereafter 6 months based on utilization of funds.	100,269,195.00	NIL	g) Mortgage over 6.83 Mn shares of Asian Alliance Insurance PLC which was owned by Softlogic Holdings PLC h) Mortgage over Asiri Hospital Holdings PLC shares of 8,740,964 owned by Softlogic Holdings PLC
Nations Trust Bank PLC	Term Loan	AWPLR + 3.5%	59 Monthly Installments of Rs.4,166,667 each and final installment of Rs.4,166,667	178,134,241.14	221,808,236	i) Personal Guarantees from Mr. A. K. Pathirage for Rs. 100 Mn j) Mortgage of 46,875,000 shares (total) of Asiri Hospital Holdings PLC lodged in slash A/C owned by: - Softlogic Holdings PLC (Nos. 42,184,785) - Softlogic Information Technologies (Pvt) Ltd (Nos. 2,163,733) - Softlogic Communication (Pvt) Ltd (Nos. 72,108) - Softlogic International (Pvt) Ltd (Nos. 2,454,254)	
National Development Bank PLC	Term Loan	AWPLR + 4.5%	18 months from the date of first drawdown.	NIL	500,000,000	k) Mortgage of 43,502,600 shares of Asiri Hospital Holdings PLC owned by Softlogic Holdings PLC l) Mortgage of 20,337,133 shares of Asiri Surgical Hospital PLC was owned by Softlogic International (Pvt) Ltd m) Mortgage of 67,742,742 shares of Asiri Hospital Holdings PLC owned by Softlogic International (Pvt) Ltd n) Mortgage of 16,742,742 shares of Asiri Hospital Holdings PLC owned by Softlogic International (Pvt) Ltd o) 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 16.85 mn Asian Alliance Insurance PLC shares owned by Softlogic Capital PLC	
Bank of Ceylon	Term Loan	AWPLR+ 3%	63 monthly installment of Rs 1,666,667 commencing from February 2013	101,423,318.00	NIL	a) Additional mortgage over Asiri Hospital Holdings PLC shares owned by following companies Assignment over following company shares, i) Share of Asiri Hospital PLC held by: - Softlogic Holdings PLC (Nos. 14,862,750) - Softlogic Information Technologies (Pvt) Ltd (Nos. 1,754,280) - Softlogic Communication (Pvt) Ltd (Nos. 1,890,460)	
Peoples Bank	Term Loan	AWPLR+ 6.5%	48 monthly installment of Rs 3,125,000 commencing from June 2012	128,202,958.00		b) Personal Guarantee from Mr. A. K. Pathirage for the value of Rs. 100 Mn a) Primary Mortgage over warehouse land and building complex at Piliyandala for (Extent Lot A-3R 1.0P, Lot B-3R 2.0p) Owned by Softlogic Holdings PLC	

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS
As at 31 March

46 INTEREST BEARING BORROWINGS (Cont.)
46.1 Details of interest bearing borrowings

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance		Security
					2013	2012	
				Rs	Rs		
Softlogic Information Technologies (Pvt) Ltd	Commercial Bank of Ceylon PLC	Term loan	AWPR + 1.5% p.a	60 monthly installments of Rs. 1,450,000 per month commencing from April 2008 and final instalment of Rs. 1,478,000	1,01,956,000	26,233,616	a) Corporate Guarantee of Softlogic Holdings PLC for Rs. 307.5 Mn. Personal guarantee from Mr. A.K.Pathiraja for Rs.43.75 Mn. b) Mortgage over Asiri Hospital Holdings P.L.C. shares owned by Softlogic Information Technologies (Pvt) Ltd. (Nos 240,417)
Uni Walkers (Pvt) Ltd	Haiton National Bank PLC	Term loan	AWPR+1.5%	27 monthly installments of Rs. 300,000 each plus interest commencing from June 2010	NIL	NIL	Existing primary floating mortgage bond for Rs. 179 Mn over property 402, Galle Road, Colombo 03.
		Term loan	AWPR+1.5%	17 monthly installments of Rs. 625,000 each plus interest commencing from December 2010	NIL	625,000	Primary floating mortgage bond for Rs. 30 mn over immovable property at Danawakandi Estate, Demalagama, Dehalana.
		Term loan	AWPR+1.5%	34 monthly installments of Rs.1,161,765 each plus interest commencing from June 2010	1,000,000.00	17,800,000	Floating Mortgage Bond for Rs.220Mn ranking paripasu with Sampath Bank PLC and Srilank Bank PLC over stock of electrical/ household appliances store at No.402, Galle Road, Kollupitiya, and Biggama Road, Irithiyapola, Kelinya and at the duty free shop at KIA with an assignment of book debts.
		Term loan	AWPR+1.5%	33 monthly installments of Rs. 1,000,000 each plus interest commencing from June 2010	2,500,000.00	36,000,000	Primary floating mortgage bond for Rs. 179 mn over commercial property at No. 402, Galle Road, Colombo 03.
		Term loan	AWPR+1.5%	60 monthly installments of Rs. 1,667,000 each plus interest commencing from June 2010.	64,993,000.00	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 secure facilities granted to Softlogic International (Pvt) Ltd.
		Term loan	AWPR+1.5%	60 monthly installments of Rs. 2,500,000 each plus interest commencing from June 2012	125,775,871.00	-	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 Deiyoda Gampaha
	Commercial Bank of Ceylon PLC	Term loan	AWPR+1.5%	Payable in 11 equal monthly installments of Rs. 4,100,000 and final instalment of Rs. 4,900,000 commencing from the 1st month from the date of 1st disbursement.	NIL	4,900,000	Primary mortgage for Rs. 130Mn over 27,000,000 shares of Asiri Hospital PLC owned by Softlogic Holdings PLC and Corporate Guarantee from Softlogic Holdings P.L.C. 50.5 mn
		Term loan	AWPR+1.5%	Payable in 35 equal monthly instalments of Rs. 1,380,000 and final instalment of Rs. 1,700,000 commencing from the 1st month from the date of 1st disbursement.	18,260,000.00	33,440,000	
		Term loan	AWPR+1.5%	To be paid in 12 equal monthly instalments of Rs.13,740,000/- each plus interest	68,764,000.00	-	
	Commercial Bank of Ceylon PLC	Term loan			NIL	90,000,000	
	Commercial Lending & Finance Ltd	Term Loan	18%	Payable in 24 equal instalments	NIL	4,653,042	Corporate Guarantee from Softlogic Holdings
	Nation Trust Bank PLC	Securitization	3 months SLIBOR+ 3%	Payable in 11 equal monthly instalments of Rs. 16,666,666 and final instalment of Rs. 16,666,674 commencing from the 1st month from the date of 1st disbursement.	NIL	129,193,134	Mortgage over line purchase receivable with cover of 12% Corporate Guarantee from Softlogic Holdings PLC for Rs.400 Mn
	Peoples Leasing Company PLC	Term Loan	18%	Payable in 24 equal instalments	NIL	2,243,126	Corporate Guarantee from Softlogic Holdings
Softlogic International (Pvt) Ltd	Commercial bank of Ceylon PLC	Term loan	AWPR+1.5% (monthly review)	60 equal instalments of Rs. 6,250,000 commencing from 28th March 2008.	NIL	7,500,000	a) Mortgage Over Asiri Hospital Holdings P.L.C shares owned by following companies - Softlogic Holdings P.L.C. (Nos. 552,405) - Softlogic International (Pvt) Ltd. (Nos 272,706) - Softlogic Commission (Pvt) Ltd. (Nos 61,812) b) Personal guarantee from A.K. Pathiraja 15.82 mn.
	Haiton National Bank PLC	Term loan	AWPR+3% (monthly review)	47 monthly instalments of 2,080,000 and 1 final instalment of 2,080,000 commencing from 27th April 2006.	252,800,000.00	51,240,000	a) Registered secondary floating mortgage bond for Rs. 100 mn over immovable properties situated at No. 402, Galle Road Colombo 03 and Dehalana owned by Uni Walkers (Pvt) Ltd

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS

As at 31 March

46 INTEREST BEARING BORROWINGS (Cont.)

46.1 Details of interest bearing borrowings

Company	Lending institution	Nature of facility	Interest rate	Repayment term	Outstanding balance as at 31 March 2013	Security
Softlogic Capital PLC	Sampath Bank PLC	Term Loan	AWPLR + 2.5%	Rs. 2,078m payable within one year & remaining in 48 monthly instalments of Rs. 4.8m commencing from the date of first drawdown.	Nil	Mortgage of 43,503,690 shares of Ashi Hospital Holdings PLC owned by Softlogic Holdings PLC
	National Development Bank PLC	Term loan	AWPLR + 4.5%	18 months from the date of first drawdown.	Nil	Mortgage of 1,166,667 shares of Ashi Hospital Holdings PLC owned by Softlogic Holdings PLC
	DFCC Bank	Term loan	14%	48 Equal monthly instalments commencing from August 2010 commencing from June 2010	17,500,000	Mortgage of 79,323,133 shares of Ashi Surgical Hospital PLC owned by Softlogic International (Pvt) Ltd
	Asia Asset Finance Ltd	Term loan	20%	24 Equal monthly instalments commencing October 2010 commencing October 2010	5,825,524	Mortgage of 6,742,750 shares of Ashi Hospital Holdings PLC owned by Softlogic International (Pvt) Ltd
Softlogic Credit Ltd	DFCC Bank	Term loan	14%	48 Equal monthly instalments commencing from August 2010 commencing from June 2010	Nil	Nil
	Asia Asset Finance Ltd	Term loan	20%	24 Equal monthly instalments commencing October 2010 commencing October 2010	Nil	Nil
	Janka OHL Leasing Company PLC	Term loan	19%	24 Equal monthly instalments commencing from May 2010 commencing from May 2010	Nil	Corporate guarantee from Softlogic Capital PLC
	Janka OHL Leasing Company PLC	Term loan	20%	24 Equal monthly instalments commencing from December 2010 commencing from December 2010	11,314,440	An on demand promissory note for Rs. 25 Mn.
Softlogic City Hotels (Pvt) Ltd	Bank of Ceylon	Term Loan	1st Year	11.2 months including 30 months capital repayment grace	682,902,922	Corporate Guarantee of Softlogic Holdings PLC
			5.5% + 6 months	USD 100,000 p.m during first 6 months		Mortgage over freehold property for 28:1 L&BP owned by Softlogic Properties (Pvt) Ltd and other project assets of hotel being constructed
Ceylands Resorts (Pvt) Ltd	International Finance Corporation	Term Loan	5.25% + 6 Months LIBOR	17 approximately equal semi annual instalments starting on January 15, 2016	917,248,727	Logdment of Share Certificates of Softlogic City Hotels (Pvt) Ltd which is owned by Softlogic Properties (Pvt) Ltd
	Commercial Bank of Ceylon PLC	Term Loan	PLR + 0.2%	60 Equal monthly instalments commencing from 12 months after first disbursement.	15,000,000	Primary Mortgage over lease right over paradise Island land and hotel building to be mortgaged over all movable assets held on the loan granted date
	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	60 Equal monthly instalments with one year grace period commencing from December 2009	6,800,000	Mortgage over 65% Ceylands Resorts Shares owned by Softlogic Holdings PLC
Ashi Surgical Hospital PLC	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	59 Equal monthly instalments of Rs 2,900,000 & final instalment Rs. 3,900,000 commencing from June 2008.	33,200,000	Rs. 300 Mn corporate guarantee from Ashi Hospitals Holdings PLC.
	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	59 Equal monthly instalments of Rs 2,900,000 & final instalment Rs. 3,900,000 commencing from July 2008.	41,600,000	Primary mortgage over machinery imported & corporate guarantee from Ashi Hospitals PLC of Rs. 350 Mn.
	Nation Trust Bank PLC	Term loan	AWPLR+2%	48 Equal monthly instalments commencing from January 2009	53,240,000	Secondary concurrent mortgage bond with Helton National Bank PLC over the leased hold commercial property at no 21, Kirimandala, Wattala, Colombo 05 of the company for Rs. 175 Mn.
	DFCC Bank	Term loan	AWPLR + 1%	50 Equal monthly instalments (capbal) after one month grace period commencing from December 2009	44,500,000	Secondary concurrent mortgage bond with Commercial Bank PLC covering the leased hold commercial property at no 21, Kirimandala, Wattala, Colombo 05 of the company for Rs. 175 Mn.
	DFCC Bank	Term loan	AWPLR+25%	59 Equal monthly instalments (capbal) after one month grace period commencing from December 2009	6,750,000	Mortgage over equipment
	DFCC Bank	Term loan	AWPLR+25%	56 Equal monthly instalments (capbal) after four months grace period commencing from December 2009	360,835,330	Corporate guarantee from Ashi Hospitals PLC
Central Hospital Ltd	International Financial Corporation	Term Loan	6.24%	17 equal semi annual starting from April 15, 2013.	125,423,720	Rs. 200 Mn 66,000,000 ordinary shares of Ashi Surgical Hospital PLC held by Ashi Hospitals Holdings PLC
	Board of Investment	Lease	AWDR	25 years commencing from 2000/01	74,999,990	Corporate Guarantee from Ashi Hospital Holdings PLC
	Sampath Bank PLC	Syndication loan	AWPLR+2.5%	Bank repayment of Rs 750 Mn. At the 25th Month and thereafter 60 equal monthly instalment of Rs 13,304 Mn.	244,150,000	Corporate Guarantee from Ashi Hospital Holdings PLC and Mortgage over CT Scan Machinery
	National Savings Bank	Syndication loan	AWPLR+2.5%	17 equal semi annual starting from April 15, 2013.	46,488,666	Primary mortgage in respect of leasehold rights over the property are Kirimandala Wattala, Nuarbertha belonging to Ashi Surgical Hospital PLC
	Helton National Bank PLC	Syndication loan	AWPLR+2.5%	55 Equal Monthly Instalments of Rs.2,166,667	50,560,666	Primary mortgage in respect of the property at No. 37, Market Place, Colombo 07 belonging to Central Hospital Limited covering the land with the existing mortgage in respect of said property as further and additional security to the mortgage bond above.
	National Development Bank PLC	Syndication loan	AWPLR+2.5%	54 Equal Monthly Instalments of Rs.2,166,667	116,999,994	Primary concurrent mortgage over the company's premises at no 114, Norris Canal Road, Colombo 10
Ashi Central Hospitals PLC	Bank of Ceylon	Term Loan	1st year - AWPLR+1% + 2% thereafter AWPLR+1.5% p.a	10 Years including 2 years grace period	36,929,201	Secondary concurrent mortgage over the company's premises at no 37, Market Place, Colombo 07. The secondary concurrent Mortgage shall be released upon the first repayment of Rs. 750,000,000
	International Financial Corporation	Term Loan	6.24%	17 equal semi annual starting from April 15, 2013.	960,055,513	Primary concurrent mortgage over the company's premises at no 114, Norris Canal Road, Colombo 10
	Sampath Bank PLC	Syndication loan	AWPLR+2.5%	55 Equal Monthly Instalments of Rs.2,166,667	1,464,900,000	A first ranking mortgage / charged mortgage on the movable and immovable assets of the Company, acceptable to IFIC, a pledge of shares in the Company, Project Funds Agreement etc.
	Bank of Ceylon	Syndication loan	AWPLR+2.5%	54 Equal Monthly Instalments of Rs.2,166,667	174,166,665	Syndicated loan is secured by a primary mortgage bond over the Company's premises, at No. 37 Horizon Place, Colombo 7
	Commercial Bank of Ceylon PLC	Syndication loan	AWPLR+2.5%	54 Equal Monthly Instalments of Rs.2,166,667	90,999,994	
	Helton National Bank PLC	Syndication loan	AWPLR+2.5%	54 Equal Monthly Instalments of Rs.2,166,667	105,000,000	

Softlogic Holdings PLC
NOTES TO THE FINANCIAL STATEMENTS
As at 31 March

46 INTEREST BEARING BORROWINGS (Cont.)

46.1 Details of interest bearing borrowings

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 Rs21,000/- 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	Bank of Ceylon	Term loan	10.5%	48 monthly installments commencing from September 2007	NIL	NIL	Mortgage bond over CT machine at Jaffna lab
	Commercial Bank of Ceylon PLC	Term loan	PLR + .5%	60 monthly installments Commencing from 08 September 2011	9,677,000	13,673,000	Registered primary floating mortgage bond for Rs. 200 Mn over the leased hold commercial property at no 211, Kirinardala Mawatha, Colombo 05. (Asiri Surgical Hospital PLC)
	Hatton National Bank PLC	Term loan	AWPLR + 1%	60 equally monthly installments	43,302,000	83,310,000	Secondary mortgage over property at No 181, Kirula Road, Colombo 05
	Commercial Bank of Ceylon PLC	Term loan	PLR + 0.5%	60 equal monthly installments commencing from 12 Months after first disbursement	3,125,000	37,500,000	
	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
	Amara 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 Hospitals 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 Hospitals 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 Hospitals PLC
	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 April 15,2013.	869,934,344	882,888,215	134,915,107 ordinary shares of Asiri Surgical Hospital PLC held by Asiri Hospital Holdings PLC
Asiri Hospital Matara (Pvt) Ltd	Sampath Bank PLC	Term Loan	AWPLR+1.5%	60 equal monthly installments - Starting from April 2012	261,069,819		Shares Purchased under Asiri Surgical Mandatory Offer by Asiri Hospital Holdings PLC
	Sampath Bank PLC	Term loan	10%	First installment at Rs. 1,250,000 and balance 23 installments at Rs 1,250,000 commencing from 01/04/2010	NIL	NIL	
	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 01/03/2011	119,581,844	160,040,000	Hospital premises at No. 26, Esplanade Road, Uyanwita, Matara & no.15 and Dharmarathna Mawatha, Uyanwatta, Matara owned by Matara Medi House (Pvt) Ltd
				12,252,681,765	13,680,736,135		



Fitch Rates Softlogic Holdings' Listed Debt Final 'A-(lka)'

Fitch Ratings-Colombo-25 July 2013: Fitch Ratings Lanka has assigned Sri Lanka-based Softlogic Holdings PLC's (SHL, A-(lka)/Stable) unsecured redeemable debentures a final National Long-Term rating of 'A-(lka)'. SHL expects to list the debentures on the Colombo Stock Exchange, subject to regulatory approval.

The assignment of the final rating follows the receipt of final documents conforming to information previously received. The final rating is at the same level as the expected rating assigned on 25 March 2013 (see "Fitch Ratings Softlogic Holdings' Debenture 'A-(lka)(EXP)" on www.fitchratings.com).

SHL issued LKR500m worth of debentures, which may be upsized by a further LKR500m in the event of oversubscription. The company is to use the debenture proceeds to refinance short-term debt, which will improve its liquidity profile.

Key Rating Drivers

Strong healthcare business: As a holding company SHL relies on dividends from operating subsidiaries to meet its obligations, including from its core subsidiary, Asiri Hospital Holdings PLC (Asiri). Asiri is the leading domestic private-sector healthcare provider, with low business risk, supported by stable demand for healthcare services across economic cycles. As of 31 March 2013 (FYE13) Asiri contributed over 60% of both SHL's consolidated EBITDAR and dividend income at the holding company-level.

Cyclical retail / leisure businesses: The higher business risk inherent in SHL's retail, information technology, and leisure segments, counterbalances its strengths in healthcare. Higher business risk in these segments stems from more discretionary demand for products and services across economic cycles, and stronger competition. Medium-term project-related risks in SHL's leisure sector developments are also key risks.

High leverage: SHL's leverage (measured as lease-adjusted debt net of cash/operating EBITDAR) at the holding company level is high (FYE13: 5.1x), but Fitch expects this to fall below 3.5x by FYE14, primarily driven by higher dividend income from Asiri as its newer hospitals achieve economies of scale.

Rating Sensitivities

Negative: Future developments that may, individually or collectively, lead to a negative rating action include:

- Leverage at the holding company being sustained above 3.5x beyond FYE14

- A structural weakening of the credit profiles of SHL's key subsidiaries which may weaken the quality or quantum of dividend income, including a sustained increase in leverage at Asiri above 3.0x (FYE13: 2.7x). Fitch expects revenues and profit margins at Asiri to improve in the medium-term through enhanced economies of scale, which is likely to support lower leverage.

- SHL's group EBITDAR/interest expense plus operating lease rent sustained below 1.25x (FYE13: 1.26x). Fitch expects this metric to improve in the medium-term alongside lower leverage.

Positive: Future developments that may, individually or collectively, lead to a positive rating action include:

-SHL's financial leverage falling below 2.5x on a sustained basis together with dividends from Asiri being sustained at over 50% of total dividend income at the holding company-level. However as leverage was 5.1x at FYE13, Fitch does not expect positive rating action in the next 12 to 24 months.

The latest research on SHL is available on www.fitchratings.com and www.fitchratings.lk.

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Additional information is available on www.fitchratings.com.

Applicable criteria, 'Corporate Rating Methodology', 8 August 2012, 'National Ratings Criteria', dated 19 January 2011, are available at www.fitchratings.com.

Applicable Criteria and Related Research:
Corporate Rating Methodology
National Ratings Criteria

Additional Disclosure
Solicitation Status

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ANNEXURE II - COLLECTION POINTS

Copies of the Prospectus and the Application Form can be obtained free of charge from the following collection points.

Financial Advisors and Managers to the Issue	Registrars to the Issue	Bankers to the Issue
<p>NDB Investment Bank Limited No. 40, Navam Mawatha Colombo 02</p> <p>Tel: +94 11 2 300 385 Fax: +94 11 2 300 393</p>	<p>S S P Corporate Services (Private) Limited No. 101, Inner Flower Road Colombo 03</p> <p>Tel: +94 11 2 573 894 Fax: +94 11 2 573 609</p>	<p>National Development Bank PLC No. 40, Navam Mawatha Colombo 02</p> <p>Tel: +94 11 2 488 488 Fax: +94 11 2 341 044</p>

Members of the CSE

<p>Acuity Stockbrokers (Private) Limited Level 6, Acuity House 53, Dharmapala Mawatha Colombo 03</p> <p>Tel: +94 11 2 206 206 Fax: +94 11 2 206 298-9 E-mail: sales@acuitystockbrokers.com</p>	<p>Asha Phillip Securities Limited 10, Prince Alfred Towers 2nd Floor, Alfred House Gardens Colombo 03</p> <p>Tel: +94 11 2 429 100 Fax: +94 11 2 429 199 E-mail: apsl@ashaphillip.net</p>
<p>Asia Securities (Private) Limited Level 21, West Tower World Trade Centre Echelon Square Colombo 01</p> <p>Tel: +94 11 2 423 905, +94 11 5 320 000 Fax: +94 11 2 336 018 E-mail: enquiry@asiacapital.lk</p>	<p>Assetline Securities (Private) Limited 120, 120A, Pannipitiya Road Battaramulla</p> <p>Tel: +94 11 4 700 111, +94 11 2 307 366 Fax: +94 11 4 700 112 E-mail: colombo.dpglobal@dpmcfs.com</p>

<p>Bartleet Religare Securities (Private) Limited Level "G", "Bartleet House" 65, Braybrooke Place Colombo 02</p> <p>Tel: +94 11 5 220 200 Fax: +94 11 2 434 985 E-mail: info@bartleetstock.com</p>	<p>Capital TRUST Securities (Private) Limited 42, Sir Mohamed Macan Markar Mawatha Colombo 03</p> <p>Tel: +94 11 2 174 174 Fax: +94 11 2 174 173 E-mail: inquiries@capitaltrust.lk</p>
<p>CT Smith Stockbrokers (Private) Limited 4-14, Majestic City 10, Station Road Colombo 04</p> <p>Tel: +94 11 2 552 290-4 Fax: +94 11 2 552 289 E-mail: ctssales@sltnet.lk</p>	<p>D N H Financial (Private) Limited Level 16, West Tower World Trade Centre Echelon Square Colombo 01</p> <p>Tel: +94 11 5 700 777 Fax: +94 11 5 736 264 E-mail: info@dnhfinancial.com</p>
<p>J B Securities (Private) Limited 150, St. Joseph Street Colombo 14</p> <p>Tel: +94 11 2 490 900, +94 77 2 490 900-1 Fax: +94 11 2 430 070 E-mail: jbs@jb.lk</p>	<p>John Keells Stockbrokers (Private) Limited 130, Glennie Street Colombo 02</p> <p>Tel: +94 11 2 306 250, +94 11 2 338 066-7 Fax: +94 11 2 342 068 E-mail: jkstock@keells.com</p>
<p>Lanka Securities (Private) Limited 228/2, Galle Road Colombo 04</p> <p>Tel: +94 11 4 706 757, +94 11 2 554 942 Fax: +94 11 4 706 767 E-mail: lankasec@sltnet.lk</p>	<p>Nation Lanka Equities (Private) Limited 44, Guildford Crescent Colombo 07</p> <p>Tel: +94 11 4 714 300, +94 11 4 714 388-9, +94 77 3 421 821 Fax: +94 11 2 387 228 E-mail: info@nlequities.com</p>
<p>NDB Stockbrokers (Private) Limited 5th Floor, NDB Building 40, Navam Mawatha Colombo 02</p> <p>Tel: +94 11 2 314 170-8 Fax: +94 11 2 314 180 E-mail: mail@ndbs.lk</p>	<p>S C Securities (Private) Limited 2nd Floor, 55, D. R. Wijewardena Mawatha Colombo 10</p> <p>Tel: +94 11 4 711 000 Fax: +94 11 2 394 405 E-mail: ceo@sampathsecurities.lk</p>

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Trading Members

<p>Softlogic Stockbrokers (Private) Limited Level 23, East Tower World Trade Centre Echelon Square Colombo 01</p> <p>Tel: +94 11 7 277 000-98 Fax: +94 11 7 277 099 Email: info@equity.softlogic.lk</p>	<p>Capital Alliance Securities (Private) Limited Level 5, "Millennium House" 46/58, Navam Mawatha Colombo 02</p> <p>Tel: +94 11 2 317 777 Fax: +94 11 2 317 788 Email: general@capitalalliance.lk</p>
<p>Claridge Stockbrokers (Private) Limited 10, Gnanartha Pradeepa Mawatha Colombo 08</p> <p>Tel: +94 11 2 697 974 Fax: +94 11 2 689 250 E-mail: csb@mackwoods.com</p>	<p>First Guardian Equities (Private) Limited 32nd Floor, East Tower World Trade Centre Echelon Square Colombo 01</p> <p>Tel: +94 11 5 884 400 Fax: +94 11 5 884 401 E-mail: info@firstguardianequities.com</p>
<p>Heraymila Securities Limited Level 8, South Wing Millennium House 46/58, Navam Mawatha Colombo 02</p> <p>Tel: +94 11 2 359 100 Fax: +94 11 2 305 522 E-mail: info-hasl@heraymila.com</p>	<p>IIFL Securities Ceylon (Private) Limited 27th Floor, East Tower World Trade Centre Echelon Square Colombo 01</p> <p>Tel: +94 11 2 333 000 Fax: +94 11 2 333 383 E-mail: info.ceylon@iiflcap.com</p>

<p>LOLC Securities (Private) Limited Level 18, West Tower World Trade Centre Echelon Square Colombo 01</p> <p>Tel: +94 11 7 880 880 Fax: +94 11 2 434 771</p>	<p>New World Securities (Private) Ltd 2nd Floor, 45/2, Braybrooke Street Colombo 02</p> <p>Tel: +94 11 2 358 700-20 Fax: +94 11 2 358 701 E-mail: viraj@nws.lk</p>
<p>SMB Securities (Private) Limited 47, Dharmapala Mawatha Colombo 03</p> <p>Tel: +94 11 5 232 091 Fax: +94 11 2 339 292 E-mail: admin@smbsecurities.lk</p>	<p>Serendib Stock Brokers (Private) Limited 35/1, Alwis Place Colombo 03</p> <p>Tel: +94 11 2 344 444 Fax: +94 11 2 434 198 E-mail: info@skmlankaholdings.com</p>
<p>Taprobane Securities (Private) Limited 2nd Floor 10, Gothami Road Colombo 08</p> <p>Tel: +94 11 5 328 200 Fax: +94 11 5 328 277 E-mail: info@taprobane.lk</p>	<p>TKS Securities (Private) Limited 19-01, East Tower World Trade Centre Echelon Square Colombo 01</p> <p>Tel: +94 11 7 857 799 Fax: +94 11 7 857 857 E-mail: info@tk.s.lk</p>
<p>Richard Pieris Securities (Pvt) Ltd 69, Hyde Park Corner Colombo 02</p> <p>Tel: +94 11 7 448 900 Fax: +94 11 2 675 064 E-mail: jayantha@rpsecurities.com</p>	<p>First Capital Markets Limited No.02, Deal Place Colombo 03</p> <p>Tel: +94 11 2 639 898, +94 11 2 681 888 Fax: +94 11 2 639 899, +94 11 2 681 460 E-Mail: info@firstcapital.lk</p>

Selected Showrooms of Softlogic Retail (Private) Limited

	Showroom	Address	Contact Number
1	Ambalantota	No.80, Main Street, Ambalantota	+94 47 5 679 903
2	Anuradhapura"A"	No.14, Market Place, Anuradhapura	+94 25 5 621 620
3	Avissawella	No.33,YatiantotaRoad, Avissawella	+94 36 5 233 200
4	Badulla	No.46,Lower Street, Badulla	+94 55 5 630 027
5	Balangoda	No.181D, NewBus Stand Road, Balangoda	+94 45 5 627 175
6	Battaramulla	No.09, Pannipitiya Road, Battaramulla	+94 11 5 972 433
7	Elpitiya	No.10, MainStreet, Elpitiya	+94 91 5 633 003
8	Galle	No.12, Main Street, Galle	+94 91 5 678 088 +94 91 2 248 604
9	Gampaha	No.85, Bauddhaloka Mawatha, Gampaha	+94 11 5 544 641 -2
10	Hikkaduwa	No.14, Baddegma Road, Hikkaduwa	+94 91 5 630 401
11	Ja-Ela	No.8/1, Main Street, JaEla	+94 11 5 231 193
12	Jaffna	No.61,63,65, Kannathiddy Road, Jaffna	+94 21 5 671 108
13	Kadawatha	No.346/4, Kandy Road, Kadawatha	+94 11 5 230 619
14	Kalubowila	No.53, Kotagama Vachissara Mawatha, Kalubowila	+94 11 5 940 940
15	Kalutara	No.201, Galle Road, Kalutara	+94 34 5 622 062
16	KandyI	No.143, D.S.Senanayake Street, Kandy	+94 81 5 747 000
17	Kegalle	No.245, Kandy Road, Kegalle	+94 35 5 678 777
18	Kiribathgoda	No.63/1, Kandy Road, Kiribathgoda	+94 11 5 555 731
19	Kohuwala	No.135, Dutugemunu Street, Kohuwela	+94 11 5 552 376-7
20	Kurunegala	No.43/1,BodirajaMawatha,Kurunegala	+94 37 5 645 723
21	Malabe	823, New Kandy Road, Thalangama North, Malabe	+94 11 5 517 880
22	Matara-A	No.206A, Anagarika Dharmapala Mw, Matara	+94 41 5 620 717
23	Morawaka	Deniyaya Road, Morawaka	+94 41 5 627 900
24	Nawala	No.268, Ground Floor, Nawala Road, Nawala	+94 11 5 219 207
25	Negombo	No.138, Greens Road, Negombo	+94 31 5 677 661
26	Nugegoda	No.177A, Stanly Thilakaratne Mawatha, Nugegoda	+94 11 5 238 160
27	Padukka	No.07, Colombo Road, Padukka	+94 11 5 922 727
28	Peradeniya	Eriyagama Junction, ColomboRoad, Peradeniya	+94 81 5 702 200
29	Piliyandala	No.85/1, Horana Road, Piliyandala	+94 11 5 232 274
30	Pittakotte	No.565A1/1, Pitakotte, Kotte	+94 11 5 235 060
31	Polonnaruwa	No.125/1, Batticaloa Road, Polonnaruwa	+94 27 5 678 440
32	Ratnapura	No.42, Main Street, Ratnapura	+94 45 5 622 626
33	Trincomalee	No.45, NC Road, Trincomalee	+94 26 5 672 240
34	Wattala"A"	No.41, Negombo Road, Wattala	+94 11 5 352 441- 3

Branded Apparel Showrooms

	Showroom	Address	Contact Number
1	Nike	01, Bagatale Road, Colombo 03	+94 11 5 740 077
2	Levis	68/A, Dharmapala Mawatha, Colombo 03	+94 11 5 230 300
3	Mothercare	No. 07, R A De Mel Mawatha, Colombo 05	+94 11 5 882 882
4	Galleria	Haveolock Road, Co,lombo 05	+9411 5 626 626
5	Mango	1/1, Bagatale Road, Colombo 03	+94 11 5 260 077
6	Giordano	14, De Fonseka Place, Colombo 05	+94 11 5 575 010

Selected Branches of Softlogic Finance PLC

	Branch	Address	Contact Number
1	Colombo Head Office	Level 2, No. 33, Park Street, Colombo 2	+94 11 2 307 284
2	Kandy	No: 165, Kotugodella Street, Kandy	+94 81 2 224 912
3	Negombo	No: 121, St. Joseph's Street, Negombo	+94 31 2 224 714
4	Nuwara Eliya	No: 72, Kandy Road, Nuwara Eliya	+94 52 2 223 382
5	Ratnapura	No: 1/200, Main Street, Ratnapura	+94 45 2 230 677

Branches of Softlogic Stockbrokers (Private) Limited

	Branch	Address	Contact Number
1	Horana	No 101 1/1, Anguruwathota Road, Horana	+94 34 7 451 000
2	Kurunegala	No. 13, Rajapihilla Mawatha , Kurunegala	+94 37 7 451 000
3	Negambo	No. 121, St. Joshep Street, Negombo	+94 31 7 451 000

Selected Branches of National Development Bank PLC

	Branch	Address	Contact Number
1	Akuressa	No 21, Main Street, Akuressa	+94 41 2 284541 - 2
2	Aluthgama	No 267, Galle Road, Aluthgama	+94 34 2 275625 - 6
3	Ampara	No 103F, D S Street, Ampara	+94 63 2 223 209
4	Athurugiriya	No 70/20 C, Main Street, Athurugiriya	+94 112 563 325
5	Bandarawela	No 317, Main Street, Bandarawela	+94 57 2 233 690 - 1
6	Batticaloa	No 42/1, Trinco Road, Batticaloa	+94 65 2 227 944 - 5
7	Chilaw	No 50-52, Skyline Building, Colombo Road, Chilaw	+94 32 2 220 107 - 8
8	Chunnakam	No 30, K.K.S. Road, Chunnakam	+94 21 2242 093 - 4
9	Colombo 07	No 103A, Dharmapala Mawatha, Colombo 07	+94 11 2 448 448
10	Dambulla	No.42,Kurunegala Road, Dambulla	+94 66 2 285 502 - 3
11	Embilipitiya	No 67, Pallegama, Embilipitiya	+94 47 2 261 752 - 3
12	Gampaha	No 153, Colombo Road, Gampaha	+94 33 2 225 051 - 3
13	Gampola	No 75, Nuwaraeliya Road, Gampola	+94 81 2 354 400
14	Hambantota	No 34, Wilmot Street, Hambantota	+94 47 2 222 178 - 9
15	Havelock Town	No 117, Havelock Road, Colombo 05	+94 11 2 591 140- 1
16	Jaffna	No 62/6, Stanley Road, Jaffna	+94 21 2 221 180 - 1
17	Kaduruwela	No 300/2, Sawmill Junction,Kaduruwela, Polonnaruwa	+94 27 2 225 193/ +94 27 2 225 103
18	Kaduwela	No 501/2, Avissawella Road, Kaduwela	+94 11 2 548 571 - 2
19	Kalmunai	No 165, Batticaloa Road, Kalmunai	+94 67 2 225 781 - 2
20	Kandana	No 54, Negombo Road, Kandana	+94 11 2 228 601 - 2
21	Kandy	No 133, Kotugodella Veediya, Kandy	+94 81 2 202 776 - 7
22	Kollupitiya	No 712, Galle Road, Colombo 03	+94 11 2 504 961 - 2
23	Kuliyapitiya	No 133, Main Street, Kuliyapitiya	+94 37 2 281 255 - 6
24	Maharagama	No 108 A, Highlevel Road, Maharagama	+94 11 2 745 091 - 2
25	Matale	No 144, Main Street, Matale	+94 66 2 224 405 - 6
26	Matugama	No 98, Agalawatta Road, Matugama	+94 34 2 249 509 - 10
27	Minuwangoda	No 49, Negombo Road, Minuwangoda	+94 11 2 280 970 - 1
28	Nawalapitiya	No 70B, Gampola Road, Nawalapitiya	+94 54 2 223 933/ +94 54 2 223 949
29	Nittambuwa	No 496, Kandy Road, Nittambuwa	+94 33 2 294 931 - 2
30	Pettah	No 202, Main Street, Colombo 11	+94 11 2 331 204 - 5
31	Pilimathalawala	No 239, Colombo Road, Pilimathalawala	+94 81 2 579 665 - 6
32	Puttalam	No 104, Kurunegala Road, Puttalam	+94 32 2 265 529
33	Rajagiriya	No 505, Sri Jayawardanapura Mawatha, Ethul Kotte, Kotte	+94 11 2 885 790 - 2
34	Ratmalana	No. 143/ C, "Mount City" Shopping Complex, Galle Road, Ratmalana	+94 11 2 719 361
35	Vavuniya	No 2, 1st Cross Street, Vavuniya	+94 24 2 225 780- 1
36	Wariyapola	No 78A, Navinna Building, Puttalam Road, Wariyapola	+94 37 2 267 838 - 9
37	Wellawatta	No 302, Galle Road, Colombo 06	+94 11 2 361 903 - 4
38	Wennappuwa	No. 56/C, Main Street, Wennappuwa	+94 31 2 245 431 - 2

ANNEXURE III - CUSTODIAN BANKS

<p>Bank of Ceylon Head Office 11th Floor 04, Bank of Ceylon Mawatha, Colombo 01</p> <p>Tel: +94 11 2 317 777, +94 11 2 448 348, +94 11 2 338 742/55, +94 11 2 544 33</p>	<p>Citi Bank, N A 65 C, Dharmapala Mawatha P.O. Box 888, Colombo 07</p> <p>Tel: +94 11 2 447 316/8, +94 11 2 447 318, +94 11 2 449 061, +94 11 2 328 526, +94 11 4 794 700</p>
<p>Commercial Bank of Ceylon PLC Commercial House No 21, Sir Razik Fareed Mawatha Colombo 01</p> <p>Tel: +94 11 2 445010-15, +94 11 238193-5, +94 11 430420, +94 11 233670</p>	<p>Deutsche Bank AG P.O. Box 314 86, Galle Road, Colombo 03</p> <p>Tel: +94 11 2 447 062, +94 11 2 438 057</p>
<p>Hatton National Bank PLC HNB Towers 479, T. B. Jayah Mawatha, Colombo 10</p> <p>Tel: +94 11 2 664 664</p>	<p>The Hong Kong and Shanghai Banking Corporation Limited 24, Sir Baron Jayathilake Mawatha, Colombo 01</p> <p>Tel: +94 11 2 325 435, +94 11 2 446 591, +94 11 2 446 303, +94 11 2 346 422</p>
<p>People's Bank Head Office, 5th Floor Sir Chittampalam A Gardiner Mawatha, Colombo 02</p> <p>Tel: +94 11 2 781 481, +94 11 2 37 841-9, +94 11 2 446 315/6, +94 11 2 430 561</p>	<p>Standard Chartered Bank 37, York Street P. O. Box 112, Colombo 01</p> <p>Tel: +94 11 4 794 400, +94 11 2 480 000</p>
<p>Sampath Bank PLC 110, Sir James Peiris Mawatha, Colombo 02</p> <p>Tel: +94 11 5 331 441</p>	<p>State Bank of India 16, Sir Baron Jayathilake Mawatha, Colombo 01</p> <p>Tel: +94 11 2 326 133-5, +94 11 2 439 405-6, +94 11 2 447 166, +94 11 2 472 097</p>
<p>Seylan Bank PLC Level 8, Ceylinco Seylan Towers 90, Galle Road, Colombo 03</p> <p>Tel: +94 11 2 456 789, +94 11 4 701 812, +94 11 4 701 819, +94 11 4 701 829</p>	<p>Union Bank of Colombo PLC 64, Galle Road, Colombo 03</p> <p>Tel: +94 11 2 374 100</p>

<p>National Savings Bank 255, Galle Road, Colombo 03</p> <p>Tel: +94 11 2 573 008-15</p>	<p>Pan Asia Banking Corporation PLC Head Office 450, Galle Road, Colombo 03</p> <p>Tel: +94 11 2 565 565</p>
<p>Public Bank Berhad 340, R A De Mel Mawatha, Colombo 03</p> <p>Tel: +94 11 2 576 289, +94 11 7 290 200-07</p>	

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